

Financial Control Policy and Procedures

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INTRODUCTION

An organisation such as St Mark's must exercise utmost ethical and financial responsibility in all monetary transactions and handling of monies.

Staff or volunteers may on occasion be required to pay expenses related to church operations out of their own pockets. Under certain circumstances, as outlined in this policy, these expenses may be reimbursed by St Mark's.

The use of financial transaction cards, including credit cards, can be a major convenience for St Mark's and for employees/volunteers, and can, if properly managed, contribute to easier and more secure accounting of expenses. To achieve these benefits a number of precautionary procedures should be put in place. To deal with minor expenses, the St Mark's office need a procedure that is flexible yet consistent with the need to protect the church's funds, such as the use of 'petty cash'.

Just like commercial organisations, churches may be subject to fraudulent activity and must therefore implement effective prevention strategies to minimise legal and financial exposure.

PURPOSE

The purpose of this policy is to spell out procedures that must be followed related to:

- the signing of cheques or making of electronic payments on behalf of St Mark's.
- deciding under what circumstances reimbursement of expenses may occur
- To ensure that St Mark's financial transactions are carried out as efficiently as possible through the use of credit cards and transaction cards as appropriate.
- To guard against any possible abuse of St Mark's transaction cards.
- To ensure that petty cash floats are established and managed appropriately and that staff, and volunteers are not financially disadvantaged as a result of incurring minor work-related expenses.
- To ensure that all parties are aware of their responsibilities regarding the identification and prevention of fraudulent activity.

Financial Control Policy

Cheque signing, electronic payment authorisation

All cheques and electronic payments issued on behalf of St Mark's must be signed/authorised by two approved persons and documented adequately – including generation of electronic receipts.

Reimbursement

St Mark's will reimburse its staff (including volunteers) expenses incurred by them on behalf St Mark's or in the course of St Mark's business so long as such expenses are:

- (1) reasonable; and
- (2) authorised by the appropriate person for that program or activity.

Reimbursement of reasonable but unauthorised expenses may be made on an ex gratia basis at the discretion of the Senior Minister in exceptional circumstances only.

Staff and volunteers incurring authorised expenditure must, wherever possible, receive, retain and produce receipts, invoices, vouchers, tickets, or other evidence of such expenditure.

Credit and Transaction Card Use

Transaction cards issued to St Mark's, including those held in the name of any staff or volunteers on behalf of the organisation, will only be used for those activities that are a direct consequence of the cardholders' function within the organisation. Their use will be monitored according to the procedures listed below. Any use of the card inconsistent with this policy and these procedures will be grounds for dismissal.

Petty Cash

Ministries and programs may seek the approval of the Senior Minister to establish petty cash floats to deal with minor expenses. Any such floats must observe the nominated procedures.

Fraud Risk Management

St Mark's will not tolerate fraud in any aspect of its operations.

St Mark's will investigate any suspected acts of fraud, misappropriation or other similar irregularity. An objective and impartial investigation, as deemed necessary, will be conducted regardless of the position, title, length of service or relationship with the organisation of any party who might be the subject of such investigation.

For staff members, any fraud shall constitute grounds for dismissal. For volunteers and members of St Mark's, the actions taken will be at the direction of the Senior Minister and may, if necessary, result in the volunteer or member being asked to leave the church. All punitive actions after discovery of fraud will be at the discretion of the Senior Minister.

Any serious case of fraud, whether suspected or proven, shall be reported to the relevant and appropriate authorities such as the police and the ombudsman.

Any person who suspects the commission of a fraud, related to the operations of St Mark's, is required to immediately report it to a staff member, a Warden or member of Parish Council or the Senior Minister. Any person reporting a fraud, or a suspected fraud, shall not be penalised for raising a concern of this nature.

Financial Control Procedures

Cheque Signing or authorization of electronic payments

All cheques or electronic payments must be signed/authorised by two persons appointed to be signatories for St Mark's by Parish Council. Persons eligible to be signatories are Parish Council members, finance ministry volunteers or staff members who have been previously nominated and endorsed by the Parish Council.

Any two of the above have the authority to sign cheques or authorize electronic payments.

Signatories cannot sign a cheque made payable to themselves, or a blank cheque. All details on the cheque form must be filled in before signature.

A list of all cheques issued each month, featuring amount, recipient, signatories, and explanation, will be provided by the Finance Team to the Senior Minister.

Reimbursement

Prohibited reimbursements

St Mark's will (generally) not reimburse staff or volunteers for

- Unauthorised expenses
- Expenses known to have been claimed by an employee as a tax deduction
- Expenses normally recoverable from a third party
- Expenses that are not incurred for business purposes
- Late payment interest on credit cards
- Parking, traffic, or other fines and penalties

Appeal may be made to the Senior Minister if a staff member feels that the purchase/expenditure was legitimate, even though it is on the above list

Travel expenses

- Employees and volunteers will be reimbursed for the most direct and economical mode of travel available, considering all of the circumstances.
- Employees and volunteers will not be reimbursed for additional costs incurred by taking indirect routes or making stopovers for personal reasons.
- Use of an employee or volunteer's own vehicle for work-related travel will be reimbursed by way of an all-inclusive mileage allowance, as shall be determined by the St Mark's from time to time and in-line with the policies set out by the Diocese.
- Trip cancellation insurance is eligible for reimbursement.

Accommodation expenses

- Employees and volunteers will be reimbursed for reasonable accommodation expenses, considering all of the circumstances.
- Employees and volunteers will not be reimbursed for items of a personal nature charged to a hotel account.
- When accommodation is provided by an employee's friend or relative, to whom the employee or volunteer gives money or a gift as compensation or as a sign of

appreciation, the employee or volunteer may claim an overnight accommodation expense in accordance with per diem rates, as shall be determined by the organisation from time to time.

Meals

- Employees and volunteers will be reimbursed for reasonable and appropriate meal expenses actually incurred while on St Mark's business.

Provision of hospitality

- Employees and volunteers will be reimbursed for hospitality expenses incurred in the course of St Mark's business, as appropriate.
- Appropriate hospitality charges include events hosted or sponsored for the purpose of promoting St Mark's mission or enhancing its image, and include meals that are related to the transaction of St Mark's business.
- When employees and/or volunteers dine together in circumstances that allow for reimbursement, it is appropriate for the senior person (if any) to arrange payment and submit the claim for reimbursement.

Advance payments may be authorised where appropriate. Such payments will be subtracted from the amount of any later reimbursements. If expenditure is, for whatever reason, not incurred then any advance payments made, or any unspent portion of such payments, must be returned.

Staff are authorised to approve purchases to the amount specified in their individual job statement, (if there is such a limit specified). If no limit is specified or if the amount is above the level must seek specific authorisation from their supervisors.

Except where per diem payments have been authorised, staff and volunteers incurring authorised expenditure must, wherever possible, receive and retain receipts, invoices, vouchers, tickets, or other evidence of such expenditure.

Staff and volunteers incurring authorised expenditure must submit requests for reimbursement to the designated person (depending on the sum in question) on the standard form appearing in Appendix A of this document, describing the nature and purpose of the expenses. The completed form must be signed by the applicant.

Managers are responsible for determining if the expenses being claimed are reasonable given the circumstances, and for ensuring they are charged against the appropriate account, and that any requirements under the Fringe Benefits Tax legislation have been met.

Claims that have not been properly prepared, authorised, or supported by adequate documentation will be returned to the claimant and the reasons will be given for not processing the claim.

Credit and Transaction Card Use

1. Card Issue

St Mark's financial transaction cards will only be issued with the approval of the Senior Minister when the functions and duties of the person to whom the card is issued would be enhanced by having access to a card.

Additional persons may be issued with cards by gaining the approval of the Senior Minister

All cards issued will be on the approved St Mark's Credit Card List. The list shall be held by the Senior Minister.

Cards may be issued on a temporary basis and recovered afterwards.

Each financial transaction card will be issued to a specific person (not a ministry), who will remain personally accountable for the use of the card. Cardholders will sign a declaration to this effect.

Only the authorised signatory may use the card. No more than one card shall be issued per cardholder. Credit limits as appropriate shall be set for each card by the issuing authority.

2. Cardholder's Responsibilities

The Cardholder shall:

- In all cases obtain and retain sufficient supporting documentation to validate the expense (e.g. tax invoice) or shall in lieu provide a statutory declaration.
- Attach supporting documentation to the monthly statement from the bank.
- Review the monthly statement for inaccuracies and report them to the responsible person).
- Verify that that goods and services listed were received.
- Sign the monthly statement to verify that transactions have been made for official purposes.
- Forward the papers to the authorised signatory for approval (the Chair of Parish Council shall authorise payments to the Senior Minister; the Senior Minister shall authorise the expenditure of all other cardholders).
- Notify the bank and the Senior Minister (or in the case of the Senior Minister, the Chair of Parish Council) immediately if:
 - The card is lost or stolen; and/or
 - Any unauthorised transaction is detected or suspected.
- Notify the Senior Minister and the bank of any change in name or contact details.
- Take adequate measures to ensure the security of the card.
- Return the card to the Senior Minister if
 - The cardholder resigns;
 - the Senior Minister determines that there is no longer a need for the cardholder to retain his or her card; or
- the card has been cancelled by the bank.
- Be personally liable for any unauthorised transaction unless the card is lost, stolen or subject to fraud on some part of a third party.

The Cardholder shall not:

- exceed any maximum limits set for the card from time to time.
- use the card for any proscribed purchases.
- authorise their own expenditure.
- claim double allowances (i.e. request reimbursement for an expense already paid by the card).

3. Card Expenditure

The card will only be used for those activities that are a direct consequence of the cardholders' function within the organisation.

Where coincident and/or private expenditure occurs on the same transaction (where, for example, a person incurs a debt for personal telephone calls during a hotel stay) the cardholder must settle the private expense prior to charging the balance on the St Mark's card.

Where doubt exists as to whether or not an item is function-related, prior authorisation should be obtained from the Senior Minister (or, in the case of the Senior Minister's own card, the Chair of the Parish Council or the Treasurer).

The use of the St Mark's card for "services of a dubious nature" is expressly prohibited. "Services of a dubious nature" are defined as any goods or services that might bring the name of the organisation into disrepute.

4. Card Misconduct

Wherever a breach in this policy occurs, the Senior Minister must assess the nature of the breach and institute an appropriate disciplinary process, including

- counselling and / or verbal warning (and diary or file note created and retained on employee's personnel file); and
- a written warning
- dismissal

The Senior Minister may determine whether to report a breach of the policy to the police for criminal investigation.

At the next Finance Committee meeting the Senior Minister shall report:

- the investigation of the circumstances of the breach;
- police reports and action (if any); and
- disciplinary action taken (if any).

Petty Cash

Petty Cash Limit

The amount of the petty cash float shall be as determined by the Senior Minister from time to time, but in general should not exceed \$250. Any amount in the petty cash float over \$250 shall be returned to general funds. Each petty cash float (for, say a particular ministry) will be managed and accounted for by an authorised person.

Petty Cash Use

Each authorised person shall ensure that petty cash is used to cover only those expense reimbursements for which it is not feasible, or for which it is unreasonably inconvenient, to use normal purchasing methods such as purchase orders, St Mark's credit cards or staff expense reimbursement. Any expense that is predictable, regular and significant should be dealt with through normal accounting procedures.

The limit of \$250 shall not be evaded through splitting of items into smaller amounts.

Each authorised person shall require all expenses incurred using petty cash funds to be substantiated by acceptable supporting documentation such as receipts, tax invoices, invoices, copies of staff travel diaries, etc., and the documentation relating to each item shall be sufficient to establish the nature of the expenditure.

Each authorised person shall retain acceptable supporting documentation of payments from the Petty Cash float and shall submit these with their accounts to the Treasurer each month.

Each authorised person shall report the loss of any Petty Cash funds to their supervisor as soon as the loss is discovered.

A tax invoice must be obtained for all purchases exceeding \$80.

Petty cash should be kept in a secure (locked) location and the key held securely.

The authorised person cannot delegate control of the float to other team members. If the authorised person is unavailable, payment cannot be made by that means.

Petty Cash Replenishment

Total yearly petty cash requirements shall be estimated by the authorised person and submitted to the Treasurer for the budget process. The authorised person can draw on replenishments during the year up to the amount approved in the budget.

If there is a need for additional finance, or if it is desired to increase the amount of the float, a special request must be made to the Senior Minister.

Replenishments should be sought when sufficient funds remain for five business days of expected use.

Fraud Risk Management

The St Mark's Parish Council has ultimate responsibility for the prevention and detection of fraud and is responsible for ensuring that appropriate and effective internal control systems are in place.

The Senior Minister is responsible for dealing with and investigating instances of fraud reported to them. All staff members and/or ministry leaders must ensure that they:

- Assess the risk of fraud within their area of control;
- Educate staff/volunteers/contractors about fraud prevention and detection; and
- Facilitate the reporting of suspected fraudulent activities.

Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert to any indications of such conduct.

All staff/volunteers/contractors share in the responsibility for the prevention and detection of fraud.

Reporting

All staff/volunteers/member have the responsibility to report suspected fraud.

Any staff member, volunteer or member who suspects fraudulent activity must immediately notify their supervisor or the Senior Minister about the concern.

In situations where the staff member, volunteer or member notifies their supervisor, the supervisor must then notify the Senior Minister (or the Chair of Parish Council in circumstances where the suspected fraud involves the Senior Minister).

Step-by-step guide: Responding to suspected fraud

1. Upon notification an allegation pertaining to fraud, the Senior Minister (or Chair of the Parish Council) will promptly arrange to carry out an initial review into the allegation.
2. After an initial review and a determination that the suspected fraud warrants additional investigation, the Senior Minister (or Chair of the Parish Council) shall coordinate the investigation with the appropriate law enforcement officials or external investigator as deemed appropriate. Internal or external legal representatives will be involved in the process, as deemed appropriate.
3. Once a suspected fraud is reported, immediate action will be taken to prevent the theft, alteration or destruction of relevant records. Such actions include, but are not necessarily limited to, removing relevant records / information and placing them in a secure location, limiting access to the location where the records / information currently exists, and preventing the individual suspected of committing the fraud from having access to the records / information.
4. If an allegation of fraud is substantiated by the investigation, disciplinary action, up to and including dismissal (or termination of an individual's right to work as a contractor or volunteer), shall be taken by the appropriate level of management.
5. The organisation will also pursue every reasonable effort, including court ordered restitution, to obtain recovery of any losses from the offender.

Where a prima facie case of fraud has been established, the matter shall be referred to the relevant authorities. If an allegation is made in good faith, but it is not substantiated by the investigation, no action will be taken against the complainant.

The organization will make every effort to keep the investigation confidential; however members of the management team may need to be consulted to assist with a review / investigation.

Appendix A
Expense Claim Form

Name: _____

Please print out and attach documentation (e.g. receipts)

Details	Date Expense Incurred	Activity	Total Cost	Notes
Total to be Reimbursed:				

Signature of Claimant: _____

Date Submitted: _____

Authorised by (Name): _____

Signature of Authorised person: _____

Office Use Only:

Claim Permitted? (Circle) Yes / No.

If no, state reason: _____

Date Reimbursed: _____