

**PRESBYTERY OF CINCINNATI  
ACCOUNTING POLICIES AND PROCEDURES MANUAL**

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# **PRESBYTERY OF CINCINNATI ACCOUNTING POLICIES AND PROCEDURES MANUAL**

## **I. Introduction**

The purpose of this manual is to document the internal accounting procedures for the Presbytery of Cincinnati. These policies and procedures have been designed to ensure that assets are safeguarded, that financial statements are in conformity with generally accepted accounting principles, and that finances are managed with responsible stewardship.

Presbytery of Cincinnati is a middle governing body incorporated as a 501 (c)(3) tax-exempt organization. Presbytery of Cincinnati is registered with the Secretary of State in Ohio with a December 31 year end and will follow IRS guidelines for churches and religious organizations.

All personnel with a role in the management of Presbytery of Cincinnati's fiscal operations are expected to uphold the policies in this manual. It is the intention of the Presbytery of Cincinnati that this accounting manual serves as our commitment to proper, accurate financial management and reporting.

It is hoped that a written manual will both contribute to these objectives as well as to assist members of the Presbytery to understand the prescribed accounting and business operations. This manual is also available on the Presbytery of Cincinnati website at [www.presbyteryofcincinnati.org](http://www.presbyteryofcincinnati.org).

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**3.0 Division of Duties**

The following is a list of personnel who have responsibilities within the financial areas:

**3.1 Presbytery**

Reviews and approves annual budget.

**3.2 Treasurer**

Reviews and approves financial reports.  
Reconciles the Operating Fund bank account, and reviews others.  
Authorizes interfund transfers.  
Helps develop the annual budget.  
Reviews journal entries and payroll.  
Reviews and approves all contracts for goods and services that will exceed \$5,000 over the year, those less than \$5,000 will be referred to the Business Administrator.

**3.3 Business Administrator**

Reviews the payroll summary for the correct payee, hours worked and check amount.  
Develops payroll related journal entries.  
Submits request for interfund transfers.  
Maintains and reconciles the general ledger monthly.  
Helps develop the annual budget.  
Prepares financial reports.  
Prepares deposit slips.  
Approves invoices.

**3.4 Bookkeeper**

Process all receipts and disbursements.  
Checks credit card reconciliations against receipts provided.  
Checks Payment Authorization request against receipts provided.  
Prepares financial reports.

**3.5 Administrative Assistant**

Receives unopened bank statements.  
Receives and sorts all incoming mail.  
Takes checks to the bank for deposit.

**3.6 Council**

Develops the annual budget and recommends it to the Presbytery.

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**3.7 Committee Chairs**

Approves all Payment Authorizations for payments from the committee.  
Helps develop the annual budget.

**3.8 Board of Trustees**

Authorize expenditures in excess of \$5,000.00, except pre-approved capital expenditures which may exceed \$5,000.00.  
Appoint an Audit Committee.

**3.9 Audit Committee**

The Audit Committee recommends to the Board of Trustees the form of the audit/review, who should perform it, and what alternatives may be accomplished.  
Reviews the current internal controls.

**3.10 Check Signers**

The check signers are the Corporations President, Vice-president, Secretary, Treasurer and Business Administrator. Reviews all vouchers and invoices for checks which require his or her signature. Checks over \$5,000 are required to have two (2) signatures.

**3.11 Investment Oversight Committee**

The Investment Oversight is responsible for overseeing the cash investments of the Presbytery of Cincinnati, which include cumulative operating fund surpluses, and various restricted and unrestricted gifts to the Presbytery of Cincinnati.  
Ensure that an annual audit/review of the invested funds is conducted as part of the audit/review of the Presbytery of Cincinnati.

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**4.0 Accounting Policy and Procedures**

**4.1 Policies**

Presbytery of Cincinnati uses the cash basis of accounting during the fiscal year.

All receipts and disbursements will be recorded in Peachtree (accounting software).

**4.2 Procedures**

**4.21 Revenue Recognition**

Pledges, gifts and other income are recorded when payment is received.

**4.22 Matching of Revenues and Expenses**

Expenses are recorded when they are disbursed.

**4.23 Fixed Assets and Depreciation**

During the fiscal year all equipment and furnishings will be recorded as an expense. Qualifying expenses greater than \$1,500 will be tracked on a Depreciation Schedule.

**4.24 Donated Materials and Services**

Generally donated materials, such as real property will be recorded in the accounting records.

**4.25 Financial Reports**

The General Presbyter, Treasurer, Council and Board of Trustees receive Financial Reports every month. The reports include a report on receipts and expense vs. budget YTD, a detail report is also provided on Per Capita Payments made, and a report on Mission Giving and gifts for mission. Financial Reports will be available by the 10<sup>th</sup> of the following month. The General Assembly receives a monthly report on mission giving and gifts by mid-month.

**4.26 Sale of Property**

The Board of Trustees will approve the sale of all assets.

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**4.27 Special Projects**

The Business Administrator will receive all requests for Special Projects. The decision will be made of who will track and report the details to the project team.

**5.0 CASH RECEIPTS**

**5.1 Policies**

The Administrative Assistant opens the mail and puts any checks that are received during the week into the locked file cabinet in the Administrators Office.

The bank deposits are made at least once a week, by the Administrative Assistant.

The host church will collect an offering at the Presbytery Meeting. They will count the cash and deposit it in their bank. They will then issue Presbytery of Cincinnati a check for the amount of the cash, and forward it with the checks received to the Presbytery Office, within a week.

**5.2 Procedures**

Once the checks are taken from envelopes, they are endorsed for deposit only.

Checks and any accompanying documentation are copied and placed in the locked file cabinet until deposited.

The Business Administrator fills out the deposit slip.

The Administrative Assistant deposits the checks in the bank.

The copies of the checks, deposit slip and any other information from the deposit is given to the Bookkeeper.

When a check is returned due to Insufficient Funds, a call will be placed to the check writer for resolution. A replacement check will be accepted and a non sufficient funds fee will be requested.

On a weekly basis the Bookkeeper writes the appropriate allocation on the check copies, and inputs the deposit into Peachtree, the accounting software.

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The proceeds from all property sales will be placed in an unrestricted account until all expenses of the property have been settled, and its use designated.

**6.0 DISBURSEMENTS**

**6.1 Policies**

The positions authorized to sign checks are the corporations President, Vice-president, Secretary, Treasurer, and Business Administrator. Two signatures will be required on all checks over \$5,000.00. Anyone signing a check must review and initial the supporting invoice or other documentation. The signer and recipient of the check cannot be the same.

The Bookkeeper will maintain the accounts payable system in Peachtree. Prior to payment the Bookkeeper will verify authorization, code each invoice, prepare the checks and organize the documentation.

All blank checks are secured in a locked cabinet.

Manual checks are available only in emergency situations and require the approval of the Treasurer or Business Administrator, as well as an Authorization for Payment.

The Presbytery of Cincinnati reimburses staff using the accounting reimbursement plan as outlined in IRS guidelines. A Travel Expense voucher will be filled out for all reimbursements. A receipt is required for all expenses except mileage. The receipt should state who was involved, what the expense was and the business purpose.

All employees are paid twice monthly on the 15<sup>th</sup> and the last working day of the month. The Business Administrator prepares the payroll information for Paychex, the payroll service.

As an employee benefit, the Presbytery requires direct deposit through the employee's own financial institution. Through direct deposit, payroll is deposited into the employee's account on payday.

Voided checks must be retained and accounted for.

No checks will be written without a written request and authorization from the appropriate person.

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Presbytery Staff who have credit cards issued to them for Presbytery use only are General Presbyter, Stated Clerk and Business Administrator. The credit limit for the Stated Clerk is \$3,000, and the credit limit for the General Presbyter and Business Administrator is \$5,000.

**6.2 Procedures**

**6.21 Payment Procedures for Invoices and Reimbursements**

The Administrative Assistant opens the mail. The invoices are routed to either the person who initiated the expense or the bookkeeper. All invoices and reimbursements must be approved by the appropriate person before processing by the Bookkeeper for payment.

The Bookkeeper pays bills twice a month, the first and third Tuesday. The Bookkeeper confirms the amount of money in the bank prior to writing the checks, by checking the General Ledger. If additional funds are needed to write the checks, money will be moved from the savings account to the Operating Fund. Funds transferred from reserves will be repaid from the Operating Fund as funds become available. After the Bookkeeper cuts the checks, the Bookkeeper gives the invoices, reimbursements and support documentation to the Signer for signature and approval to pay. The checks are returned to the Bookkeeper for mailing and all invoices and reimbursements are filed alphabetically by vendor.

The Bookkeeper sets up new vendors in the Peachtree System. All of the pertinent data on the vendor is forwarded to the Treasurer for final approval before issuing the vendors first check.

**6.22 Payroll**

Payroll is processed at least 2 days before the due date. The Administrator receives a call from Paychex to report the payroll information. Paychex processes the payroll and initiates the electronic transfer of funds to cover payroll and payroll taxes from The Presbytery of Cincinnati's checking account. Both the Treasurer and Business Administrator receive copies of the payroll reports. The Business Administrator develops the journal entry to record the payroll transaction in Peachtree.

The pay rates used to prepare payroll will be based on signed memos from the Personnel Committee. New employees will be

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added by the Personnel Committee. They will forward that information to the Business Administrator for input into the Paychex system, and all other paperwork will be kept at the Presbytery Office.

All corrections to individual paychecks and transfers of payroll amounts between accounts must be submitted in writing to the Business Administrator.

Paystubs are distributed by the Business Administrator the day prior to the check payable date.

**6.23 Credit Cards**

All credit card bills are reviewed by the Treasurer before payment. Presbytery staff who use the credit cards will keep receipts of all expenses occurring on the credit card. The presbytery staff will code their expenses to the appropriate account and submit to the Bookkeeper as they are incurred. No personal charges will be allowed on the credit cards.

**7.0 BANK RECONCILIATION**

**7.1 Policies**

The bank statement is received by the Administrative Assistant.

The Operating Fund bank statement will be reconciled to the general ledger by the Treasurer. All other bank statements will be reconciled by the Business Administrator, then reviewed by the Treasurer.

The Treasurer will go online regularly to the Presbytery's checking account and review transactions, and scanned copies of cancelled checks for discrepancies.

**7.2 Procedures**

Upon receiving the bank statements, the Administrative Assistant will electronically send the Operating Fund Statement to the Treasurer, and the other statements will be given to the Business Administrator. Upon receipt of the bank statements the Treasurer / Business Administrator prepare the monthly bank reconciliations. The bank reconciliations will reconcile the bank balance to the general ledger balance. A journal entry will be posted each month for items on the bank statements that are not already recorded in the general ledger. The reconciling items may

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include: interest earned, service charges, NSF checks, direct deposits and other debit or credit memos.

The Treasurer will recommend to the Bookkeeper when outstanding checks should be written off on a regular basis.

After the general ledger is reconciled to the bank statement, the monthly bank statement and the actual reconciliation form are filed in the bank reconciliation file.

**8.0 FINANCIAL STATEMENT - END OF MONTH**

**8.1 Policies**

The Business Administrator prepares the monthly financial statements.

The Treasurer reviews the financial statements before they are distributed.

The Board of Trustees reviews the monthly financial statements and discusses any concerns or questions with the Treasurer / Business Administrator.

The Bookkeeper prepares the monthly statement to the General Assembly detailing mission giving and gifts, by donor.

**8.2 Procedures**

The Business Administrator will distribute various reports for Treasurer, Board of Trustees, Council, General Presbyter, Presbytery staff and committee chairs.

The Treasurer will review the financial statements of YTD actual expenses vs. budget for each Operating Fund Account to ensure that everyone is staying within their budget.

The Bookkeeper sends the General Assembly the monthly report, along with a check for the amount to be allocated to missions.

**9.0 FINANCIAL STATEMENT – END OF QUARTER**

**9.1 Policies**

The Bookkeeper prepares the quarterly financial statement for the churches.

**9.2 Procedures**

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The quarterly financial statement is sent to each church for review to ensure that all of their giving is recorded properly.

**10.0 FINANCIAL STATEMENT - END OF YEAR**

**10.1 Policies**

The Business Administrator prepares the year-end financial statements and annual financial report.

**10.2 Procedures**

The annual audit/review of the financial statements must be conducted within a reasonable time after year end. The Audit Committee recommends to the Board of Trustees the extent of the audit/review. The Business Administrator, with assistance from the Treasurer, is responsible to supervise the conduct of the annual audit/review and report back to the Board of Trustees through the Audit Committee.

The Business Administrator and the Bookkeeper will be responsible for making available the necessary financial information to conduct the annual assessment.

The annual audit/review results will be available on request to any member of the presbytery.

**11.0 BUDGETING**

**11.1 Policies**

The Presbytery of Cincinnati membership is responsible for approving the annual budget at the November Presbytery Meeting.

The Council is responsible for guiding the budget process and for recommending to the membership the annual budget.

The General Presbyter and Business Administrator will be responsible for preparing the proposed budget with the assistance of the Budget Team. The Budget Team consists of Council Chair, Council Representative, Board of Trustee's Representative, Investment Oversight Committee Representative, Business Administrator, Treasurer and General Presbyter.

**11.2 Procedures**

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The budget process will begin in June for the fiscal year beginning January 1.

All budget documents will be submitted to the Budget Team for consolidation into an overall presbytery budget. The Budget Team will review this to determine if there are any obvious areas that may need to be reworked. The draft budget will be submitted to the Council at the August meeting for review and feedback. Any further revisions will be made and the budget distributed to the Presbytery at the September Meeting for review. The Presbytery will approve the budget at its November meeting.

**12.0 INVESTMENTS**

Investment Oversight Committee – Appendix B

**13.0 DEBT**

**13.1 Policies**

All debt incurred by the Presbytery of Cincinnati, except trade and payroll payables, must be approved by the Board of Trustees.

The churches should carry their own debt, though the Presbytery of Cincinnati may be guarantor.

**13.2 Procedures**

The General Presbyter, Board of Trustee President and Treasurer will sign any debt agreements after receiving full Trustee Board approval.

The Board of Trustees may approve paying down additional principal on the debt balance.

**14.0 ENDOWMENT**

**14.1 Policies**

The Presbytery of Cincinnati will maintain a working capital reserve to assist in maintaining financial stability. The amount of the reserve will be established by the Treasurer, Business Administrator and IOC. The working capital reserve will remain a part of unrestricted funds.

Unless designated by the Board of Trustees, year end surplus funds will become a part of the unrestricted funds going forward.

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**14.2 Procedures**

During the annual budget preparation, the committee will review the operating reserve and set a target for funds to be set aside that year, if necessary. The Trustees will be responsible to maintain the operating reserve.

Designated gifts will be received and recorded in separate funds from the general fund. Disbursements from these funds will be in alignment with the intent of the designated fund.

**15.0 INTERNAL CONTROLS**

**15.1 Policies**

The review of financial stewardship is one of the most important procedures that the Trustee Board has for fulfilling its fiduciary responsibilities to The Presbytery of Cincinnati.

The Treasurer and Audit Committee in consultation with The Business Administrator establish internal controls pertaining to the accounting records.

The annual audit/review of the financial records should include a review of current internal controls in place.

**15.2 Procedures**

Whenever there is a change in administrative personnel or a change in the operating structure of Presbytery of Cincinnati, the Treasurer and Audit Committee will meet to determine that the internal control system continues to meet the needs of Presbytery of Cincinnati. If appropriate, the changes will be reflected in this accounting procedures manual.

There should be segregation of duties within the accounting functions. The Bookkeeper who is responsible for cash disbursements should not be involved with cash received, signing checks, transferring money or establishing cash accounts or investments.

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**16.0 COMPUTER ACCESS AND BACKUP**

**16.1 Policies**

The accounting computer and software will have access controlled by passwords. The Business Administrator will be given an administrative password and will control security and access to the system. The Treasurer will be aware of the administrative password. Passwords will not be shared.

The Peachtree data file will be backed up on a daily basis.

Accounting software will be upgraded at least every three years in order to stay up to date with current support and technology.

The General Presbyter, Treasurer, Stated Clerk and Business Administrator have remote access. All have access to common files, while the Treasurer, Business Administrator and Bookkeeper have access to the general ledger system.

**16.2 Procedures**

**16.21 Passwords**

The Business Administrator will maintain a record of all authorized users and the level of password access each user has. Passwords will be changed at least once each year and will not be shared.

**16.22 Backup**

The backup procedures are designed to maintain records of various periods until that period is closed. All systems are backed up daily.

**17.0 ACCESS AND RECORDS RETENTION**

**17.1 Policies**

Record retention is governed by various rules, statutes of limitations and common sense. Certain documents must be retained indefinitely, while others may have little use after a year.

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**17.2 Procedures**

**17.21 IRS Forms**

Payroll tax forms are not public information and may not be released.

The application for exempt status, Form 1023, and the IRS determination letter are available to anyone upon request for review in our office.

**17.22 Personnel Records**

Requests for job references and credit inquiries will be referred to the Business Administrator. Request for personnel records will be referred to Personnel committee.

**17.23 Financial Information**

Financial statements and other financial information are regularly distributed to Presbytery of Cincinnati employees and the Board. This information is not to be made available to persons who are not regularly authorized to receive that particular report. Any such requests for information must be approved by the General Presbyter and/or Treasurer.

**17.24 Records Retention**

A schedule of record retention follows (Appendix C). Any discarding of records should follow this schedule. However, prior to discarding of records, the permission of the Stated Clerk and/or the Business Administrator are required to ensure that they have no reason that an exception should be made to the policy. All discarded documents are to be shredded or sent to a recycling company, which has a confidentiality agreement with us.

For non-tax purposes, records should be maintained only as long as they serve a business purpose or until all legal requirements are met. Unfortunately, there are not specific standards that will cover all situations.

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**18.0 MAINTENANCE OF ACCOUNTING POLICIES AND PROCEDURES  
MANUAL**

**18.1 Policies**

The Accounting Policies and Procedures Manual is important to the accounting function of The Presbytery of Cincinnati.

The Business Administrator is responsible for maintaining the manual.

All proposed changes must be approved by the Audit Committee.

The policies and procedure manual will be dated with the date of each approved revision.

**18.2 Procedures**

Periodically the Treasurer and/or Business Administrator will review the manual and formulate proposed changes. The Audit Committee must approve all changes in writing.

Whenever changes to the accounting procedures are made, a review of the accounting policies and procedures manual will be made by the Audit Committee to determine if a revision is required. Any minor revisions to the manual, which are not reflected in the manual immediately, should be kept on file to incorporate into the formal update.

The manual will be distributed to the Presbytery Staff, Treasurer, Board of Trustees, and Committee Chairs.