

## **6-5: Safeguarding of Funds**

### **1. Responsibility Centre: Financial Management Committee**

### **2. Rationale or Purpose**

Prudent cash management practices encourage the use of bank accounts and good internal control procedures to effectively protect and safeguard all monies received and disbursed by the church.

### **3. Policy Statement**

BCUC is to:

- a) promptly deposit all monies received into a church bank account;
- b) disburse all funds from this account through the use of co-signed serially numbered cheques or co-signed withdrawals;
- c) establish a petty cash fund to pay minor amounts, if warranted; and
- d) develop good internal control procedures over the receipt, deposit, and withdrawals from the bank account.

### **4. Scope**

According to the *United Church Financial Management Handbook for Congregations 2010*, the Church Treasurer (Principal Treasurer) should have oversight responsibility for all revenues and expenses of the Church.

In practice, however, we have to place trust in the honesty and thoroughness with which church members handle cash, at least small amounts. Many groups at BCUC collect money from their members to be spent for their own purposes (e.g. greeting cards, parties) and some of them contribute excess funds from time to time to the work of the church. Often these groups have a treasurer who reports to the group, and this is a practice which should be encouraged. Provided the accumulated funds remain small (e.g. less than \$300), there seems to be no need for the BCUC Treasurer to become involved.

Traditionally the funds of the UCW, which are more substantial, have been maintained outside the purview of the Treasurer.

### **5. Procedures**

Under the general direction of the Chairperson of the Financial Management Committee (FMC), the Principal Treasurer is to develop and document the Church's accounting system, ensuring that the internal controls considered necessary in the circumstances are in place to safeguard all Church funds. On a complementary basis, Committee Chairs are to institute procedures that ensure the effective safeguarding of funds administered by their particular Committee.

**6. Roles/Responsibilities**

The Chair of the FMC together with the Principal Treasurer ensure that the Church's financial and accounting systems and related procedures are satisfactorily integrated, and that effective controls are in place to safeguard all Church funds. A periodic review of these systems and procedures by these individuals is also made to ensure effective control over these funds is maintained. This responsibility also includes

- a) formulating the ongoing banking arrangements with the bank or other financial institution selected to handle BCUC's banking requirements, and
- b) reporting to the Church Board and the Congregation on financial matters monthly, at year-end and as otherwise deemed appropriate in the circumstances.

**7. Definitions**

- a) Church means Bells Corners United Church
- b) Revenue is used here as a synonym for funds.
- c) Funds means monies.
- d) Expenses is used here as a synonym for disbursements.

**8. References:**

- a) *United Church Financial Management Handbook for Congregations 2010*, Duties of the Treasurer [<http://www.united-church.ca/files/handbooks/financial.pdf>]

**9. Approval authority:** Church Board**10. Reviewed:** Financial Management Committee: May, 2013

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