



# Local Church Finance Committee Training

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Conference Treasurer

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# Finance Committee Membership

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- chairperson
- pastor(s)
- lay member of the annual conference (only one)
- chairperson of the church council or board
- chairperson or representative of staff/pastor-parish relations committee
- representative of the trustees (selected by the trustees)
- chairperson of the ministry group on stewardship
- lay leader
- financial secretary
- treasurer
- church business administrator (if applicable)
- other at-large members elected by the charge conference



# Duties

- oversee stewardship
- compile a budget annually
- raise sufficient income to meet the budget
- administer funds received by the church
- count and deposit the offering
- disburse funds
- establish internal control policies
- review and report annually on the adequacy and effectiveness of internal controls
- provide for an annual audit of the church financial statements
- report to the annual charge conference on the audit
- recommend proper depositories for church funds
- use contributions in accordance with donors' intent
- report annually to the church council all designated funds that are separate from the church budget



# Establish & Oversee Written Financial Policies

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- All aspects of financial ministries are to be managed by written policies and procedures
- Written policies cover:
  - Internal controls
  - Check Signing
  - Securing and counting the offering
  - Expense reimbursements
  - Required documentation
  - Cash Management
- “Understood” practices do not equal written policies and procedures
- Finance Committee must adopt and enforce written policies and procedures
- Review and approve once a year
- Present at annual charge conference
- Small churches need written policies as much as large churches – theft or mismanagement can happen anywhere



# Internal Controls & Segregation of Duties

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The 2017-2020 UMC Guidelines for Finance Committees says this:

*Financially vital churches have procedures and activities in place that safeguard their assets and ensure their efficient use. These congregations have put systems in place to protect assets against theft or accidental loss, promote efficient use of church assets, and provide sound financial information for use in reports. These controls do not suggest a lack of trust of volunteers and church employees; they serve to shield employees and volunteers from false accusations as well as temptation, and they protect and honor the gifts of donors. Controls eliminate secrecy and create an atmosphere of openness in which transparency can thrive.*



# Financial Secretary Duties

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- Supervision of the counting of the offering
- Prompt depositing of the offering
- Accurate reporting of each deposit to the treasurer
- Detailed record keeping of contributions



# Treasurer Duties

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- Fund disbursement
- Financial Reporting to the Finance Committee, Church Council and Charge Conference
- Remittances to the Conference Treasurer of apportioned funds



# Three Tasks>>Three Different People

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These three tasks must be carried out by three different and unrelated people.

1. Approving Payments for Expenditures
2. Signing Checks
3. Receiving, Opening, Reviewing, and Reconciling Bank Statements and Accounts





# Annual Audit

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- Independent evaluation of financial records and reports
- Can be conducted by independent CPA, accounting or audit firm
- Smaller church audits may be performed by audit committee of people unrelated to treasurer, the financial secretary, pastors or finance committee chair, counters or employees of the church

GCFA Audit Guidelines – [gcfa.org](http://gcfa.org) and then at bottom of page, Financial Forms, and Local Church Audit Guide at top of the list.

*The Local Church Audit Guide for United Methodist Congregations*

[www.gcfa.org](http://www.gcfa.org)



# Financial Reporting to Church Council & Charge Conference

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- Monthly Income and Expenses
- Fund Activity and Balance Report
- Annual report of income and expenses in any designated funds should be shared with church council



# Develop an Annual Budget

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- Compile line item income and expense budget
- Church council to review and adopt
- Should reflect the mission and priorities of your local church



# Oversee the Stewardship Ministry of the Local Church

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- Can be a stewardship team or conducted as part of finance committee
- Giving is a spiritual discipline – not fundraising or recruiting donors
- Stewardship is how the local church funds God’s work in the world



# Understand, Support and Encourage Connectional Giving

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- Apportionments support conference and general church ministries:
  - UMCOR
  - Huntingdon college, Birmingham Southern, Wesley Foundations
  - Blue Lake
  - Homes for the Aging
  - Tanzania Missions
  - Other Missionaries



# Pitfalls to Avoid

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1. Lack of Transparency
2. Improper Use of Designated Giving
3. Failure to Develop Financial Teams
4. Failure to Act / Frozen by Fear



# Resources

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2017-2020 UMC Guidelines: Finance - Handling God's Money in the Church

2017-2020 UMC Guidelines: Stewardship

2017–2020 United Methodist Church Financial Records Handbook

All three of these items can be found at [www.cokesbury.com](http://www.cokesbury.com).

The Local Church Audit Guide for United Methodist Congregations ([www.gcfa](http://www.gcfa))

The Alabama-West Florida Treasurer and Fiscal Office

Your District Superintendent