

WESTMINSTER PRESBYTERIAN CHURCH

EXPENDITURE AUTHORIZATION POLICY

SEPTEMBER 2021

The purpose of this document is to describe the policies and procedures for the authorization of expenditures and payment for goods and services. These policies and procedures serve multiple purposes including the safeguarding of church funds and providing reasonable assurance that disbursements are consistent with the mission of the church, appropriately recorded in the financial statements and within previously approved budget or reserve amounts.

Authorized Approvers for Expenditures

Every ministry team (both standing and ad hoc) should appoint two individuals who will be responsible for monitoring the team's budget and authorizing all disbursements required for that team's mission. Authorized approvers may be on the ministry team or on Session. Typically, but not necessarily, these individuals would include the Session elder serving on the team and at least one other member of the ministry team. The church treasurer and bookkeeper will maintain a list of signatures of all these individuals (hereinafter termed "expense authorizers").

Expenditure Authorization

Expenditures may be authorized by a ministry team when the expenditure has been included in the annual budget, or is associated with a designated fund, or has been approved by Session. Regardless of approval, care should be taken to ensure that the need for the item exists.

Contractual obligations and purchases of goods or services that total in excess of \$2,500 require **advance approval by two individuals**. Typically, these two individuals will include an expense authorizer for the ministry team, and an authorized member of the finance ministry team. Examples of such obligations include such items as insurance, and service contracts (i.e., elevator, snow removal). This does not apply to payroll or utilities.

Session approval is required for expenditures from reserve or special liability funds, as listed below. Session approval may be for a project which will have multiple expenditures. Session approval on a specific expense basis is not required.

- Any of the various reserves, including Capital Obsolescence, Endowment, Capital Campaign, Proceeds from the Sale of Scio-Church Property, MAT/Visioning, and Operating Contingency
- Member Health and Living Special Liability

Vendor Selection

Vendors are selected based both on their cost effectiveness and on their responsiveness/performance. Ministry teams should periodically evaluate outside vendors and consider whether the service providers should be replaced, or contracts renegotiated.

Before entering into service plans, the benefits/risks associated with having (or not having) such a plan should be considered.

Selection of vendors should always consider small and local businesses.

Proposed expenditures in excess of \$1,000, particularly where no vendor is currently performing the service, should make a reasonable effort to obtain at least two quotes prior to vendor selection.

Payments for Goods and Services

Payments for goods and services provided to Westminster are either paid directly to the vendor or may be prepaid by an individual who is later reimbursed.

- The church tax-exempt ID number (38-1861814) should always be used to avoid paying the 6% sales tax.
- Direct payment to the vendor is preferred. Payment may be by check or church credit card. The church also holds accounts with various stores (for example, Stadium Hardware and Menards).
- Individual purchases (either registrations, mail order or local store) which can be paid with a credit card should be made to the extent possible on the church credit card. The church credit card cannot be loaned to an individual for shopping. All purchases are made by the bookkeeper or office manager.
- Payment for each expenditure is authorized by the associated ministry team. This authorization may be provided either per expenditure, or annually for recurring monthly charges of the same amount.
- Approvals can be made via email with later signature on the reimbursement form.
- All purchases should be reviewed with the ministry team lead before they occur to ensure the money is available and the expenditure is consistent with the team's objectives.

Reimbursement Procedures:

1. Individuals requesting reimbursement should complete a Reimbursement Request Form or sign the Approval stamp on the invoice, and attach supporting receipts, invoices, and documentation. Direct payments to vendors similarly require a Reimbursement Request Form, or sign the Approval stamp on the invoice, along with supporting receipts, documentation, or special payment instructions. Direct payments to vendors may be initiated by the ministry team, office manager or the bookkeeper.
2. Reimbursement Request Forms are submitted to the appropriate ministry team expense authorizer.
3. The ministry team expense authorizer signs the voucher to approve payment and submits all paperwork to the bookkeeper who will prepare the expense reimbursement check. The individual authorizing the reimbursement cannot be the individual requesting the reimbursement, or a family member of the person receiving the check, or the person signing the check.
4. The check is signed by the treasurer or other authorized check signer. The individual signing the check cannot be either the individual requesting the reimbursement or a family member and cannot be the person authorizing the reimbursement. The individual signing the check cannot be the individual requesting the reimbursement, or a family member of the person receiving the check, or the person authorizing the reimbursement.