

Financial Policies and Procedures Manual

Unitarian Universalist Church of Nashua
November 2023

Introduction

The purpose of this Financial Policies and Procedures Manual is to document all of the significant internal controls and financial policies of the Unitarian Universalist Church of Nashua. The policies are intended for the use of staff and volunteers.

The objectives of this Financial Policies and Procedures Manual are as follows:

- Provide guidance and direction with respect to compliance with current tax and accounting regulations;
- Provide a reasonable basis for the development of consistent financial reporting procedures and accounting processes within the organization;
- Provide the basis for adequate internal controls;
- Provide clear directions for staff with regards to financial processes to promote ease of implementation and ongoing maintenance.

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Segregation of Duties

It is the policy of UU Nashua to provide for adequate segregation of duties with regards to all aspects of its financial operations. No one employee or volunteer shall perform a complete cycle of financial operations, to the extent practicable.

Receipts

- The Church Administrator opens all of the mail for UU Nashua and places any checks received in a locked filing cabinet in the Bookkeeper's office.
- On Sunday mornings, the Lead Greeter and a second person will take all the money from the collection baskets, put it in an envelope found by the safe, and put the envelope in the safe.
- The UU Nashua Outreach Team, made up of volunteers, are responsible for counting the outreach collections on Sunday morning from September-May, using the procedure documented [below](#).
- The Church Administrator and the Bookkeeper are responsible for counting the outreach collections on a monthly basis from June-August. They will record these donations in the church database for record and prepare the deposit that goes with the count.
- The Bookkeeper is responsible for recording all receipts into the accounting system and in the church database. If the Bookkeeper is out, the Church Administrator may perform this function.
- The Church Administrator is the primary position responsible for bank deposits. The Executive Director or Treasurer may do bank deposits as needed when the Church Administrator is out of the office. They will also do this function on occasions when the Church Administrator has recorded the receipts included in the deposit. Deposit receipts are turned into the bookkeeper after each deposit for reconciliation purposes.
- If the deposit is unable to be made the day of preparation, it is to be placed in the Bookkeeper's locked file cabinet until the deposit is able to be completed.
- The Bookkeeper is responsible for preparing bank reconciliations at the end of each month

Disbursements

The person who prepares a check will not be the person to sign that check.

- The following positions are approved by the Board of Trustees to sign checks on the church's primary bank checking and savings accounts:
 - Executive Director: The Executive Director may sign checks up to \$4,999.99.

- Church Administrator: The Church Administrator, having been given authority by the Executive Director, may sign checks up to \$4,999.99
- The following Board positions may sign checks of up to \$9,999.99:
 - Board President
 - Board Treasurer
- Checks over \$10,000 must have two signatures. One of these must be either the President or Treasurer. The second signature can be anyone else with signature authority.

Personnel with check signing privileges shall not sign checks to themselves, relatives closer than first cousins, or parties with a conflict of interest.

Payroll

- The Bookkeeper is responsible for entering all payroll transactions into QuickBooks, our outsourced payroll provider, and running reports for filing.
- Timesheets are submitted for hourly employees on a bi-weekly basis and approved by that employee's supervisor.
- The Church Administrator is responsible for entering any changes into QuickBooks for employees, including, but not limited to employee pay rates, benefit changes, address changes, etc.
- The Church Administrator is responsible for adding new employees to QuickBooks as well as removing terminated employees.
- The Church Administrator or Executive Director signs any payroll checks.

Investments

Responsibilities for initiating, evaluating and approving investment transactions are handled by the Board of Trustees, or their designated Invested Funds Committee. More information about the Invested Funds Committee is available in the [Governing Policies](#), Policy II.H.

Budget Development and Approval Process

1. The Board of Trustees votes on a date for the Annual Meeting.
2. The Minister solicits budget requests from staff and lay leaders (typically in February and March) and uses those requests to create a first draft of the budget.
3. The Board of Trustees creates recommended salary adjustments for the minister (typically in March) and shares that recommendation with the Minister. This is used in the first draft of the budget.
4. The Minister creates recommended salary adjustments for all other staff (typically in March), in consultation with any other staff who serve as supervisors. These are used in the first draft of the budget.
5. The Minister presents an initial draft budget at the April Board meeting (this will typically not be balanced). The template used includes this year's budget, the YTD performance, changes from the current budget and relevant comments.
6. The Minister revises the budget draft, making every effort to create a balanced budget. The Minister may consult with the treasurer, president and vice president, as well as staff in this process.
7. The Minister presents the final draft budget at the May Board Meeting. The Board votes to approve the draft for submission to the congregation.
8. The Minister creates the final Proposed Budget, which is shared with the congregation by posting on the website at least two weeks in advance of the Annual Meeting.
9. The Board and the Minister work together to host a meeting for the congregation about the budget in advance of the Annual Meeting to answer questions.
10. The Congregation votes to approve the budget at the Annual Meeting.

Use of Funds

For purposes of this policy, funds that are "restricted" are donated for specific purposes established by the donors. Funds that are "designated" mean those whose use is limited for specific purposes established by the Minister or Board of Trustees.

Unrestricted and undesignated funds may be used by the Minister and approved staff for operational expenses consistent with Board policies and operating procedures.

The following types of funds and accounts will be used in church financial statements, accounting, and audit documents:

1. Operating funds: These funds are undesignated and unrestricted and may be used to support normal operating expenses;
2. Restricted Operating Funds: These funds were given for a particular programmatic or operating purpose. Expenses from these funds must be authorized by the designated staff member or volunteer team responsible for the fund. UU Nashua's current restricted operating funds are:
 - a. Ministers Discretionary Fund
 - b. Community Dinner Fund
 - c. Youth Group Fundraising
3. Designated Operating Funds: These funds have been designated for a specific purpose by the Board of Trustees. Expenses from these funds must be authorized by the Board of Trustees. UU Nashua current designated operating funds are:
 - a. Bicentennial Fund
 - b. Sabbatical Fund
 - c. Audit Fund
4. Building Maintenance Fund: This fund is designated and represents a reserve to be used for capital expenditures and expenses, including ongoing maintenance and improvement. Expenses from this account must be authorized by the Board following the Board policies;
5. Capital Campaign Fund: This fund is restricted to the capital project for which the funds were raised. Expenditures from this fund must be authorized by the Board of Trustees;
6. Restricted & Unrestricted Endowment Funds: These funds are governed by the Board of Trustees.

Wherever possible, the Minister and staff shall prepare financial statements using these fund types. Assets, funds, or expenses that cannot be restated or described using these fund types shall be identified to the Treasurer for discussion and determination of appropriate treatment on church financial statements.

Summary of Cash Disbursements Processes

Approval of Expenditures

Authority to approve expenditures from a budgeted line item or cash account rests with the staff member or committee/team chair under which the line item falls.

- Authorized persons requesting disbursement from an account must complete a Check Request Form indicating the amount spent, a description of what it was spent for and the expense line to which the disbursement should be charged.
- If the expense was already made using a Church Debit Card, the employee must complete a Debit Expense Notification Form, indicating the amount spent, a description of what it was spent for and the expense line to which the disbursement should be charged.
- Non-authorized persons requesting reimbursement must have the Check Request Form signed by the appropriate authorized person.
- It is the responsibility of the authorized person to ensure sufficient funds remain in the line item to pay the request or cover the debit expense.
- Once completed, the Check Request Form or Debit Expense Notification Form, with collaborating receipts attached, is given to the Administrator for processing.

Check Control

All blank checks are kept in a locked file cabinet in the Bookkeeper's office. In no event are checks:

- Prepared unless proper procedures followed
- Used other than in chronological order
- Prepared and signed in advance without proper authorization
- Made out to cash or bearer without proper authorization

Accuracy of Categorizing Expenditures

UU Nashua uses Check Request Forms and Debit Expense Notification Forms to document both the approval process and the categorization of expenditures.

The Administrator or Bookkeeper categorizes the expenditure in QuickBooks according to the form submitted. The Administrator files the paper forms according to the expense line for which they are submitted.

Periodically, the Minister and the Administrator review the expenditures that have been entered by the Bookkeeper to ensure proper categorization. If there is any change in

categorization needed, the Administrator informs the Bookkeeper and moves the paperwork into the correct file.

Automatic Bank Transfers / Debits

The following are examples of typical bank transfers / debits or EFT transactions initiated by the Administrator or debit card holders:

- Payroll-related transactions
- Software subscription fees
- Health insurance premiums paid by UU Nashua
- Monthly pest control services
- Debit card transactions (see separate Debit Card Policy section)

It should be noted that the Administrator reviews and/or approves these bank transfers / debits or EFT transactions when reviewing the online bank activity. In addition, the Bookkeeper will record and review these transactions when performing the monthly bank reconciliations.

Voided Checks

Voided checks are voided properly (by marking VOID across the check so that it cannot be used again) and are kept with the monthly statement. There is a specific “void checks” process for voiding checks in QuickBooks which is used by the accounting staff.

Church Debit Cards

This policy sets forth the church guidelines that will be applied to all employees who are issued a UU Nashua Debit Card. This policy conveys UU Nashua's expectations and procedures for the issuance, application, use, safeguarding, payment, and termination of church debit cards. Cardholders and their supervisors are responsible for ensuring that they adhere to this Church Debit Card Policy, thereby taking appropriate measures to minimize the risk of fraudulent or corrupt debit card use. The Church Debit Card is meant to allow employees access to efficient, flexible and alternative means of payment for approved expenses. All employees eligible for a Church Debit Card must fill out and sign the Debit Card Form located in Appendix 1.

ELIGIBILITY

UU Nashua maintains a Church Debit Card for designated employees who will regularly incur business expenses. In order to be eligible the employee must travel frequently in the course of their duties, purchase significant volumes of minor goods and services for use by UU Nashua, or frequently incur other business related expenses of a kind appropriately paid for by a debit card.

Eligible employees as designated by the Minister should contact the Church Administrator who will handle arrangements for obtaining a debit card with the employee.

PROCEDURES & POLICIES

Use and Financial Responsibilities. The employee agrees to comply with all applicable policies and procedures of UU Nashua and this Church Debit Card Policy. The Church Debit Card is to be used ONLY for official business expenditures, not personal expenses. The cardholder is responsible for ensuring that the debit card purchases are within budget.

1. **Receipts and Expenses:** All expenses are immediately withdrawn from UU Nashua's bank account and the employee must submit a Debit Card Expense Notification form as soon as practical with associated receipts, ideally within two weeks. A failure to provide receipts or explanation for any transactions could result in disciplinary action. Transaction explanations should contain the following information when appropriate: date of purchase, vendor name and address, quantity, unit price, grand total of expenditures. When applicable, written notation should supplement the receipts with the business purpose. Expenses must be submitted within thirty (30) days from the time the expense was incurred.

2. **Debit Card Violations and Consequences:** Debit card violations may include, but are not limited to:
 - a. making personal transactions on the debit card,
 - b. allowing unauthorized users to use the debit card,
 - c. failing to return the debit card when the cardholder is no longer employed by the congregation.

Infractions of the conditions of this policy, or to any UU Nashua policy that may apply to this Church Debit Card Policy, could result in cancellation of the card and withdrawal of church debit card privileges. Violating this policy may also result in disciplinary action against the employee up to and including termination. In all cases of violation, UU Nashua will consider the facts and circumstances of each incident, and will take action as deemed appropriate. UU Nashua reserves the right to recover any monetary considerations from the cardholder. Internal and external audits of cardholder purchases may be carried out from time to time at the discretion of the Minister.

3. **Ownership and Cancellation of the Debit Card:** The church debit card may not be transferred, assigned to, or used by anyone other than the designated cardholder. The cardholder is accountable for all activity on the church debit card issued to them. UU Nashua may suspend or cancel cardholder privileges at any time for any reason. The cardholder will forfeit the debit card upon request to the Minister or any authorized agent of the card issuer. The debit card will be returned to the Minister upon any notification of resignation and the cardholder must account for expenditures on the debit card to ensure the account is settled prior to departure.
4. **Disputed Items:** It is the cardholder's responsibility to follow up on any erroneous charges, returns, or adjustments to ensure proper credit is given to budget line items. Disputed transactions must be resolved with the bank by the cardholder. The cardholder must notify the bank immediately for resolution and the Church Administrator should be informed as well.
5. **Protecting the Debit Card:** Lost or stolen cards must be reported immediately to the bank and the Minister. The Minister must be notified within two (2) business days of this activity.
6. **Safekeeping:** Newly issued cards should be signed immediately by the cardholder upon receipt. When using the card for approved internet transactions, care should be taken that the site utilizes recognized encryption technology. Card numbers should not be saved or stored in online accounts. When the church debit card has expired and/or the cardholder receives a new debit card, the old card should be cut in half and discarded or shredded.

Store Charge Accounts

Charge accounts may be opened at a limited number of stores that are regularly used by the church. The following policies will govern the use of store charge accounts:

- Church charge accounts shall only be used for official church business.
- Both the Minister and Administrator must authorize the opening of store charge accounts.
- Only a limited number of staff (usually only one or two) shall be authorized to use any individual account.
- The Church Administrator shall administer these accounts.
- Bills from store charge accounts will be paid in full each month.
- Receipts for expenditures using store charge accounts must be submitted to the Church Administrator.

Payroll Process

UU Nashua shall ensure that all employees are paid in a timely and accurate manner and that necessary data, records and reports are maintained in accordance with acceptable business and regulatory standards. All payroll expenses recorded to the general ledger shall be reconciled with the appropriate payroll returns. All payroll liabilities shall be accurately computed and paid on a timely basis.

Guidelines:

Currently UU Nashua uses a third party payroll provider (QuickBooks) to handle the payroll function for UU Nashua, including payment of employees (generally through direct bank deposit), preparation and submission of payroll tax returns, and annual Form W-2 reporting.

The following guidelines and procedures are followed in the processing of the UU Nashua payroll through QuickBooks:

- The Administrator reports all hours worked by hourly employees to the Bookkeeper.
- The Bookkeeper inputs the bi-weekly payroll hours to QuickBooks.
- The bi-weekly payroll checks / stubs are printed by the bookkeeper and the Administrator distributes them to the employees. It should be noted that some employees are on direct deposit, while others may receive an actual paycheck. Preschool checks/stubs are delivered to the preschool director or office manager, while hourly church employees receive their checks via mail. It should be noted that all employees are able to view their stubs online and many employees have elected to do so.
- UU Nashua relies on QuickBooks to calculate the federal (withholding and social security/Medicare) and state withholding taxes and handle the payroll tax deposits.
- Time sheets are used by employees to record hours worked (for those UU Nashua employees who are paid based upon hours worked and an hourly rate).

Cash Receipts Processes

Receipt by mail:

- The Administrator opens all of the mail. When the Administrator is out, the Minister or Bookkeeper opens the mail.
- Whoever opens the mail endorses the checks received for deposit only and places all checks to be deposited in a locked file cabinet in the bookkeeper's office.

In-person receipt:

- Any cash or checks received in-person should be placed in the safe as soon as practicable.
- The cash or check should be placed in an envelope (envelopes are located next to the safe) with the purpose and donor name written on the envelope.
- After placing the envelope in the safe, inform the Administrator that you have done so.

Receipt through Sunday Collections:

- All checks and cash received on Sundays during the collection are processed using the procedure outlined in the next section.

Financial Contributions Record Keeping & Statements

The Administrator tracks all pledges of financial support in Breeze.

The Bookkeeper tracks total financial contributions in QuickBooks.

The Administrator tracks financial contributions by person or self-identified family unit. This includes any person or family unit who makes an identifiable contribution, whether or not they have pledged.

The Administrator monitors pledge fulfillment throughout the year, sending reminders as needed.

The Administrator sends formal pledge reminder statements twice a year via email - once in December and once in May. These statements detail a person or family unit's pledge amount for that fiscal year and the financial contributions towards that pledge that the church has received. The Administrator will mail statements to anyone who has pledged who does not have an email address on file.

The Administrator sends tax statements in January via email, detailing all the financial contributions from an individual or a self-identified family unit. This includes pledge payments, one-time contributions to the congregation, outreach offering contributions and other special contributions that meet the criteria for charitable contributions.

Outreach Collection Money Procedures

Sunday Outreach Money is collected in the Sanctuary. The Lead Greeter is responsible for securing the money into the safe above the mailboxes outside the Resource Room. The Outreach Team is responsible for counting the money and entering information into the database. The Administrator is responsible for depositing the money in the bank and ensuring the amount deposited is accurately reflected in the database. Below are the procedures for each of the steps.

Lead Greeters

1. The Lead Greeter will take all the money from the collection baskets and put it in a large envelope found by the safe.
2. The safe sits atop the mailboxes outside the Resource Room. White envelopes are located on the bottom right of the mailboxes along with a pen.
3. The Lead Greeter will write the date of the collection on the outside of the envelope, then place the money inside the envelope.
4. At the top of the safe is a handle that pulls open a space for the envelope to be deposited into the safe. The envelope should go in here.

Outreach Team

1. Members who do the counting have the code to open the safe.
2. Two members of the team shall always be present to count money.
3. Instructions on how to fill out the count sheet and enter information into the database are located by the computer in the Resource Room.
4. One member will open the safe and remove the white envelope(s) along with a money bag, then close the safe.
5. Once all money has been counted and all information entered into the database and on the count sheet a deposit sheet is printed out.
6. The deposit sheet is a tear apart sheet. The actual deposit slip should be put into the money bag along with the money to be deposited and zipped up.
7. The count sheet, along with copies of checks from the deposit will be stapled behind the other part of the deposit sheet and put back into the safe with the money bag.
8. The Outreach Team member will ensure the safe is securely locked after putting the money and count sheet into the safe.
9. Occasionally money bags will not be available in the safe for the Outreach Team to use. When this occurs, one person from the counting team shall notify the Administrator that counted money is in the safe ready to be deposited but no bags were available. Keep the counted money in the white envelope when this happens.

The Administrator

1. The Administrator is responsible for depositing all counted monies into the bank in a timely fashion.
2. The Administrator shall keep the master key for the safe in a locked drawer in the church office.
3. The Administrator shall keep the code to the safe secured in a locked drawer in the church office.
4. The Administrator is responsible for ensuring the Outreach Team has a supply of deposit slips and money bags.
5. The stapled deposit slip with the attached count sheet and copies of checks is placed in the filing cabinet for the bookkeeper.
6. The Administrator is responsible for picking up money bags and deposit confirmation slips from the bank.
7. All deposit slips should be checked against deposits in the database to ensure accuracy. When a discrepancy is found, the affected deposit will be corrected in the database so that the bank deposit and database amounts will match.
8. Deposit slips are stapled to the deposit slip/count sheet

Bank Reconciliations

Roles:

The Administrator prints the bank statement and gives it to the Bookkeeper.

The Bookkeeper is responsible for bank reconciliations.

The Bookkeeper will work with the Administrator to understand and remediate any discrepancies that come up

The Board Treasurer may review the bank reconciliations at any time.

Guidelines:

Bank balances, as shown by the bank statement shall be reconciled with the general ledger as follows:

1. Establish the accuracy of the bank statement by ensuring that the beginning balance on the bank statement reconciles to the ending balance on the prior month's bank statement.
2. Determine the reconciling items between book and bank balances by:
 - Reconcile each paid check listed on the bank statement to the Quickbooks register and the prior month bank reconciliation. Check off each entry to indicate the check that has been cashed by the proper payee for the correct amount and cleared by the bank. Prepare a list of outstanding checks. Investigate any old outstanding checks and take action, when and wherever appropriate.
 - Reconcile each deposit on the bank statement to those recorded in Quickbooks. Any unchecked items in Quickbooks represent deposits in transit.
 - Reconcile any miscellaneous debit or credit memos per the bank statement to those in the general ledger.

The Bookkeeper who prepares the bank reconciliation is responsible for identifying all discrepancies. The bank reconciliation shall be provided to the Administrator, together with recommended adjustments, if any. The Administrator will investigate, resolve and adjust discrepancies in a timely manner

Minister's Discretionary Fund

The Minister's Discretionary Fund is intended to give the Minister discretion and authority, within limits and guidelines, to provide confidential financial support to persons in need, to programs, scholarships or other expenses that are not totally covered by the regular annual budget, and may also be used to provide support to other charitable organizations whose mission and purpose are consistent with the mission of the Congregation.

Funds for this account may come from designated giving as well as budgeted funds. The Minister will have responsibility over the administration of the account.

Disbursements from the fund will typically be made by check or debit directly to a merchant or agency. No cash will be disbursed, and no checks may be made out to individuals unless it is a direct reimbursement for a documented expense.

No funds will be used for the benefit of the Minister or any of the Minister's immediate family members. This fund may not be used as a reimbursement account for a Minister's business expense nor to augment the compensation of, reward, or as a bonus to any regular staff member.

Donations to the account may not be designated to or for a specific individual.

Individuals may not receive funds more often than once every six months. Organizations may not receive funds more often than once per year.

The Minister will keep a confidential written record of each disbursement from the fund. The written record will include the date, the amount of the disbursement, the beneficiary (the person for whose benefit the payment is made), and the payee (the person or organization to whom the check is made payable). If a Gift Card was disbursed, the Minister or the Administrator will fill out the Gift Card Receipt Form. The Administrator will maintain the confidential discretionary account records submitted by the Minister on file, and they will be available to be audited by the Treasurer at any time.

When the Minister is on leave, they may delegate authority for the account to another staff member. In the event that the Congregation is without a Minister, the Board of Trustees will appoint a staff member or a member of the Board to manage the discretionary account.

Appendix: Links to Financial Forms

[Debit Card Form](#)

[Minister Debit Expense Notification Form](#)

[Director of Faith Formation Debit Expense Notification Form](#)

[Intern Debit Card Expense Notification Form](#)

[Church Administrator Debit Card Expense Notification Form](#)

[Check Request Form](#)

[Outreach Collection Count Form](#)

[Gift Card Receipt Form](#)