



**MOUNT ISA
BAPTIST CHURCH**

local church, regional footprint, global impact

Finance Policy and Procedure Manual

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Introduction

The Mount Isa Baptist Church ("MIBC") Financial Policy and Procedure Manual provides the policies and procedures for finance transactions within the church and its ministries which must be followed by all staff and volunteers. It also provides guidelines MIBC will use to administer these policies, with the correct procedure to follow.

MIBC will keep all financial policies current and relevant. From time to time it will be necessary to modify and amend some sections of the policies and procedures, or to add new procedures.

Any suggestions, recommendations or feedback on the policies and procedures in this manual are welcome.

These policies and procedures apply to all employees and volunteers of MIBC and its ministries.

All parts of the policies and procedures are intended to be complementary to the MIBC Constitution. Any inconsistency between the constitution and these policies and procedures shall be resolved by giving precedence in the following order: (i) the constitution; and (ii) the financial policies and procedures.

Banking Policy

Policy Date

5 August 2018

Scope

This policy applies to all accounts held by MIBC. This policy applies to MIBC's self-reliant ministries and all other accounts held in trust.

Purpose

This policy sets out the requirements for use of bank accounts, credit cards and term deposits by the church and its ministries.

Procedures

Account authorities

Bank signatories will be appointed by the leadership team. Persons authorised to be appointed as bank account signatories include:

- Accounts Officer
- Elders
- Deacons

Permission may be granted by the leadership team for a leader of a self-reliant ministry to be appointed as a bank account signatory to their ministry's bank account. In the interest of segregation of duties MIBC does however encourage ministry leaders to entrust the management of bank account transactions to the accounts officer.

At such time as a bank signatory no longer holds such suitable position they will be removed as signatory of the account/s. Bank account signatories may not access internet banking, sign any bank forms or authorise any bank transfers or cheques once their role has ceased.

"View-only" or "Read-only" internet banking access is available for leaders and/or team members of self-reliant ministries to view balances and transactions on the accounts held for their ministry. This will be granted at the discretion of the ministry leader.

Daily Payment Limits

The daily payment limit (total for all accounts) is \$10,000.

Payment of bills greater than \$10,000, up to \$30,000 should be made in instalments over consecutive days with the agreement of the payee.

With the written approval of the leadership team, citing the specific purpose of the increase the daily payment limit may be increased by Baplink if required. Changes to the daily payment limit will be for one day only on any occasion.

Opening, closing and variations to accounts

Any new bank accounts, credit cards or term deposits to be opened for the church or its ministries must have the authorisation of the leadership team.

For each new bank account, credit card or term deposit opened, Xero must be updated by the treasurer.

Any variations to banking arrangements can be processed or by the accounts officer or treasurer at the direction of the leadership team.

The treasurer is responsible for updating Xero with the new information.

Where it is decided that a bank account, credit card or term deposit is no longer necessary, the leadership team will authorise the closure of the account.

The accounts officer and/or treasurer will then be required to complete the following:

- ensure all transactions with respect to the account (including cheques drawn) have been completed;
- lodge with the bank a letter, signed by two authorised signatories advising of the closure of the account;
- meet the bank's requirements with respect to account closure; and
- update Xero.

Transacting

For monies withdrawn from any bank account, or term deposit whether by manual request to the bank, cheque, EFT or other online payment method, there must be two persons authorising for each payment.

Each payment made must be supported by invoice, receipt or other appropriate documentation authorised by the account owner, leadership team (or ministry leader for self-reliant ministry accounts).

Cash Handling

Cash received by the church and its ministries should be counted by two people at the time it is received. Cash received should be documented in writing and signed by both counting parties. Cash recording sheets are included at appendix 1. Completed cash sheets should be forwarded to the accounts officer for filing. Cash sheets are to be numbered sequentially, and all accounted for.

Cash should be kept in the locked office cupboard, and the office should remain locked when unattended.

The cash banking amounts should be recorded in the deposit book at the time the cash is locked in the cupboard.

Cash deposits for the church and its ministries should be banked as soon as practical..

Credit Cards

An employee will only be issued a credit card once approved by the leadership team.

The church credit card may only be used for expenditure that cannot be paid by cheque, EFT or other online payment method.

The church credit card can only be used for expenditure up to the value of \$500. Expenditure greater than \$500 requires prior approval from at least one other bank signatory (in addition to the card holder).

No cash advances are to be taken using the church credit card.

Where a church credit card is lost or stolen, then the owner of this card is to notify the leadership team. The accounts officer or Treasurer is responsible for notifying the issuing agency and ensuring the card is cancelled.

The church credit card is not to be used for personal expenses.

All holders of church credit cards are required to reconcile the monthly credit card statement to the Credit Card Reconciliation form (appendix 2), attach all receipts for payments made on the credit card and have the reconciliation authorised by the accounts officer or a member of the leadership team.

Upon completion and authorisation of the monthly expense statement, these documents are to be forwarded to the accounts officer.

The credit card balance will be paid in full monthly by automatic transfer from the Operating Account.

All church credit cards are to be returned to the church on request of the leadership team or when the card holder is no longer an employee of the church.

Accounts held in trust

The church holds the below accounts in trust for the stated purposes, these accounts are to be used only for their stated purpose and may not be used for operating or capital expenditure of the church.

Management of these accounts should be conducted in good faith in full consultation with account stakeholders.

All relevant policies and procedures of MIBC apply in full to these accounts.

Account	Purpose and Use
India Account	For the support of the Orphanage and Bible College in India as directed by Gospel Harvesters International (GHI). All monies received in this account from MIBC mission support, interest and other sources are a liability of MIBC until paid as directed by GHI.
Pastor's Benefit Account	For use by the pastor in accordance with Queensland Baptist's Remuneration Guidelines and associated regulations. All monies received in this account from MIBC and interest are a liability of MIBC until paid as directed by the pastor.
Missions Experience Fund – Term Deposit	For use to facilitate missions experience for those called by God. All use to be approved by the leadership team. All monies received in this account including interest are a liability of MIBC

	until paid as directed by the leadership team.
Self-reliant Ministry Accounts: mainly music Operating Account, Boys' Brigade Operating Account, Girls' Brigade Training Account, Girls' Brigade Operating Account.	For use in the operation of self-reliant ministries. Transactions on these accounts are income and expenditure of the ministries, they are not income and expenditure of MIBC. All expenditure from these accounts is at the direction of the ministry leaders or their appointed representatives.

Bank reconciliation

Bank statements must all be loaded into Xero (by Bank Feed if available).

All bank accounts, credit cards and term deposits must be reconciled monthly in Xero. Both statement and ledger transactions are to be fully reconciled.

The treasurer is responsible for Bank Reconciliation.

Budgeting Policy

Policy Date

5 August 2018

Scope

This policy applies to the operating income and expenditure of MIBC. This policy does not apply to MIBC's self-reliant ministries or other accounts held in trust.

Purpose

This policy sets out the requirements for the preparation, approval, format and content of the budget.

Procedures

Budget Preparation and Approval

The budget will be prepared by the treasurer annually in advance of the church Annual General Meeting.

The budget will be prepared in consultation with the pastor, the leadership team and ministry stakeholders.

The draft budget will be endorsed by the leadership team before being presented to the members for approval at the Annual General Meeting.

Budget Scope and Format

The budget will encompass all operating income, operating expenditure and minor capital expenditure of the church. Income and expenditure of self-reliant ministries will not be included in the church budget. Major capital expenditure will not be included in the church budget.

The total income and total expenses budgeted will result in a net zero result.

The budget pack will include commentary detailing nature of expenditure on each line item. Where possible the budget will include specific estimates or allowances for planned expenditure. Allowances for expenditure of a general nature are to be kept to a minimum.

Each expenditure line in the budget will be allocated an "account owner". The account owner is responsible for approving invoices on their account/s.

Budget Application

All operating expenditure must be evaluated against the budget parameters by the account owner and accounts officer before payment. Invoices that exceed the budgeted amounts or fall outside the parameters of the budget nature will not be paid unless approved by the leadership team. It is the responsibility of the account owner to seek leadership team approval.

Financial Reporting Policy

Policy Date

5 August 2018

Scope

This policy applies to all financial records of MIBC, including self-reliant ministries and accounts held in trust.

Purpose

This policy sets out the requirements for the preparation and content of the financial reports.

Procedures

Quarterly Reporting

Financial Reports will be provided to the members for each quarter ending March, June, September and December each year. At the treasurer's discretion monthly reporting may also be provided. Reports will be provided to members in advance of the first members meeting following each quarter's end.

The treasurer will present a quarterly financial report at each members' meeting.

Reporting content

At a minimum, financial reports will contain year-to-date actual data and budgeted data.

The financial reports will include a profit and loss statement and a balance sheet (extract). The financial reports may from time-to-time include other financial summaries that the treasurer deems necessary to members' understanding of MIBC's financial performance and position.

Financial reports will be compiled with reference to suitable accounting practices.

Audit Policy

Policy Date

5 August 2018

Scope

This policy applies to all financial processes and records of MIBC, including self-reliant ministries and accounts held in trust.

Purpose

This policy sets out the requirements for the appointment of an auditor and the audit scope.

Procedures

Auditor Appointment

An auditor will be appointed each year to audit the financial records of the prior calendar year. The auditor will be appointed by the members (on the recommendation of the leadership team) no later than the August members meeting. The audit report will be presented at the AGM in November each year.

The auditor is not required to be a registered auditor. The auditor should be familiar with such matters as fundamental accounting principles, taxation, superannuation and GST. The auditor should understand and support the ethos of the church. Where possible the auditor should be someone from outside the church

To the extent possible the auditor should be someone independent in perception and in fact from the treasurer, the accounts officer, the office administrator, the pastor, the leadership team and any other contributors to the governance and processing of MIBC's financial transactions. A close personal relationship between the auditor and any stakeholders in the audit process is a threat to audit independence.

Audit Scope

All financial transactions conducted MIBC, its self-reliant ministries and for accounts held in trust are within the scope of the annual audit.

All financial policies, procedures and controls are within the scope of the annual audit.

Audit Report

The auditor will present an opinion to the members of MIBC as to whether the financial records present a true and fair view of the church as at balance date.

The auditor will also present an opinion on the sufficiency and effectiveness of controls.

Incoming Payments Policy

Policy Date

5 August 2018

Scope

This policy applies to all incoming funds of MIBC. This policy also applies to accounts held in trust. This policy does not apply to MIBC's self-reliant ministries.

Purpose

This policy sets out the requirements for the accounting treatment and use of incoming funds.

Procedures

Offerings and appeals

All monies received by the church that are marked "Tithes", "Offerings", "Giving" (or similar) as well as all monies received by the church that are not marked for a specific purpose are treated as "Undesignated Offerings", this is income of the church.

All monies received by the church that are marked for a specific appeal or missionary, and those marked as First Fruits/Terumah are treated as liabilities of the church until such time as the funds are forwarded accordingly.

Income will be recorded with reference to suitable accounting practices and taxation requirements.

Customers

The appointment of a new customer, billing arrangements and credit limit will be authorised by the leadership team

All relevant details of the new customer will be entered into Xero by the accounts officer.

All customer payment terms must be agreed upon by the leadership team at the time of appointing a new customer. The payment terms will be determined with reference to the nature of the customer's business with the church.

All overdue customer payments are to be managed by the accounts officer. Overdue accounts should be notified to the treasurer. The write off of bad debts will be at the discretion of the leadership team.

Other Church Income

Interest received in the church accounts will be treated as follows:

Account	Treatment
Operating Account	Interest income of the church
Insurance Account	Interest income of the church
India Account	Credit to associated liability account
Pastor's Benefit Account	Credit to associated liability account
General Term Deposit	Interest income of the church

Missions Experience Fund – Term Deposit	Credit to associated liability account
Self-Reliant Ministry Accounts: mainly music Operating Account, Girls' Brigade Operating Account, Girls' Brigade Training Account, Boys' Brigade Operating Account	Interest income of the ministry

Examples of other church income include:

- unrelated parties hiring the church hall
- grants
- manse rental income
- Men's ministry (shed) income

Income will be recorded with reference to suitable accounting practices and taxation requirements.

Outgoing Payments Policy

Policy Date

5 August 2018

Scope

This policy applies to all outgoing funds of MIBC. This policy also applies to accounts held in trust. This policy does not apply to MIBC's self-reliant ministries.

Purpose

This policy sets out the requirements for the accounting treatment and authorisation of outgoing payments.

Procedures

Offerings and appeals – no invoice

Missions Support Payments

Missions support payments will be determined in the budgeting process each year. Mission support payments made by scheduled periodic payments will be set-up by the treasurer and co-authorised by another account signatory at the beginning of the financial year in accordance with the budget. Some mission support payments may be called on as and when needed by the recipient. These will be paid in accordance with the budgeted amount and nature.

Designated Offerings and Appeals

Funds received as designated offerings or in response to appeals will be forwarded to their intended recipients.

All payments will be supported by a "MIBC Payment Authority form" (found in appendix 3) along with any and all available documents (emails, calculations, receipts etc).

Payments will be recorded in Xero with reference to suitable accounting practices and taxation requirements.

Appointment of Supplier

The leadership team reserves the right to accept, decline or cease dealings with suppliers.

The establishment of a trade account (including the terms of the arrangement) with a supplier requires the approval of the leadership team.

All relevant details of a new supplier will be entered into Xero by the accounts officer.

The treasurer will review information entered into Xero and independently verify the bank account or other payment details of the supplier to ensure payments made are to the correct supplier.

Purchasing

All operational expenditure and minor capital is to be approved by the account owner.

All expenditure must fall within budgeted amount and nature. Any expenditure outside these parameters must be approved by the leadership team.

The MIBC Payment Authority (appendix 3) is to be completed for every payment documenting the approval process. Where no invoice is available the payment is to be supported by any and all available documents (emails, calculations, receipts etc).

Payments will be recorded in Xero with reference to suitable accounting practices and taxation requirements.

Capital

All major capital expenditure is to be approved by the leadership team.

For items over the value of \$5,000 three quotations must be provided. Where three quotes are unable to be obtained the reasons must be documented.

For projects over the value of \$10,000 the leadership must seek the approval of the members at a meeting.

The MIBC Payment Authority (appendix 3) is to be completed for every payment documenting the approval process. Where no invoice is available the payment is to be supported by any and all available documents (emails, calculations, receipts etc).

Payments will be recorded in Xero with reference to suitable accounting practices and taxation requirements.

Allowances and Reimbursements

It is the policy of MIBC that payments be made directly to suppliers where possible. Where a staff member or volunteer of the church is required to pay a supplier directly they may seek reimbursement from the church. It is the responsibility of the staff member or volunteer incurring expenditure to seek approval of the account owner before incurring expenditure. Requests for reimbursement are to be submitted to the accounts officer via the account owner and must be supported by invoice documentation.

A member of the church who is incurring a high volume of church-related expenses each month may seek the express permission of the leadership team to submit invoices/receipts along with a credit card statement for monthly batch reimbursement payable to the credit card. The submission will be accompanied by Credit Card Reconciliation form (appendix 2), Non-church expenses are to be excluded from the reconciliation. All receipts, credit card statement and reconciliation are to be authorised by the accounts officer or a member of the leadership team. Upon completion and authorisation of the monthly expense statement, these documents are to be forwarded to the accounts officer.

Credit Card Use

Purchases will be made by church credit card only when payment by other means is unavailable. Tax receipts and/or invoices must be presented to account for all expenses incurred.

Trade Accounts

The leadership team may give appointed representatives authority to transact on trade accounts. It is the responsibility of appointed representatives to seek approval from account owners prior to incurring any expense on behalf of the church. Trade accounts may not be used for personal expenditure. Tax receipts and/or invoices must be presented to account for all expenses incurred.

Unauthorised expenditure on trade accounts is the responsibility of the representative/s incurring the expenditure.

Trade Account Cards and passwords must be stored safely at all times. Trade accounts may only be used by the representative appointed by the leadership team. Lost trade account cards are to be reported to the accounts officer immediately. Trade account cards are to be returned to the church at the request of the leadership team.

Upon the cessation of the appointed representative's employment or volunteer role their authority to transact on trade accounts ceases immediately. The leadership team may withdraw an appointed representative's authority to transact on trade accounts at any time.

Payroll

All employees will be paid in accordance with Queensland Baptist's Remuneration Guidelines. For each new employee or variation of terms for an existing employee the leadership team must approve all payroll parameters including pay rates, leave entitlements and additional superannuation.

Salary and wages will be paid fortnightly in arrears by a scheduled periodic payment/direct debit. Superannuation will be paid quarterly in arrears by the accounts officer with data provided by the treasurer.

First Fruits and Terumah Offerings will be distributed to the pastor through the payroll system from time to time as requested by the pastor. Tax will be withheld from these amounts at the pastor's marginal tax rate.

The pastor's benefit account will be administered in accordance with relevant Fringe Benefits Tax Legislation and Queensland Baptist's Remuneration Guidelines. Within these parameters, use of these funds is at the full discretion of the pastor. All payments from this account are to be supported by suitable tax invoices/receipts. No cash withdrawals are permitted from this account, nor may the use of this account facilitate the pastor's access to cash (i.e. by credit card cash advance, mortgage redraw or any other means). Tax will be withheld on any outgoing funds that are accessible as cash by the pastor at the pastor's marginal tax rate.

Self-Reliant Ministries

Policy Date

5 August 2018

Scope

This policy applies to all financial affairs of MIBC's self-reliant ministries. These ministries are Boys' Brigade, Girls' Brigade and mainly music.

Purpose

This policy sets out the accounting treatment and use of incoming funds, and the accounting treatment and authorisation of outgoing payments. Self-reliant ministries are also governed by the Banking Policy, Financial Reporting Policy and Audit Policy.

Procedures

Self-reliant ministry income

Income received by self-reliant ministries, including bank interest is income of the ministry, not income of the church.

Income of self-reliant ministries may include:

- Program/activity fees
- Fundraising
- Interest
- Donations and gifts

Pursuit of unpaid amounts from program participants will be the responsibility of the ministry leader. Forgiveness of debts owed by program participants will be at the full discretion of the ministry leader.

The ministry leader or ministry team member will complete the "Cash Sheet" (appendix 1) for recording of all income. The ministry leader will forward completed cash sheets to the accounts officer. Cash sheets will be sequentially numbered and all accounted for. The ministry leader may bank cash or may place in the office for banking. Cash should be banked regularly to maintain a float below \$100.

Income will be recorded with reference to suitable accounting practices and taxation requirements.

Self-Reliant Ministry Expenditure

All expenditure made by self-reliant ministries must be for the purpose of furthering the aims of the ministry. Ministry leaders and team members are prohibited from using funds for personal expenses. The procedure for operation of self-reliant ministry accounts is as follows:

Approval of expenditure	Ministry representative completes MIBC Payment Authority (appendix 3) and forwards authority form and invoice to church office by
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	email.
Data Entry (Xero)	Accounts officer
Account Signatories	Accounts officer and leadership team member
Reconciliation and Reporting	Treasurer

Self-reliant ministry expenditure does not fall within the parameters of the MIBC budget. As such the approval of expenditure is at the full discretion of the ministry leader. The ministry leader may delegate this authority (or part thereof) to a ministry team member, this delegation should be notified to the accounts officer in writing.

The MIBC Payment Authority (appendix 3) is to be completed for every payment documenting the approval process. Where no invoice is available the payment is to be supported by any and all available documents (emails, calculations, receipts etc).

Payments will be recorded in Xero with reference to suitable accounting practices and taxation requirements.

It is the policy of MIBC that payments be made directly to suppliers where possible. Where a ministry leader or ministry team member is required to pay a supplier directly they may seek reimbursement from the ministry. It is the responsibility of the ministry team member incurring expenditure to seek approval of the ministry leader before incurring expenditure. Requests for reimbursement must be supported by invoice documentation.

It is the preference of MIBC that all expenditure is managed by bank transfer, however ministry leaders and ministry team members may seek reimbursement of expenditure up to \$100 from the ministry's cash float. The ministry leader and one team member must sign the "Cash Sheet" (appendix 1) authorising this transaction.

Appendices



Appendix 1 MIBC
Cash Sheets.xlsx



Appendix 2 MIBC
Credit Card Reconcili:



Appendix 3 MIBC
Payment Authorisatio