

**THE JOHN KNOX PRESBYTERY  
FISCAL ACCOUNTABILITY POLICIES**

**I. FISCAL ACCOUNTABILITY PROCEDUES**

- A. Presbytery Council shall have as its responsibility the strategic planning for mission and program and the consideration and recommendation to presbytery of all financial matters including the preparation and oversight of the budget. (JKP Manual of Operation, Bylaws section, IV.C.1.)
- B. The Presbytery Council approved the formation of a Fiscal Operations Task Force (01/06/07). The Task Force members will consist of: 1 member of Presbytery Council, JKP Treasurer, 1-2 other qualified at large members, along with staff members responsible for JKP financials. Staff members will solicit volunteer members for a 1 year commitment and submit names to Presbytery Council for approval. The Fiscal Operations Task Force will have the following responsibilities:
1. Monitor the financial condition of Presbytery via monthly reports.
  2. Review and approve or refer grant and scholarship applications. Report decision to the Presbytery Council.
  3. Receive requests and recommend to Presbytery Council use of Presbytery's designated funds.
  4. Review and recommend changes to JKP Fiscal Policy and Grant/Scholarship Procedures.
  5. Represent JKP at Governing Body Partnership Consultation meetings.
  6. Work with JKP staff to draft Presbytery Budget for approval at the August Presbytery meeting.
    - a. Communicate with committee chairs regarding budget needs for next year. (May)
    - b. Discuss with Personnel Committee needs for "Mission Through Staff" for next fiscal year. (May)
    - c. Draft budget ready for Presbytery Council by summer meeting.
    - d. Recommend to Presbytery per capita and shared mission percentages (August)
  7. Monitor the status of per capita payments and mission pledges during final quarter of the calendar year; communicating with the churches as necessary.

8. Review with Administrative Commissions any decisions that will impact the Presbytery's overall financial position prior to reporting to Presbytery. This includes budget requests, unrestricted and restricted fund expenditures, dissolution of assets and any liabilities.
9. Authorize the establishment of asset and liability accounts as needed. They will monitor these accounts through the monthly financial statements and report to the Presbytery Council any recommendations.

## II. BUDGET MAKING

- A. Each unit, committee, or task force participating in the budget shall be responsible for submitting a request to the Presbytery through the Presbytery Council via the appropriate Presbytery staff person.
- B. The Fiscal Operations Task Force will consult with the Personnel Committee regarding staffing and budget.
- C. The Fiscal Operations Task Force shall make budget recommendations to the Presbytery Council with consideration for priorities set by the Presbytery Council, Synod and General Assembly.
- D. The responsibility for establishing criteria for setting priorities in the mission program of the Presbytery shall rest in the Presbytery Council. The Presbytery Council may delegate to a committee the responsibility for bringing recommendations to the Presbytery Council concerning criteria for establishing priorities in mission programming in the light of those criteria.
- E. The Presbytery Council with the approval of the Presbytery may designate portions of the budget for contingency purposes to cover emerging needs and issues.
- F. The Presbytery Council shall be responsible for making recommendations as to priorities in the mission program of the Presbytery at any regular meeting of the Presbytery.
- G. The Fiscal Operations Task Force shall recommend to the Presbytery Council for approval guidelines for the receipt and expenditures of special offerings and church financial campaign receipts.
- H. Funding Ecumenical Agencies
  1. Presbytery will fund the Ecumenical Agencies in the three states on a per capita basis, whether those agencies are requesting supplementary funds or Synod has shifted agency responsibility to the Presbyteries.
  2. The total state distribution is to be based on per capita percentage distribution of Presbytery membership.

III. INCOME, EXPENDITURES, CONTROLS AND BUDGET CHANGES AND ADJUSTMENTS

- A. The John Knox Presbytery shall annually adopt a unified budget.
- B. The John Knox Presbytery budget is funded from the following sources:
1. A per capita apportionment established annually by the Presbytery upon recommendation from the Presbytery Council
  2. Mission pledges made by John Knox Presbytery's sessions and congregations to support the work of the Presbytery
  3. An annual grant from the Synod of Lakes and Prairies called Comprehensive Presbytery Staff Support
  4. Income from unrestricted invested funds
  5. Miscellaneous receipts
  6. Income from designated gifts and the gifts themselves
  7. Mission Development Fund Grants through the General Assembly Council
  8. Bequests from estates
- C. Balances available at the end of the year from the Budget, shall be carried forward on the Statement of Financial Position as Unrestricted net Assets.
1. Unrestricted Net Assets shall be reported to the Presbytery upon completion of the Presbytery's Annual Financial Review by a public accounting firm.
  2. The Presbytery shall try to maintain a minimum Unrestricted Net Assets equal to 25% of the current year budget.
  3. Use of Unrestricted Net Assets for non-budgeted expenses must ordinarily be approved by the Presbytery. In the event of an emergency, and for the sake of timeliness, Presbytery Council may approve expenditure of no more than \$10,000 of Unrestricted Net Assets and report such action to the next meeting of Presbytery. The Fiscal Operations Task Force will make a recommendation to Presbytery Council for consideration.
- D. All funds designated by the General Assembly Council or General Assembly agencies or the Synod of Lakes and Prairies for programs within the Presbytery shall be transmitted to the Presbytery and in turn disbursed to the designated mission program of the Presbytery.

- E. The Presbytery Budget shall be expended in accordance with the budget adopted by the Presbytery. The Fiscal Operations Task Force shall recommend to the Presbytery Council any adjustments in the line items within the budget as necessary during the year in consultation with the committees and/or persons involved in any of the proposed adjustments. The Presbytery Council shall have the authority to approve changes which will result in exceeding "Budgeted Total Expenses" up to 5% over the budget. Presbytery must approve any changes over that amount.
- F. The Presbytery Administrator, in consultation with the Executive Presbyter and Fiscal Operations Task Force, shall have authority to establish control accounts for non-budgeted funds received, with expenditures up to the limit of income received.
- G. All funds for Presbytery programs shall be received and expended by the Presbytery Administrator. No committees, sub-units or persons shall hold funds for Presbytery programs or establish bank accounts for such funds without written approval from the Presbytery Council.
- H. The Presbytery Administrator and any other person handling funds or other assets of the Presbytery shall be bonded at the expense of the Presbytery in amounts to be determined by the Presbytery Council upon recommendation from the Fiscal Operations Task Force.
- I. All funds received from special offerings and church financial campaigns shall be expended in accordance with the intent of the donor and subject to guidelines established for the expenditure of such funds.
- J. Year-end fund balance transfers will be recommended by the Fiscal Operations Task Force to the Presbytery Council for approval. These transfers and fund balances will be reported to Presbytery at the first meeting of the year.

#### IV. FINANCIAL ADMINISTRATION

- A. Check Writing
  - 1. All Presbytery checks shall normally be written through the financial service agency under contract by the John Knox Presbytery or written in the Presbytery Office.
  - 2. The financial accounts of the Presbytery shall normally be established in the community within which the Presbytery Office is located.
  - 3. Vouchers need to be submitted in order for checks to be approved and processed. (See VII. C. 5. for further information).
  - 4. One signature is required on all Presbytery checks. The staff person responsible for bookkeeping is primary, and the executive staff person is secondary.
  - 5. The Presbytery will authorize at least three signatories for its checks: an executive staff person, the Assistant Treasurer, staff person responsible for bookkeeping, and others to be nominated by the Presbytery Council.

6. Staff credit cards and debit cards shall be authorized by the Executive Presbyter in consultation with the Personnel Committee and Fiscal Operations Task Force.

B. Co-signature of Church Loans

In the case of property loans the sub-committee of the Presbytery Council that is responsible for property issues will advise the Fiscal Operations Task Force of their evaluation. The Fiscal Operations Task Force, who after reviewing the financial status of the church as well as the Presbytery's financial position, will make a recommendation to the Presbytery Council.

The Manual of Operations policy POP-25 will need to be followed.

The status of a church's current and past per capita apportionment and mission giving will be part of the financial review conducted by the Fiscal Operations Task Force prior to making a recommendation to the Presbytery Council

V. GENERAL BUSINESS PRACTICE

A. Purchases

1. Expenditures in excess of budgeted amounts for equipment must be approved by the Presbytery Council.
2. Equipment acquired having a value of \$1,000.00 or more will be depreciated with its useful life.
3. Contracts for services by any unit, committee, task force, and/or commission of the Presbytery, in excess of budgeted amounts, must have prior approval of the Presbytery Council.

B. Financial Statements

1. The Presbytery Administrator shall provide monthly financial reports to the Fiscal Operations Task Force. The Presbytery Administrator shall provide a summary financial report to the Presbytery at its Stated Meetings. Final audit reports will be available to the Presbytery upon request.
2. Vouchers and invoices received after the close of the fiscal year will be accrued up to 2 weeks.
3. All of John Knox Presbytery accounts shall be audited at least every third year by a certified public accountant and for any year in which there is a change of Executive Presbyter or Presbytery Administrator and the first year of a new said staff. A review by a certified public accountant will be performed in every year in which a certified audit is not performed. The report of said certified public accountant shall be submitted to the spring meeting of the Presbytery.

C. Service Agreement

An Agreement for Services may be negotiated with the Synod of Lakes and Prairies for payroll and other budgeted financial services. Terms and procedure of payment will be a part of the contract.

## VI. INVESTMENT POLICIES

- A. The primary place of investment shall normally be a financial establishment in the community within which the Presbytery Office is located.
- B. Available cash balances above current maximum needs may be invested in National Banks, State Banks, Insured Savings and Loans, Government Treasury Notes, or Governmental Agencies, to earn interest at the most advantageous rate.
- C. The Fiscal Operations Task Force shall be responsible for monitoring the John Knox Presbytery's investments. Any changes will be recommended to the Presbytery Council for approval.
- D. Special accounts may be maintained within the Presbytery.

## VII. OTHER FINANCIAL POLICIES

- A. From time to time John Knox Presbytery implements various financial policies. They are not Fiscal Accountability Policies as such but will be an addendum to the Fiscal Accountability Policy statement.
- B. Financial Policies now currently in practice are as follows:
  - 1. The Presbytery will provide full coverage through the Board of Pensions for all qualifying staff.
  - 2. Payment will be made for mileage to Presbytery Council, committees, task forces, and commission meetings and on business for the same, excluding Presbytery meetings, when properly authorized on vouchers supplied by the Presbytery Office. The rate of payment will be the standard mileage rate allowed for **charitable travel** by the I.R.S. or a higher rate as established by the Presbytery.
  - 3. Payment shall not ordinarily be made for meals for Council, committee or commission meetings.
  - 4. Mileage Reimbursement
    - a. Mileage for non-pastor officers will be paid to Presbytery meetings at the same rate as to meetings of Presbytery Council, Committees, Task Forces and Commissions.
    - b. At the beginning of every year, the mileage reimbursement figure for Presbytery staff shall be revised to conform to the IRS allowance for that year.
  - 5. Vouchers require two signatures.
    - a. For expenses of Presbytery Council, JKP committees, task forces and commissions vouchers are to be signed by the person requesting payment and authorized by the appropriate chair of the committee or the staff person assigned to that committee.
    - b. Staff expenses are to be signed by the person requesting reimbursement and authorized by the Executive Presbyter. Vouchers submitted by the Executive Presbyter should be authorized by the Personnel Committee chair.

- c. In-house vouchers, meaning regular monthly bills (ex. utility bills, telephone bills, janitorial services, etc.), will be signed by a support staff person and authorized by the Executive Presbyter.
6. Per Capita apportionments may be paid in one lump sum on or before January 31; or in quarterly installments due January 31, April 30, July 31, and October 31. The Fiscal Operations Task Force shall monitor the receipt of per capita payments in a timely manner. Further follow up on overdue per capita is the responsibility of the Presbytery Council and may include additional correspondence, telephone contacts, and visits with Sessions.
7. The Presbytery shall inform the churches of the amount of per capita for the coming year as early as possible. In mid-December the Presbytery shall mail to the churches a statement showing the per capita apportionment for the next year, along with an explanation of the basis on which it is figured.
8. The Presbytery Administrator shall collect, deposit for safe keeping, and disburse in a timely fashion all presbytery funds as directed by the Presbytery.
9. If a congregation desires to have special designated gifts appear in Presbytery report totals, payments normally may be made through the Presbytery. If the intended recipient is not regularly included in the presbytery budget, the Presbytery Administrator must seek the approval of the Presbytery Council.
10. Payments of budgeted mission causes are to be made upon presentation of vouchers executed by the appropriate department when funds are available.
11. Guidelines for care and use of special funds held by the Presbytery shall be recommended to the Presbytery Council by the Fiscal Operations Task Force. Presbytery Council will then make recommendations to the Presbytery for approval.

12. Financial Record Retention Policy

<b>Accounting Records:</b>	
General Ledger	5 years
Cash receipts and disbursement journals	5 years
Fixed asset ledgers	(auditor has)
Payroll records	Synod handles JKP payroll
Billing files (PTS records)	Mission pledges and per capita – 5 years Church receipts – 5 years Church giving history – indefinitely
Expense reports	5 years
Time sheets	5 years
Cancelled checks, bank statements, deposit slips	5 years
Audit reports	Permanent
Tax forms	Permanent
Restricted Fund documentation	Permanent