

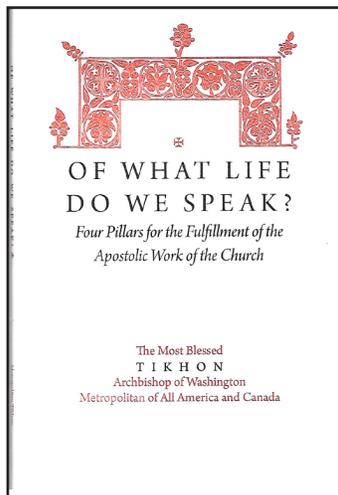
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OF WHAT LIFE DO WE SPEAK?

At the All American Council this Summer, His Beatitude Metropolitan Tikhon introduced a guiding framework for the Orthodox Church in America, entitled **Of What Life Do We Speak? Four Pillars for the Fulfillment of the Apostolic Work of the Church.**

The four pillars are: *The Spiritual Life, Stewardship, Relations with Others and Outreach and Evangelism.*



It is especially telling that he devotes equal time, so to speak, to *Stewardship*, which he defines as “*The application of our spiritual life to the re-*

alities of the fallen world” and singles out financial stewardship as one of the means to realize this pillar in the life of the Church.

His Beatitude emphasizes that the Church is not just another organization. It is the Body of Christ. Our life has no meaning outside Christ, within whom we live, move and have our being and whereby we become sanctified and realize our fully human nature.

When the Church is no longer seen as just another organization, financial stewardship takes on an entirely different character, as does the

meaning of ‘money’.

For some people it is regarded as the root of all evil; while for others it is a commodity like any other, to be amassed in one’s storehouse (i.e. ‘bank’). Still, for others, it is seen as a token of life’s energy—the product of one’s work and the means to obtain the necessities for sustaining life. The latter meaning is most akin to an Orthodox Christian understanding, in which the material and the spiritual are not separated: they are a unity. The material is not ignored as if it is beneath the dignity of a holy person. One accepts responsibility for the care of both.

Faithful Orthodox Christians know that everything one possesses has been given; and that insofar as one gives from what has been given, one becomes ever-more like Christ who gave everything. *Life’s energy* is the very gift we have all been given and from which one ought to gratefully give to sustain the life of the Church—the Body of Christ. ✠

GOOD PRACTICES FOR FINANCIAL OPERATIONS

The Diocesan Office occasionally receives requests for information that will help Parish Treasurers with their responsibilities. The goal of every Treasurer should be transparency and accountability. While the frequency of reporting may vary from one parish to another, accountability carries with it a number of fundamental practices that have stood the test of time.

Those practices may also vary somewhat, depending on the availability of staffing or volunteers, so the following are termed ‘good’ practices

and not ‘best’ practices. If you are not already employing them, you are encouraged to do so in the interest of safety, soundness and mutual trust. Here they are, along with the rationale:

Internal Controls Why Have Them?

- Concepts of honesty, truthfulness, and mutual trust
- Sensitive issue for volunteers: to protect the person(s) responsible for handling funds
- Protects the organization
- Protects the staff/volunteers from false allegations

What Are They?

Measures taken by the Church to safeguard assets from waste, fraud and inefficient use.

- To set a process of fiscal responsibility to assure that when there is turnover in those who handle funds there will be continuity in accountability.
 - To provide checks and balances for sums received and expended.
 - To review segregation of duties (assurances that more than one person is involved in critical steps in handling money so that there can be checks and balances).
 - To set up systems/processes for retaining and accessing meeting minutes that have financial implications.
- Good Practices General:**
- Create accounting and payroll policy and procedures manual
 - An annual audit (internal or external) is a must

(over)

●Employees in the accounting area should have a background check and be bonded

●Most important measures you can take are **SEGREGATION OF DUTIES** and **BACK UP RECORDS TO AN EXTERNAL DEVICE AFTER EACH SESSION.**

●Manage execution: delegate and empower others; monitor progress; prepare written communications for parish transparency (PC meeting minutes and financial reports).

Good Practices for Receipts:

●All receipts (cash/checks) collected and counted by 2 people

●All checks restrictively endorsed during the count

●Standard form used to record amounts and type of donation signed/dated by counters

●Receipts deposited promptly

●Deposit slip and standard form given to bookkeeper who is independent of the counters

●Bank reconciliation performed monthly by bookkeeper (signed and dated) and reviewed by treasurer

Good Practices for Disbursements:

●All blank checks should be kept in a secure location

●All expenditures should be supported by proper documentation and reviewed by check signers

(Utilize a check request form to include account #).

●All checks should require 2 signatures

●Never sign a blank check

●Bookkeeper who records checks should not be an authorized check signer

●Checks written/processed by other than priest (the priest, warden, treasurer are check signers).

●Checks should not be written to cash

●Supporting documentation should be maintained and available for auditors ☩

Auditing Committee-Who are they?

●**ARTICLE IX, UNIFORM PARISH BY-LAWS, THE AUDITING COMMITTEE Section 1.** An auditing committee of three (3) voting members of the Parish who are not members of the Parish Council shall be elected at the annual Parish Meeting to hold office for one year

What should they do?

●**ARTICLE IX, UNIFORM PARISH BY-LAWS, THE AUDITING COMMITTEE Section 2.** The auditing committee shall audit the accounts of the treasurer and assistant treasurer, if there is one, inspect the vouchers for disbursements from petty cash, verify bank balances and the status of securities, and generally inquire into the financial administration of the Parish. They must audit the records at least once during the year and report on their findings in writing to the annual Parish Meeting.

Documents Needed

●Policies and procedures related to accounting/treasury functions

●Listing of all bank/investment accounts and authorized signers

●Monthly financial statements for year

●Bank statements for the year

●Bank reconciliations for the year

●Access to computer books/records

●All paid invoices and supporting documentation

●Payroll data and files

●Parish financial account #'s to match up with invoice.

The Basics

FIRST DEVELOP AN AUDIT PLAN

●Review policy and procedures manual

●Ensure 12 monthly bank reconciliations were performed timely for all bank accounts

●Test a sample of the reconciliations for accuracy and signoffs

●Select a sample of disbursements from each month and review support

●Select a sample of deposits from throughout the year and compare to standard form or other supporting documents as well as to the bank statement

●Select a sample of payments to employees and determine if correct

●Are appropriate insurance policies in force and paid up and is workers' compensation insurance being carried if your state requires it?

●Does the church office periodically (quarterly) send statements to individual donors acknowledging the amounts given to date?

●Make sure all inspections are completed: water flow, fire extinguisher updated, alarm system; sprinkler system.

●Confirm the budget committee: priest, treasurer, two parish council members.

●Audit priest alms account while preserving anonymity of recipients.

●Audit the parish diocesan tithing and whether it meets the criteria – see DOS remittance form. ☩

Remember...an Audit is not a reflection on the competence or integrity of your financial staff. Rather, it is a routine procedure designed to protect both your staff and your parish.

THE FIVE Cs OF CREDIT

The process of lending always involves efforts to mitigate the risk of loss. This process reviews five key factors of credit analysis. Some are evaluated qualitatively, while others are measured quantitatively. They are:

◆CHARACTER

◆CAPACITY ◆CAPITAL

◆COLLATERAL

◆CONDITIONS

And, in the final analysis, there is often a sixth key factor that seals the outcome, i.e. COMMON SENSE ☩