



FINANCIAL CONTROLS AND POLICY MANUAL

For the Church of Christ (Holiness) U.S.A.

Final Draft for National Executive Board Review – May 2020

DRAFT

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THE FINAL NEB DRAFT of the FOREWORD

We have included many of the changes submitted by our Parent Body members. However, please document any significant changes and send them to Deacon Earmon Irons and Deacon Tommie Florence – **IMMEDIATELY**.

emdeinc@yahoo.com - Deacon Earmon Irons

t.florence@sbcglobal.net - Deacon Tommie Florence

This manual does not reflect **WHAT** (all of our churches) are doing today; most of our local churches are not following all of these controls or policies, at this time.

This manual is written to document the "Vision of excellent financial management and administration" that we desire all of our local churches to aspire to. i.e. this manual bends the arc of financial management and administration - in the Church of Christ (Holiness) USA (COCHUSA) - towards EXCELLENCE. We have attempted to: "Write the vision, and make it plain upon tables, that he may run that reads it" (Hab. 2:2).

Dear COCHUSA Member: This is what was envisioned - in 2004, 5 & 6 - as we outlined how the local churches could administer the tracking and reporting of the National Ministries Fund (NMF). We have been talking about a "manual" - for 10 years - to assist local churches with financial management and administration - well, THIS IS IT.

We envision it will take years for most churches to realize this vision - but it is what we all must be striving toward. No Local Church should be frustrated because it does not measure - up to all these controls and policies - at this time.

I. INTRODUCTION

Internal financial controls consist of policies, procedures and guidelines that have been established to protect the assets of an organization. This manual has been developed to assist the COCHUSA leadership in fulfilling this stewardship and accountability responsibility. Auxiliaries, at each level, may also use these guidelines.

Strategically, this manual aligns every level of the COCHUSA with sound financial management and administration. This manual casts a common vision for the COCHUSA Leadership to pursue and achieve.

The Church of Christ (Holiness) U.S.A. guiding principles and concepts that form the foundation for this manual are:

- The Manual of the Church of Christ (Holiness) USA (COCHUSA)
- The COCHUSA core value of Accountability
- Generally accepted accounting principles (GAAP)
- Governmental regulations

This manual is organized into three major sections that match the levels of the COCHUSA: The Local Church, the District/Diocese Church and the National Church. Each section consists of internal financial controls for budgeting and reporting, revenues and disbursements.

The **Budgeting and Reporting section** establishes the foundation for internal financial controls throughout the COCHUSA. The policies, procedures, and guidelines for Budgeting and Reporting apply to all levels of the COCHUSA; there are different requirements for each.

The **Revenue and Disbursements sections** have subsections for the local church, district and diocese and the national church. This is done to recognize the differences that exist between the levels of the COCHUSA. Policies and procedures in these sections ensure that transactions are captured at the right level of detail, documented and approved so they can be validated through the Budgeting and Reporting process.

The **Supporting Policies and Processes** are policies, processes and procedures that apply to all levels of the COCHUSA and will be referenced by the various sections.

The **Exhibits and Forms** sections contains reports and forms that are referred to in the various sections of the manual. **A legend with abbreviations and meanings is in Form 7 on page 78.**

SECTION II.

LOCAL CHURCH

FINANCIAL CONTROLS & POLICIES

II. LOCAL CHURCH LEVEL

A. Budgeting and Reporting

GENERAL: The key component of effective internal financial controls in the Local Church is a budgeting and reporting process that sets specific expectations for revenue and disbursements and reports actual amounts against expectations. **This COCHUSA Manual makes it a requirement** that all entities (every local church) within the COCHUSA develop an annual budget and design reports that facilitate effective internal financial controls. Each COCHUSA Local Church is different, therefore, this manual will give general guidelines for budgeting and reporting.

The “high level” budget accounts must map on to the National Ministry Fund (NMF) report (Exhibit 1 – page 54). The Local Church ministries will have to fill in the level of detail under each revenue and disbursement account needed for their ministry. The level of detail in the budget should be clearly defined so that all the revenue and disbursement transactions can be captured and reported.

- **An annual budget** is developed and approved **prior** to the start of the COCHUSA’S fiscal year – which is June 1st thru May 31st. Local churches may use the calendar year as their fiscal year however all District, Diocese and National reporting will be done on the COCHUSA fiscal year. i.e. **the local church must report to the District** a summary of its financial transactions during the period of June 1st and May 31st; via the NMF report.
- **The local church budget committee (LCBC)** will consist of the members of the local church finance committee (LCFC), auxiliary leaders and other church members appointed by the Pastor and the Chair-Person of the Trustee Board (CTB). **The Pastor must not be an active member of the LCBC - unless he has the written approval of the Diocese Presiding Bishop;** notwithstanding that the Pastor is ex-officio chairman or president of the church and all of its auxiliaries and subsidiary organizations (per the COCHUSA Manual Page 60, section 6).
- The **Local Church Financial Statement (LCFS)** (see Exhibit 1 page 54) **must include the budgeted amount and the actual amount of all transactions, with a variance for each line item.** The LCBC is responsible for developing the Local Church Financial Statement (LCFS) with the approved budget limits and the variance

- tolerances. Once approved, by the Pastor and CTB, the LCFS is made available monthly for the local church business meeting for review and approval; it is then turned over to the LCFC to be maintained throughout the fiscal year.
- The **Local Church Cash Flow Statement (LCCFS)** (see Example, Exhibit 7 page 63) as appropriate: Interim and Updated Cash Flow Statements **MAY** be requested – from time to time - by the Local Church Finance Committee Chair - Person (LCFCC), CTB or Pastor. The Local Church Clerk (LCC) and Local Church Treasurer (LCT) will assist each other in the preparation of these Cash Flow Statements.
 - The **Local Church Journal (LCJ)**: (See Exhibit 2 page 55 for Example Journal); ***it must be maintained and updated by the Local Church Clerk (LCC)*** – or a person, on the LCFC, appointed by the LCFCC or the Pastor – that records all revenues & expenditures into the “Journal” of all local church financial transactions; this recording will occur, preferably, on a weekly basis. This journal is subject to the AUDIT of the LCFCC, CTB, Pastor, District Chairman (DC) or Diocese Presiding Bishop (DPB) – or their designee – at any time during the “church calendar year” (June 1st – May 31st). See Exhibit 3 page 57 for INSTRUCTIONS for the LOCAL CHURCH JOURNAL. ***It is MANDATORY, that an audit is conducted – at least once annually –*** of the Local Church Journal; the Pastor, LCFCC, or CTB are to ensure this audit is executed. See the COCHUSA Internal Audit Policy (See Page 35) for assistance in executing this audit
 - **REQUIRED (MANDATED) ANNUAL REPORTING:** Each Local Church is required to send the **District Correspondence Secretary (DCS)** the following reports each year (the COCHUSA fiscal year):
 - a) **A Six (6) Month Year -to – Date Report of its National Ministry Fund Report (Exhibit 1 page 54) as of November 30th of each year;** THIS REPORT IS DUE to the District Correspondence Secretary (DCS): by December 12th of each year.
 - b) **An Annual (12) Month Year – to – Date Report of its National Ministry Fund (Exhibit 1 page 54); as of May 31st of each year;** **THIS REPORT IS DUE to the**

DCS: June 1st of each year – along with the Local Church NMF Check and Correspondence Report.

- c) When an interim or annual report is submitted to the District Correspondence Secretary it must also include a completed and signed **Ministry Fund Verification Report (see Form 6 page 77)** indicating that the report has been reviewed for material misrepresentations, by the Pastor, CTB and DC.

- **RECOMMENDED ANNUAL REPORTING:** The Southcentral Diocese has adopted an effective system of Local Church reporting, that is recommended to all Local Churches, Districts and Dioceses.
 - a) This system requires local churches to provide its National Ministries Fund Report QUARTERLY (Sept 12th, Dec 12th, Mar 12th and prior to the District Convention in June); each report includes THE ACTUAL CHECK, for the related National Ministries Funds.
 - b) The Districts are required to report to the Diocese QUARTERLY – one (1) week following the local church reporting dates and includes the actual check for the collected National Ministries Funds.
- **TAX REPORTING REQUIREMENTS for CHURCHES:**
 - a) Please refer to EXHIBIT 9 (Page 64) to obtain a summary of the tax reporting requirements for Local Churches, Pastors and Ministers.
 - b) Each local church is encouraged to inquire and receive counsel and instruction from your local Tax Professional to ensure it is in compliance with the IRS regulations and current Tax Laws.
 - c) Local Churches desiring to establish a separate Non-For-Profit entity [501(c)(3)] – separate from the local church – is advised to inquire and seek counsel from your local tax professionals, before establishing this entity.

B. Local Church Finance Committee – Standing/Ad-HOC

In the local church the Pastor is the spiritual and administrative leader; the Trustee Board are the legal trustees of the assets (including the finances) of the local church. Therefore, it is the joint responsibility of the Pastor, Chairperson (representing the Trustees - CTB) and LCFC, to implement and ensure compliance with the internal financial controls in the local church. **It is MANDATORY except with written approval from the Diocese Presiding Bishop – (DPB), that the Pastor DELEGATES this responsibility to the CTB and the LCFC (members of local church)**

who can provide the checks and balances that will protect the financial assets of the local church. It is recommended that the LCFC has enough members to ensure the separation of duties in receiving and disbursing church assets. The LCFC must have at least: (See Chart below).

Position	How Filled	Duties	Restrictions
Local Church Finance Committee Chairperson LCFCC	<p>Appointed by Pastor & CTB with approval from the church.</p> <p>This person is one of the elected financial officers of the church; could be a deacon or trustee; must not be the LCC nor the LCT nor their respective assistants.</p>	<p>Delegated the authority by the Pastor & CTB to oversee the financial matters of the church. Enforces the internal controls policies and procedures. Manages the annual budgeting process and reports performance at the periodic (monthly) business meeting; ensures that periodic audits are conducted.</p>	<p>No direct family relationship with others on the committee where possible</p>
Clerk (LCC)	Elected annually by the church	See COCHUSA manual Article V page 63	No direct family relationship with others on the committee where possible
Treasurer (LCT)	Elected annually by the church	See COCHUSA manual Article VI page 64	No direct family relationship with others on the committee where possible

<p>One counter or more if needed.</p> <p>This person is not a financial officer of the church and will rotate off the LCFC</p>	<p>Elected or appointed, by Pastor & CTB.</p> <p>This position could rotate through the usher board, the deacon board, or the trustee board</p>	<p>Counts and records receipts from the church offerings, with the LCC and/or the LCT. Turns funds over to the LCT for deposit.</p>	<p>No direct family relationship with others on the committee where possible</p>
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C. Local Church Revenues: Offerings / Other

Revenues at the local church must comply with the revenue budget. This will ensure that each revenue transaction is captured and recorded at the appropriate level of detail and with the documentation needed to validate it against the approved budget.

- Cash receipts during the main Sunday service shall be turned over to the LCFC for counting. The counting shall be done by at least two counters, one of which should be the LCFC counter. **A cash counting worksheet (see Form 3 page 74) must be completed and signed by both counters before the funds are released to the LCT for deposit.** The LCFC Counter, LCT and LCC should all keep copies of the cash counting worksheet.
- LCT will prepare deposit slips. A copy of deposit slips will be given to the LCC. **All deposits must be made immediately (asap) into the approved local church bank account.**
- LCC or LCFC will maintain (be custodian of) the Check Book for the approved Church Checking account. The primary writer of checks will be the LCC, with the LCFC and the LCT serving as backup writers. All checks must have proper authorizations and documentation, before being written. **All checks must require a minimum of two (2) signatures (LCC, LCT, LCFC or the Pastor); custodian of the checkbook should provide the last signature onto checks. See Recommended Spending Approval Guidelines (Page 63).**
- The approved Church Checking Account will be audited and reconciled monthly by the LCC (or custodian of the check book) and the reconciliation reviewed by a member of the local LCFC, that is not the custodian of the check book. A QUARTERLY AUDIT of the Local Church finances **MUST BE EXECUTED**; the Pastor, CTB and LCFC will ensure this audit is executed. The cash counting worksheets and the official bank statements will be used, as references, in the audit and

reconciliation. Refer to the COCHUSA Internal Audit Policy (See Page 35), for assistance in the audit and reconciliation.

- **All Bank Statements must be directly mailed to the LCFCC or a member of the LCFC that is not the custodian of the check book.** The LCFCC should conduct a general review; checking for unusual items. If any exists, the information should be flagged for follow up in the reconciliation. A copy of the official bank statement should be sent to the LCC for the periodic audit and reconciliation.
- **All funds raised and deposited in the local church and its auxiliaries must be deposited into and disbursed from bank account(s) that are owned (approved) by the church.** In cases where auxiliaries share an account with the parent body, special controls and procedures must be in place to ensure proper accounting for all funds.
- **The sale of church real property (land, buildings, building extensions, etc.) requires approval from the National Trustee Board (NTB) of the COCHUSA; i.e. Board of Bishops.** It is the Pastor/CTB/LCFCC's responsibility to include the District Chairman and the Diocese Presiding Bishop, who represents the NTB, in any sale transaction. A "PROTOCOL" will be established for the sale of real property – in a future edition of this Manual.
- The financial authority of the local church Pastor/CTB/LCFCC to commit the church to any long-term liabilities is limited. Long-term liabilities include mortgages, loans secured by church properties, and long-term leases. **The District Chairman and Diocese Presiding Bishop must be consulted and give their approval before pursuing any such arrangements.**
- **The local church Pastor must consult with the District Chairman and Diocese Presiding Bishop before accepting any gift of real property.**
- Electronic Receipts: The LCC and LCT are responsible for arranging the electronic receipt of funds via debit or credit cards, especially during the collection of offerings.
 - There are several Credit Card or Electronic Funds Transfer Companies; most charge a fee for services; this fee ranges from 2% - 5%.
 - The LCFC will ensure that the reporting of these revenues WILL BE DOCUMENTED and included in the weekly, monthly, quarterly and annual reports of funds received; these funds must be included on the NMF Template – any fees that are incurred must be recorded as an expense.
 - Some of the Companies that provide this service include: TEXT TO GIVE; CASH APP; PAY-PAL; WORLD PAY; THITH.LY; GIVELIFY; ON LINE BANKING; SQUARE; SIMPLE GIVE; VENMO; SWIPE-SIMPLE; ZELLE QUICK PAY; & PAYMENT CLOUD.

D. Local Church Disbursements: Reimbursements/Recurring/Non-Recurring Expenses

Disbursements at the local church must be in compliance with the Expense budget. This will ensure that each disbursement transaction is captured and recorded at the appropriate level of detail and with the documentation needed to validate the disbursement.

- All disbursements must have supporting documentation before a check is written. **An officially approved check request (see Forms 1 & 2 on Pages 70 & 72) must be presented to the LCC or the custodian of the check book before a check is issued.** For budgeted recurring items the budget can serve as the official documentation.
- **ALL DISBURSEMENTS (PAYMENTS) MUST BE MADE BY CHECK; I.E. IN NO CASE SHALL DISBURSEMENTS BE MADE BY CASH – EXCEPT FROM PETTY CASH (SUPPORTED BY RECEIPTS).**
- **Two signatures required on all checks; the Custodian of the checkbook should provide the last signature onto a check.**
- **See the COCHUSA Recommended Spending Approval Guidelines (Exhibit 8, page 63) to assist in determining the local church spending and check signing authority.**
- **Check requests for unbudgeted or over budget disbursements must be signed by LCFCC, CTB or Pastor.**
- Electronic payments can be made by the custodian of the check book for recurring budgeted expenses. **The LCFC must identify specific situations where electronic payments can be used.**
- **The Pastor, CTB and LCFC must establish limits on credit/debit cards and who should use them;** these cards must have a specified (named by Pastor, CTB & LCFCC) custodian, who will monitor (audit) the use and reconciliation, preferably monthly – **but at least quarterly.** All discrepancies will be referred to the LCFC for resolution.
- **Petty cash procedures must be documented with receipts as needed and included in the monthly reconciliation of the Bank Statement.** All discrepancies will be referred to the LCFC for resolution.

PROVISIONS FOR ELECTRONIC BANKING:

Many Banks and Financial Institutions are promoting “Paperless / Electronic Statement options. **If your church decides to participate in a Paperless / Electronic Statement option – it must be at the approved local Church bank - The Pastor, CTB and the LCFCC must ensure the following:**

- 1) A minimum of two (2), but not more than four (4) people (users) will be authorized and have access to the system to retrieve statements; preferably the LCC, CTB or designee, Pastor or designee, LCFCC or designee; these persons will have access to only: review statements, review the transaction history or balances of certain account(s).
- 2) Make sure that authorized users (persons) have secured user ID’s and passwords – THAT SHALL NOT BE SHARED AND MUST BE KEPT CONFIDENTIAL.
 - If someone’s access is revoked or if they are no longer an authorized user, **the CTB and LCFCC MUST remove that person from the account(s) and cancel their access by calling the Bank and cancelling their Electronic Access and On-Line Banking account access.**
- 3) **It is MANDATORY that there is a monthly reconciling of the bank statement (paper document) to the Monthly Local Church Financial Statement; this monthly reconciliation must be executed by someone other than the LCC or LCT** – who are responsible for generating the LCFS; these statements must be maintained by the LCFC – for 5 years – and made available for any audits, from time -to – time.
- 4) The Local Church **MUST** be diligent and guard against FRAUD and Inappropriate Unauthorized Transactions; **the Pastor, CTB, and LCFCC must ensure that periodic (at least QUARTERLY) audits are performed on these accounts; see the Internal Audit Policy Page 35.**

SECTION III.

DISTRICT & DIOCESE CHURCH

FINANCIAL CONTROLS & POLICIES

III. DISTRICT AND DIOCESE LEVELS

A. Budgeting and Reporting

GENERAL: The key component of effective internal financial controls in the District or Diocese Church is a budgeting and reporting process that sets specific expectations for revenue and disbursements and reports actual amounts against these expectations. This COCHUSA Manual makes it a **requirement that all Districts and Dioceses within COCHUSA develop an annual budget and define reports that facilitate effective internal financial controls.**

Each COCHUSA District and Diocese is different, therefore, this manual will give general guidelines for budgeting. However, historical data should be used and referenced in developing a budget for each line item. The level of detail in the budget should be clearly defined so that the revenue and disbursement transactions can be captured and reported.

1. **Budgeting and Reporting at the District / Diocese Levels:** The District and Diocese Conventions will elect the Financial Secretary (DFS) and Treasurer (DT), to a 4-year term of service. The District Chairman (DC) or Diocese Presiding Bishop (DPB), as appropriate, will appoint the DFS, DT or a designated person to lead the Standing Budget Committee in establishing an annual budget. This standing committee is the same as the Standing Finance Committee in Chart 2.
 - a. The DFS is primarily responsible for preparing the Annual Financial Statement (accrual basis) for the District or Diocese. The Financial Statement is “preliminary” until all period receipt and expenditure transactions have been finalized. **A Financial Statement must be presented in the last business session of the annual District or Diocese Convention.** In some cases, this may be a preliminary statement if all business is not complete; however, **the Executive Board of the District or Diocese, as appropriate, must receive and approve the Final Financial Statement before the end of the calendar year.**
 - b. The Financial Statement (see Examples in Exhibits 4 & 5 on pages 58 & 59) will present: The actual receipt and expenditure amounts, in comparison to the approved budgeted amounts, for each line item; the related difference (variance) between actual and budgeted amounts should also be shown on the Annual Financial Statement.
 - c. The DFS or DT will also be responsible for preparing the Annual Cash Flow Statement (see Sample Exhibit 7 page 62) for the COCHUSA District or Diocese, as appropriate. Interim and Updated Cash Flow Statements may be requested – from time to time - by the District Chairman or Presiding Bishop, as appropriate. The DFS and DT will assist each other in the preparation of these Cash Flow Statements.

Reconciliation of the approved COCHUSA District and Diocese Checking Accounts:

- a. **Must be executed, by the “Custodian of the Check Book”**, preferably monthly, however at a minimum on a quarterly basis.
- b. **This reconciliation responsibility must be clearly defined and assigned by the DC or DPB and accountable to DC or the DPB.**
- c. The DFS and DT will jointly be responsible for ensuring that all checks written have the appropriate “authorization” as required by the DC or the DPB; these signing authorizations must have been APPROVED by the NATIONAL COCHUSA Board of Bishops. Signing Authorizations (See Recommended Spending Approval Guidelines Page 63) should be assigned to the following:
 - Diocese Presiding Bishop
 - Diocese Chair – Persons / Presidents
 - District Chairman
 - District Vice – Chairman
 - District Chair – Persons / Presidents

REQUIRED ANNUAL REPORTING: Each District and Diocese is required to send respectively, to the Diocese Correspondence Secretary (DCS) or National Correspondence Secretary (NCS) – as appropriate - the following reports each year:

- **A Six (6) Month Year -to – Date (Interim) Report of its National Ministry Fund Report (Exhibit 1 page 54);** as of November 30th, of each year; ***THIS REPORT IS DUE to the National Correspondence Secretary: by December 31st of each year.***
- **An Annual (12) Month Year – to – Date (Annual) Report of its National Ministry Fund Report (Exhibit 1 page 54)** as of May 31st of each year;
 - The District Correspondence Report is due to the Diocese Correspondence Secretary immediately following the end of the District Convention – **ALONG WITH THE RELATED NMF CHECK.**
 - The Diocese CORRESPONDENCE Report is **DUE TO THE NATIONAL CORRESPONDENCE SECRETARY by JULY 1ST OF EACH YEAR – ALONG WITH THE RELATED NMF CHECK.**
- When an interim or annual NMF report is received by the District or Diocese Correspondence Secretary ***it must also include a completed and signed Ministry Fund Verification Report (see Form 6 page 77)*** indicating that the report has been reviewed for material misrepresentations, by the submitting Pastor, District Chairman and Presiding Bishop of the Diocese.
- **RECOMMENDED ANNUAL REPORTING:** The Southcentral Diocese has adopted an effective system of Local Church reporting, that is recommended to all Local Churches, Districts and Dioceses.
 - a. This system requires local churches to provide its National Ministries Fund Report QUARTERLY (Sept 12th, Dec 12th, Mar 12th and prior to the District Convention in June); each report includes THE ACTUAL CHECK, for the related National Ministries Funds.

- b. The Districts are required to report to the Diocese QUARTERLY – one (1) week following the local church reporting dates and includes the actual check for the collected National Ministries Funds.

B. District & Diocese Finance Committees – Standing/Ad-Hoc:

1. The District and Diocese **Ad-Hoc Finance Committee** is annually appointed by the District Chairman or Presiding Bishop, to administer the collection, counting and recording of General and Love offerings received during the annual sessions of the COCHUSA District and Diocese Conventions. The elected Financial Secretary (DFS) or Treasurer (DT) are appointed, by the DC or DPB – as appropriate, to serve as Chairperson of this Ad-Hoc Committee.
2. **The District or Diocese Financial Secretary (DFS) shall be primarily responsible for overseeing the collection, counting and recording of all offerings.** The DFS and the Treasurer (DT) shall be responsible for the safe temporary deposit of all collected funds into the Hotel or Local Church Vault, until funds can be deposited, by the DT into the COCHUSA District or Diocese Convention approved Checking Account.
3. **The District or Diocese Treasurer (DT) shall be responsible for preparing the deposit slips for all funds deposited into the District or Diocese approved Checking Account;** the DT will ensure the DFS receives a copy of all deposit slips. The DT shall also be responsible for the actual deposit of all funds into the approved Diocese or District Checking Account.
4. The DFS and the DT are jointly responsible for ensuring that adequate “Security” is provided by the District or Diocese Conventions, in the collection counting and depositing of all funds.
5. The District and Diocese **Standing Finance Committee must contain:**
 - The District Chairman and or Presiding Diocese Bishop.
 - All the elected Financial Officers (DFS, DT, DCS, along with the related Assistants) of the District / Diocese, respectively.
 - May include the leaders of the Boards, Auxiliaries, & Ministries (BAM’S or representatives)
 - **At least the following positions shown in Chart 2 below, to ensure the proper checks and balances are in place:**

CHART 2: DISTRICT / DIOCESE LEVELS FINANCE COMMITTEE

Position	How Filled	Duties	Restrictions
<p>Financial Secretary</p> <p>Serves on Standing Finance Committee</p>	<p>Elected as the Financial Secretary by the District or Diocese Conventions</p>	<p>May serve as Chair-Person of the Ad-Hoc Finance Committee. Enforces the internal controls processes and procedures. Manages the annual budgeting process and reports performance at the periodic conventions or business meetings.</p>	<p>Restricted to serve 2 consecutive 4 yr. terms.</p>
<p>Correspondence Secretary</p> <p>Serves on Standing Finance Committee</p>	<p>Elected by the district or diocese conventions</p>	<p>Receives all National Ministry Funds, along with related corresponding reports; audits these reports to be consistent with the received check amount.</p>	<p>Restricted to serve 2 consecutive 4 yr. terms.</p>
<p>Treasurer</p> <p>Servers on Standing Finance Committee</p>	<p>Elected by the district or diocese conventions</p>	<p>May serve as Chair-Person of the Ad-Hoc Finance Committee. Receives all revenues from DFS, and deposits them into the approved checking account.</p>	<p>Restricted to serve 2 consecutive 4 yr. terms.</p>

<p>Ad-Hoc Finance Committee members</p> <p>Includes elected finance officers of district / diocese</p>	<p>Appointed by DC or DPB, annually, to serve during the district or diocese convention.</p>	<p>Collects, counts and records the funds received in offerings.</p>	<p>No direct family relationship with others on the committee</p>
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C. District & Diocese Revenues – NMF, Offerings, Other:

Revenues at the District level are determined by a designated percentage of the “Adjusted Gross Receipts” of the local churches that make up the District. The DC, appointed by the DPB, is the leader responsible for implementing and enforcing compliance with controls, policies and procedures related to revenue and disbursements.

When an interim or annual report is received by the District Correspondence Secretary ***it must also include a completed and signed – by the Local Church Pastor - Ministry Fund Verification Report (see Form 6 page 77)*** indicating that the report has been reviewed for material misrepresentations.

Revenues at the Diocese level are also determined by a designated percentage of the “Adjusted Gross Receipts” of the districts that make up the Diocese. ***The same protocol – a Ministry Fund Verification Report (signed by DC) - applies when the District Chairmen submit their reports to the Diocese Correspondence Secretary.***

1. **Revenue submitted to the district and diocese must comply with the revenue budget.** This will ensure that each revenue transaction is captured and recorded at the appropriate level of detail and with the documentation needed to validate it against the approved budget.
2. The correspondence secretary of the district or diocese annually receives national ministry fund reports from entities under their jurisdiction. **Each annual report must be accompanied by a check that represents the national ministry fund payment. The check must be equal to the amount reported in the total column of line 18 (Total Convention Assessment of the Ministry Fund Report).** If there is a difference, a receipt must be written highlighting the difference (see Form 5 page 76).
3. The Correspondence Secretary submits the national ministry fund checks to the Financial Secretary, along with a copy of the correspondence report, and receives a receipt for the checks. During each convention service the offerings will be managed by the chairperson of the Ad-Hoc Finance Committee. In all services, members of the Ad-Hoc Finance Committee should be used as the counters.

4. **All other budgeted and non-budgeted revenue must be turned in to the Financial Secretary.** The receipt for these funds must be recorded so that it can be booked to the proper account and tracked by the reporting system.
5. In general worship services cash receipt counting will be done by the Ad-Hoc finance committee. **A cash counting worksheet (see Form 3 page 74) must be used to document the cash (currency and checks) received and the identity of the counters.** The worksheet will be used as a reconciliation tool. A copy of the log must be given to the Treasurer and the Financial Secretary.
6. The Treasurer will prepare a deposit slip. A copy of the deposit slip will be given to the Financial Secretary. **All deposits must be made immediately into an approved checking account.**
7. **The approved district/diocese checking account must be reconciled quarterly (recommended monthly) by the Financial Secretary, Treasurer or the custodian of the check book. It is MANDATORY that an Internal Audit be executed Bi-Annually, by someone other than the custodian of the checkbook; the DC and /or DPB will ensure this Internal Audit is executed.**
8. **All Bank Statements must be directly mailed to a district/diocese designated (by DC or DPB) member of the Finance Committee that is NOT THE CUSTODIAN OF THE CHECK BOOK.**
9. The person receiving the Bank Statements mailed directly from the Bank: should conduct a general review of the statement for any unusual transactions, before sending a copy to the financial secretary or treasurer for reconciliation. Questions must be presented to the Finance Committee for answers.
10. Limit the District or Diocese accounts to one bank, respectively where possible. All funds raised and deposited in the district or diocese - and its auxiliaries - **must be deposited into and disbursed from bank accounts that are approved and owned by the district/diocese.**
11. **All Other Revenues** submitted to the COCHUSA District or Diocese Conventions – during and / or after the respective conventions – **must be submitted to the DFS, who will record the amount and purpose of the revenues and issue a signed receipt to the person submitting the revenues (funds).** The DFS will submit all revenues or funds received to the DT for deposit into the approved District or Diocese Checking Account. The DT will ensure the DFS receives a copy of all deposit slips – during and after the convention.
12. **Electronic Receipts:** The DFS and DT are responsible for arranging the electronic receipt of funds via debit or credit cards, especially during the collection of offerings and “live-streamed” regional events.
 - There are several Credit Card or Electronic Funds Transfer Companies; most charge a fee for services; this fee ranges from 2% - 5%.
 - **The DFS and DT will ensure that the reporting of these revenues WILL BE DOCUMENTED and included in ALL reports of funds received; these funds must be included on the District / Diocese Financial Statements –** any fees that are incurred must be recorded as an expense.

- Some of the Companies that provide this service include: TEXT TO GIVE; CASH APP; PAY-PAL; WORLD PAY; THITH.LY; GIVELIFY; ON LINE BANKING; SQUARE; SIMPLE GIVE; VENMO; SWIPE-SIMPLE; ZELLE QUICK PAY; & PAYMENT CLOUD.

D. DISBURSEMENTS AT DISTRICT & DIOCESE LEVELS:

Expenditures at the District and Diocese must be in compliance with the Expense budget.

This will ensure that each disbursement transaction is captured and recorded at the appropriate level of detail and with the documentation needed to validate the disbursement.

Procedures for Expenditures and Related Activities, at the District and Diocese Levels of the COCHUSA:

1. **All Reimbursements and Expenditures must have supporting documentation.** The approved budget serves as the adequate documentation for budgeted items. **An approved “check request” (see Forms 1 & 2 on pages 70 & 72) is the REQUIRED documentation for unbudgeted / or over-budgeted items; these check requests must be signed by the District Chairman or Presiding Bishop, as appropriate. All Check requests must have the District Chairman’s or the Presiding Bishop’s signature, as appropriate, along with the signature of the submitting person and / or Ministry representative.**
2. **Check requests – with the related receipts when available – must be submitted to the DFS for approval (this approval will be denoted by DFS’s signature on the check requests);** then DFS will use request(s) to authorize the execution / issuance of a check from the District or Diocese approved Checking Account. Officer (DFS or DT) issuing the check will ensure (via audit) the check requests has all the authorized required signatures, before issuing the check; see the Recommended Authorized Spending Guidelines, (Page 63).
3. The DFS or DT will ensure that all checks are signed by, at least, two (2) of the following – Treasurer, Financial Secretary, Presiding Officer (Bishop) or District Chairman, as appropriate. The writer of the check will ensure that each check stub (or carbon copy) accurately describes the purpose of the check; **the writer of the check should provide the last signature onto the check.**
4. Electronic Expenditures: Credit Cards may be authorized – by the Parent Body - for the Presiding Officer (Bishop), District Chairman or other “designated officers / persons”. However, **Credit Limits must be set per the approved Budget, for each credit card. The DFS or DT must be assigned, by the DC or DPB, the responsibility of monitoring (auditing) and making monthly payments** – to keep the credit card(s) current; this monitoring person will ensure that spending levels for all credit cards, remain within the budgeted levels.

SECTION .IV

NATIONAL CHURCH

FINANCIAL CONTROLS & POLICIES

IV. NATIONAL LEVEL

A. Budgeting and Reporting

GENERAL: The key component of effective internal financial controls at the National Level is a budgeting and reporting process that sets specific expectations for revenue and disbursements and reports actual amounts against these expectations. **This COCHUSA Manual makes it a requirement that at the National level of COCHUSA, there must be an annual budget and designed reports that facilitate effective internal financial controls.**

At the National Level, the budget and financial statements are focused on the activities of the National Convention. This manual will give general guidelines for budgeting. However, historical data along with the Strategic and Annual Business Plans should be used and referenced in developing a budget for each line item. The level of detail in the budget should be clearly defined so that the revenue and disbursement transactions can be captured and reported.

1. **Budgeting and Reporting at the National Level:** The Board of Bishops (BOB) of the COCHUSA, will appoint persons to serve on the Standing Budget Committee, for a 4-year term. The BOB will also appoint a person to serve as **Chair-Person (and Vice Chair-Person) of The Standing Budget Committee** – which is charged with establishing an Annual Budget for the National Convention of the COCHUSA. See Finance Committee Section & Chart 3, for additional details. *(BOB will track the Length of service their diocese representatives serve on the Standing Budget Committee)*
2. The National Convention elects a National Financial Secretary (NFS) and National Treasurer (NT) to a 4-yr. term. The NFS (with help from the NT) is primarily responsible for preparing the Annual Financial Statement (accrual basis) for the National Convention. This statement is “preliminary” until all receipt and expenditure transactions have been finalized; however, **a Financial Statement (see Exhibit 6 Page 60) along with the attendant Annual Cash Flow Statement (see Example in Exhibit 7, page 62) MUST be presented in the last business session of the Annual National Convention;** if this financial statement is preliminary, **a Final Financial Statement along with its attendant Cash Flow Statement, must be presented and approved by the National Executive Board (NEB) before the convening of the following year’s national convention.**
3. **The Financial Statement (see sample in Exhibit 6 page 60)** will present: The actual receipt and expenditure amounts, in comparison to the approved budgeted amounts, for each line item; the related difference (variance) between actual and budgeted amounts should also be shown on the Annual Financial Statement.
4. The NT or NFS will also be responsible for preparing the **Annual Cash Flow Statement** for the annual COCHUSA National Convention. Interim and Updated Cash Flow Statements may be requested – from time to time - by the President or Chairman of the Board of Bishops. The NT and NFS will assist each other in the preparation of these Cash Flow Statements

5. **Reconciliation of the approved COCHUSA National Checking Accounts:**
- **Must be executed, by the “Custodian of the Check Book” (NFS or NT), preferably Monthly however, at a minimum on a QUARTERLY BASIS.**
 - **An Internal Audit MUST be conducted by the National Internal Audit Team, at least Bi-Annually; the National President will ensure this audit is executed.**
 - The reconciliation responsibility, must be clearly defined and assigned by the National President.
 - **All National Account Bank Statements must be mailed directly to the financial officer (NFS or NT) THAT IS NOT THE CUSTODIAN OF THE CHECK BOOK;** this person makes a copy of the bank statement and submits the statement to the custodian of the check book – who executes the reconciliation; any outstanding checks in the reconciliation should be reflected on the Cash Flow Statement.
6. **FINANCIAL AUTHORIZATIONS, MANDATED at the National level (see Page 63):**
- The NFS or the NT (whomever is the custodian of the check book), will primarily be responsible for ensuring that all check requests and all checks written has the appropriate “authorization” if not listed in the budget, which is as follows:
 - **National Convention for amounts greater than \$25,000.**
 - **BOB for amounts greater than \$15,000 but up to \$25,000.**
 - **Chairman BOB for amounts greater than \$10,000 but up to \$15,000.**
 - **Natl. President for amounts greater than \$5,000 but up to \$10,000.**
 - **Natl. 1st V.P. for amounts greater than \$2,000 but up to \$5,000.**
 - **Natl. 2nd V.P. for amounts up to \$2,000.**
 - **Chair – Persons of Natl. Boards for amounts up to \$10,000.**
 - **Presidents of Natl. Auxiliaries for amounts up to \$10,000.**
7. **REQUIRED ANNUAL REPORTING:** Each Diocese Correspondence Secretary is required to send to the National Correspondence Secretary (NCS) the following reports each year:
- a. **A Six (6) Month Year -to – Date (Interim) Report of its National Ministry Fund Report (Exhibit 1 page 54); as of November 30th, each year; THIS REPORT IS DUE to the National Correspondence Secretary: December 31st of each year.**
 - b. **An Annual (12) Month Year – to – Date Report of its National Ministry Fund Report (Exhibit 1 page 54); as of May 31st, each year; THIS REPORT IS DUE to the National Correspondence Secretary: July 1st of each year – along with the related Check and Diocese Correspondence Report.**
 - c. These interim or annual reports- received by the National Correspondence Secretary - **MUST include a completed and signed MINISTRY FUND VERIFICATION REPORT (see FORM 6 page 77) – signed**

by the submitting Presiding Bishop - indicating that the report has been reviewed for material misrepresentations.

- d. **The National Financial Secretary (NFS) shall be responsible for issuing to all National Convention Staff and Officers (considered to be self-employed contractors), retired Bishops and Widows – their respective annual IRS 1099 forms consistent with the instructions stated in EXHIBIT 9 (Page 64).**

- **RECOMMENDED ANNUAL REPORTING:** The Southcentral Diocese has adopted an effective system of Local Church reporting, that is recommended to all Local Churches, Districts and Dioceses.
 - This system requires local churches to provide its National Ministries Fund Report QUARTERLY (Sept 12th, Dec 12th, Mar 12th and prior to the District Convention in June); each report includes THE ACTUAL CHECK, for the related National Ministries Funds.
 - The Districts are required to report to the Diocese QUARTERLY – one (1) week following the local church reporting dates and includes the actual check for the collected National Ministries Funds.

B. NATIONAL FINANCE COMMITTEES – Standing & Ad-Hoc:

1. The National Convention **Ad-Hoc Finance Committee** is annually appointed by the National President, to administer the collection, counting and recording of General and Love Offerings during the annual sessions of the COCHUSA National Convention. The elected National Financial Secretary (NFS) or National Treasurer (NT) are appointed, by the National President, to serve as Chair-Person of this Ad-Hoc Committee.
2. The Chair – Person of the National Ad-Hoc Finance Committee shall be primarily responsible for overseeing the collection, counting and recording of all offerings. The NFS and the Treasurer (NT) shall be responsible for the safe temporary deposit of all collected funds into the Hotel or Local Church Vault, until funds can be deposited, by the NT into the COCHUSA National Convention approved Checking Account.
3. **The National Treasurer (NT) shall be responsible for preparing the deposit slips for all funds deposited into the approved National Checking Account; the NT will ensure the NFS receives a copy of all deposit slips. The NT shall also be responsible for the actual deposit of all funds into the approved National Checking Account.**
4. The NFS and the NT are jointly responsible for ensuring that adequate “Security” is provided by the National Conventions, in the collection counting and depositing of all funds.

5. The National Standing Finance Committee:

- The National President or his appointee.
- The National Financial Manager (Chairman) and Assistant.
- The Chair Person of the National Budget Committee and Vice Chair Person.
- All the elected Financial Officers (Financial Secretary, Treasurer, Corresponding Secretary, and their respective Assistants) of the National Convention.
- May include the National leaders of the Boards, Auxiliaries, & Ministries (BAM'S), at the President's pleasure.

6. See Chart 3 below, to ensure the proper checks and balances are in place:

Position	How Filled	Duties	Restrictions
National President	Elected by the National Convention	Must approve Budget recommended by the Budget Committee to the BOB. Must approve Financial Statements submitted by the National Financial Secretary and Treasurer to the National Convention. Member of National Standing Finance Committee.	Restricted to 3 consecutive 4 yr. terms.

<p>National Financial Manager and Assistant</p>	<p>Appointed by the BOB; approved by the National Convention.</p>	<p>Serves as Chairperson of the National Standing Finance Committee. Recommends and monitors Professional Investment Managers and related investment plans for National Funds. Must generate periodic Reports on Status of these funds.</p> <p>Recommends Financial counsel & policies to be adopted by the BOB.</p>	<p>Serves at the pleasure of the BOB.</p> <p>Serves as a member of the National Budget Committee</p>
<p>Chairperson of the National Budget Committee and Vice Chair Person</p>	<p>Appointed by the President and BOB; approved by the National Convention.</p>	<p>Serves as a member of the National Standing Finance Committee. Leads the Budget Committee in developing the annual and Strategic Budgets for the National Convention; which are recommended to the President and BOB for approval – before being approved by the National Convention.</p>	<p>Serves at the pleasure of the President and BOB</p>

<p>National Correspondence Secretary and Assistant</p>	<p>Elected to 4 yr. terms by the National Convention.</p>	<p>Serves as a member of the National Standing Finance Committee. Receives all NMF checks from Dioceses, along with the related correspondence reports; audit reports to ensure amount of checks and reports are same.</p>	<p>Restricted to serve 2 consecutive 4 yr. terms.</p>
<p>National Financial Secretary and Assistant</p>	<p>Elected to 4 yr. term by national convention</p>	<p>Serves on the National Standing Finance Committee. Ensures all revenue and expenditure transactions are accurately recorded. Leads in the development of National Convention Periodic and Annual Financial Statements. May serve as Chairperson of the Ad Hoc Finance Committee.</p>	<p>Restricted to serve 2 consecutive 4 yr. terms.</p>

<p>National Treasurer and Assistant</p>	<p>Elected to 4 yr. term by national convention.</p>	<p>Serves on the National Standing Finance Committee. Ensures all revenues submitted to the National Convention are deposited into approved national checking accounts. Leads in the development of periodic Cash flow Statements.</p> <p>May serve as Chairperson of the Ad Hoc Finance Committee.</p>	<p>Restricted to serve 2 consecutive 4 yr. terms.</p>
<p>Ad-Hoc Finance Committee members Ad-Hoc Committee includes all finance officers – and assistants of the national convention.</p>	<p>Appointed by National President annually to serve during the National Convention.</p>	<p>Collects, counts and records funds received in offerings, during the National Convention.</p>	<p>No directly related family members to serve on this committee.</p>

C. NATIONAL REVENUES – NMF, Offerings, Other:

Revenues at the National level are driven by a designated percentage of the “Adjusted Gross Receipts” of the local churches that make up the Districts and Dioceses of the COCHUSA. The **Presiding Bishop** of the Diocese, along with his appointed **District Chairmen**, are the leaders responsible for the “FIDELITY” of the National Ministry Funds – collected and reported by the Diocese. They are also accountable for implementing and enforcing compliance with policies and procedures related to revenues and disbursements in the Diocese. **When an interim or annual NMF Report is received by the National Correspondence Secretary it must also include a completed and signed – by the Presiding Bishop or his designee - Ministry Fund Verification Report (Form 6 page 77)**, indicating that the report has been reviewed for material misrepresentations.

Revenues submitted, by each Diocese, to the National Convention should comply with the Diocese’s “pro-rated” revenue - **see Policy for National Ministries Fund – Page 50**. This will ensure that each revenue transaction is captured and recorded at the appropriate level of detail and with the documentation needed to validate it against the approved national budget.

1. The National Correspondence Secretary receives national ministry funds and related Correspondence Reports from all Dioceses. **Each final annual report must be accompanied by a check that represents the ministry fund payment – along with its Ministry Verification Report, signed by the Presiding Diocese Bishop. The check must be equal to the amount reported in the total column of line 18 (Total Convention Assessment of the Ministry Fund Report)**; if there is a difference, a receipt must be written highlighting the difference (see Form 5 page 76).

The National Correspondence Secretary submits the national ministry fund checks to the National Financial Secretary and receives a receipt.

- a. During each convention service the offerings will be managed by the chairman of the Ad-Hoc Finance Committee. In all services, the Ad-Hoc Finance Committee should be used as the counters. **All other budgeted and non-budgeted revenues must be turned in to the National Financial Secretary. The receipt for these funds must be recorded so that it can be booked to the proper account and tracked by the reporting system.**
- b. In general worship services cash receipt counting will be done by the Ad-Hoc Finance Committee. **A cash counting worksheet (Form 3 see page 74) must be used to document the cash (currency and checks) received and the identity of the counters.** The log will be used as a reconciliation tool. A copy of the log must be given to the National Treasurer and the National Financial Secretary.
- c. National Treasurer will prepare a deposit slip. A copy of the deposit slip will be given to the National Financial Secretary. **All deposits must be made immediately (as soon as practical) into an approved checking account.**

- d. The approved national checking account must be reconciled quarterly (recommended monthly) by the CUSTODIAN OF THE CHECK BOOK, National Financial Secretary, or National Treasurer.
- e. The National Church Finances MUST BE AUDITED BI-ANNUALLY, by the National Audit Team; the National President will ensure this audit is executed.
- f. All Bank Statements must be directly mailed to a national financial officer that is “NOT IN CUSTODY OF THE CHECK BOOK”.
- The person receiving the Bank Statements mailed directly from the Bank: should make a general review of the statement for any unusual transactions, before sending a copy to the National Financial Secretary or National Treasurer for reconciliation. Questions must be presented to the National Standing Finance Committee for answers.
- g. Revenues should be limited to accounts in one bank, where possible. All funds raised and deposited in the national accounts - and the accounts of its auxiliaries - **must be deposited into and disbursed from bank accounts that are approved and owned by the National Convention.**
- h. **All Other Revenues** submitted to the COCHUSA National Convention – during and / or after the convention – **must be submitted to the NFS, who will record the amount and purpose of the revenues and issue a signed receipt to the person submitting the revenues (funds).** The NFS will submit all revenues or funds received to the NT for deposit into the approved National Checking Account. The NT will ensure the NFS receives a copy of all deposit slips – during and after the convention.
- i. **Electronic Receipts:** The NFS and NT are responsible for arranging the electronic receipt of funds via debit or credit cards, especially during the collection of offerings and “livestreamed” events.
- There are several Credit Card or Electronic Funds Transfer Companies; most charge a fee for services; this fee ranges from 2% - 5%.
 - **The NFS and NT will ensure that the reporting of these revenues WILL BE DOCUMENTED and included in ALL reports of funds received; these funds must be included on the National Financial Statements** – any fees that are incurred must be recorded as an expense.
 - Some of the Companies that provide this service include: TEXT TO GIVE; CASH APP; PAY-PAL; WORLD PAY; THITH.LY; GIVELIFY; ONLINE BANKING; SQUARE; SIMPLE GIVE; VENMO; SWIPE-SIMPLE; ZELLE QUICK PAY; & PAYMENT CLOUD.

D. DISBURSEMENTS at the National Level:

Expenditures at National Level must be in compliance with the Expense budget. This will ensure that each disbursement transaction is captured and recorded at the appropriate level of detail and with the documentation needed to validate the disbursement.

Procedures for Expenditures and Related Activities, at the National level of the COCHUSA:

1. **All Reimbursements and Expenditures must have supporting documentation.** The approved budget serves as the adequate documentation for budgeted items. An approved “check request” (see Forms 1 & 2 on pages 70 & 72) is **the REQUIRED documentation for ALL unbudgeted / or over-budgeted items. All Check requests must have the signature of the submitting person and / or Ministry representative; check requests for over budget or non-budgeted expenditures must have the signature of the National President, before a check can be written.**
2. Check requests – with the related receipts when appropriate and available – must be submitted to the NFS for approval (this approval will be denoted by NFS’s signature on the check requests); then NFS will use request(s) to authorize the execution / issuance of a check from the National Approved Checking Account. The Officer (NFS or NT) issuing the check will ensure (via audit) the requests has **all the required authorized signatures**, before issuing the check. **See the National MANDATED Spending Guidelines – Page 63.**
3. The NFS or NT will ensure that all checks are signed by, at least, two (2) of the following – Treasurer, Financial Secretary, National President, Financial Manager or Chairman of the BOB. The writer of the check will ensure that each check stub (or carbon copy) accurately describes the purpose of the check; **the writer of the check will provide the last signature onto the check.**
4. **Electronic Expenditures:** Credit Cards may be authorized, by the National Convention, for the Chairman of the BOB, National President, National Convention Coordinator or other “designated officers / persons”. **However, Credit Limits must be set per the approved Budget, for each credit card. The NFS or NT must be assigned (by the National President) the responsibility of monitoring (auditing) the monthly statements – to keep the credit card(s) current;** this monitoring person will ensure that spending levels, for all credit cards, remain within the budgeted levels. Any issues, questions or concerns- derived from these audits - must be presented to the Finance Committee for resolution.

SECTION .V

SUPPORTING POLICIES & PROCESSES

DRAFT

V. SUPPORTING POLICIES AND PROCESSES

A. COCHUSA INTERNAL AUDIT POLICY

Purpose:

The COCHUSA internal audit process (CIAP) is intended to be used at all levels of COCHUSA; the local church, the district church, the diocese church and the national church. With that in mind the CIAP will use church to represent all levels. Likewise, when referring to individuals who have roles in the CIAP the labels will be modified. For example, FC will refer to the finance committee at any level.

The purpose of the CIAP is to validate the financial journal and/or financial transactions at the local, district, diocese and national church levels. These journals and financial transactions can best be validated by performing a periodic reconciliation of all transactions that impact the balance of the bank accounts, journals and financial statement(s) for the audit period. The audit will compare the Church records to those on the Bank statements, and ensure the proper authorizations and procedures are being followed. The audit will determine the validity of ALL transactions.

In the CIAP process, generic terms will be used that are found on most official bank statements. The format of statements may vary from bank to bank, but all the information needed to conduct the audit should be displayed. It is recommended that images of checks, deposit slips, and miscellaneous documents be included with the bank statement; this information should be requested, if it is not routinely provided by the bank.

The Audit team and Process:

In general, the audit team should be members of the local church, district, diocese or national convention. Some are elected financial officers and others are at-large members appointed by the senior leaders; the Chair-Person of Trustee Board (CTB) participates in the team appointment and audit wrap-up. The custodian of the account checkbook cannot be on the audit team.

It is recommended that a monthly bank account reconciliation be conducted at the local church; **A QUARTERLY AUDIT MUST BE EXECUTED AT THE LOCAL CHURCH.** The local church weekly transactions should be entered into the NMF template so that the local church can meet its 6 Month NMF Reporting requirement. **Audits MUST be executed, at least bi-annually, at the District, Diocese and National levels of the church.**

Since some of the audit team members may audit transactions that were initiated and/or approved by them it is essential that the team be assembled in a way that will provide the checks and balances needed to prevent collusion.

The Internal Audit Worksheet (IAW): (see below)

The IAW must be completed as part of the reconciliation of the bank accounts. To complete the IAW, the auditors should have at their disposal:

1. The bank statement(s) for the audit period should be available at the audit meeting. The bank statement for the previous audit period and the associated audit work papers should also be available at the audit meeting. Actions taken in the previous audit could have an impact on the current audit. For example; missing deposits and/or withdrawals documented on the previous audit can have an impact on the current audit work load.

The bank statement should show all summary and detail transactions captured and booked against the account on or before the statement cut-off date. The account bank statement should also show images of cleared checks, miscellaneous withdrawals and deposits. The images should display signatures and dates.

The bank account statement(s) should be brought to the audit meeting by the Finance Committee Chairperson (FCC). It is recommended that each audit team member be given a copy of the statement for use during the audit meeting; these copies should be shredded after the meeting.

2. The church generated record of all deposits which were processed internally during the audit period. This includes cash counting worksheets, cash receipt forms, deposit slips filled out by the LCT, miscellaneous deposit documents and the deposit receipts from the bank. All of these records should show the proper approval signatures and approval dates. The official copies of these records should be brought to the audit meeting by the LCC or Church Financial Secretary (CFS), as appropriate.
3. The church generated records of all withdrawals. This includes all internal records that document the withdrawals and items shown on the bank statements. These records should show the approval signatures and approval dates. These records include check requests, purchase receipts, invoices, ATM withdrawal notices, ATM/Debit card transactions receipts and the actual checkbook. The official internal copies of all of these records should be brought to the meeting by the LCC or CFS, as appropriate.
4. The local church NMF journal and any financial statements generated for the local, district, diocese or national church levels, during the audited period.

Once all of the records are assembled, the auditor(s) must use the IAW to complete the audit. All exceptions found during the audit must be highlighted.

Once the IAW is complete, the supporting detail is attached and passed onto the local church leaders (Pastor, FCC and CTB), DC, DPB or National Financial Manager (NFM) for final review.

During this review all reconciliation exceptions are reviewed to determine if the exception was an intentional attempt to misrepresent financial information. If the auditors agree that there is evidence of intentional misrepresentation of the financial information, a confidential investigation must be initiated by the Pastor and/or DC, DPB or NFM as appropriate.

The investigation should determine if any of the following situations occurred:

- ✓ Theft of cash, securities, merchandise, equipment, supplies or other assets.
- ✓ Unauthorized use of organization employees, property, credit cards, cell phones or other resources.
- ✓ Submission of personal or fictitious expenses for reimbursement or fictitious or inflated vendor invoices.
- ✓ Receiving kickbacks or other unauthorized personal benefits from vendors or others.
- ✓ Alteration of any check, bank draft, statement, billing, record, form, report, return or other financial document.
- ✓ Intentional material misclassification or misrepresentation of revenues, expenses, costs or other data in financial statements, reports, regulatory returns, applications or other communications.
- ✓ Intentional failure to disclose material related party transactions, noncompliance with lender requirements or donor/grantor restrictions or other required disclosure matters.
- ✓ Intentional improper use or disclosure of confidential donor, client/customer, employee or organization proprietary information.

The investigation will be conducted on a timely basis and may include examination of prior month(s) records and transactions. Allegations will not be discussed with anyone other than those who have a legitimate need to know, as determined by the senior leaders.

The investigation should follow procedures in the COCHUSA Manual Part IV Judicial Administration.

* Step 2A Total: \$ _____

B. List and total all deposits made during the audit period but, not shown on the related bank statement; (the records of items in 2B are internal records for deposits made in the current month but did not show up on the bank statement. See the note for 2B below for situations that would cause this to happen and decide if the documentation should be investigated?)

Date of Deposit	Note	Amount

Step2B Total: \$ _____

1. **Add Step 2A Total to Step 1 Balance (record the result as) = Step 3 Total:**

\$ _____

2. **List and total all withdrawals. (these are all transactions that decrease the balance on the bank account)**

A. Checks Paid (these are all checks that are listed on the bank statement. See note for 4A below for audit considerations for these items.)

Check Number	Amount	Note

****4A Total:** \$ _____

- B. ATM & Debit Card Withdrawals (these are all ATM or Debit card purchases or withdrawals. See note for 4B below for audit consideration for these items.)

Date	Description	Amount

***** 4B Total** \$ _____

- C. Electronic Withdrawals (Two types of electronic withdraws: those initiated by the bank to pay bank fees and those initiated by the account holder to pay a vendor with an electronic check. See note for 4C below for audit considerations for these items.)

Date	Description	Amount

******4C Total:** \$ _____

- D. Checks written in the checkbook but not shown on the current month bank statement. (these are checks written in the current month but did not clear in the current month. See note 4D below for audit considerations for these items.)

Date Written	Amount	Note

4D Total: \$ _____

Calculate: 4A Total + 4B Total + 4C Total = (record the result as) Step 4 Total: \$ _____

1. **Subtract Step 4 Total from Step 3 Total. This should match (equal) the bank statement ending balance. ***** = AUDIT BALANCE.**
2. **I.E. Step 3: (Step 1 Balance + Step 2A) – Step 4: (Step 4A + Step 4B + Step 4C) = Bank Statement Ending Balance.**
3. **Step 2B Total: These are deposits that can be included in the financial statements for the current month (period); if these transactions clear the investigation.**
 - a. **Step 4D Total: These are checks (withdrawals) that can be included in the financial statements for the current month (period); if these transactions clear the investigation**

Notes and Audit Considerations:

The following is a list of considerations for validating each entry on the bank statement. This list is arranged in step order on the worksheet with a definition of the step and a list of things to consider when validating an item under that step. These considerations are actually requirements for recording deposits and additions, withdrawals, and using debit/credit cards. The requirements are documented in previous sections of this manual.

Note for Step 1. The balance that should be entered is the beginning balance from the statement for the month being audited. This is typically displayed on the **checking summary section** of the bank generated statement for the account. A reasonableness review of the balances and instances noted in this section should be done before proceeding to the detail. The beginning balance should be the ending balance from the previous month.

Note for Step 2A. List all deposits shown on the bank statement. List and total all corroborating deposits and additions; compare entries on the bank statement with Church records. These are listed on the bank statement in the deposits and additions section. To validate each entry the following should be considered:

1. Are there internal records that match the deposit?
2. Is there a supporting cash counting log with the appropriate signatures?
3. Is there a cash receipt form with the appropriate signatures?
4. Does the deposit amount exactly match to the amount on the corresponding deposit slip?
5. Is the bank deposit receipt attached to the documentation?
6. Did the timing of the deposit meet the – as soon as possible - expectations?
7. All exceptions to the above (1 – 6), must be noted and investigated

Note for Step 2B. List and total all deposits made but NOT shown on this statement. This information is found in the Church deposit records.

1. Per the Church deposit records were there funds collected during the audit period but, missed the bank statement's cut-off date(s)?
2. Did the timing situation, in (1) above, occur because the deposit did not meet timeliness (asap) expectations? If so, this should be noted and investigated.
3. Validate that there were proper signatures on the cash counting worksheet(s) which support each deposit slip. Ensure that the Treasurer submits copies of all deposit slips to the LCC or CFS, in a timely (asap) manner. Any violation of this procedural step should be noted and investigated.
4. Are there entries that are on the bank statement that have no or incomplete Church documentation? If so, this should be noted and investigated.

Notes for Step 4A. These are all checks listed on the bank statement that have cleared during the current month by the statement cut-off date and corroborated by the church records. When auditing these items, the following should be considered:

1. Was the check written in the current month? If not, how long was the check outstanding?
2. Is there a fully executed check request, dated and properly approved?
3. Does the date on the check request reasonably match the date that the check was written?
4. Is the payee on the check consistent with the check request?
5. Is this a new payee or vendor? If so, is there evidence that the requestor and/or approver aware of this fact?
6. Any exceptions to the above (1 – 5), must be noted and investigated.

Notes for Step 4B. These are all ATM or Debit Card withdrawals. ATM/Debit cards are assigned to specific individuals. Bank rules may differ but typically there are only two cards issued per

account and each of the card holders must be an authorized signer on the account. The FCC, with the LCFC, are responsible for determining the card holders, defining usage restrictions, and transaction amount limits. These rules should be brought to the Audit meeting by the LCC or FS to be used to audit each transaction. Any exceptions to these processes and procedures, must be noted and investigated.

Notes for Step 4C. Electronic Withdrawals are automatic withdrawals from the bank account. Banks use electronic withdrawals to charge monthly fees for the account usage. This is usually a summary amount that will be withdrawn on the first business day of the month.

The other type of electronic withdrawals are electronic checks or electronic debits initiated by the account holder to pay a recurring invoice. These are usually recurring monthly payments with fixed amounts. The Chairperson of Finance Committee (CFC) must have approved these arrangements before the withdrawals start. The LCC or FS has the documentation and requirements for these transactions and should have them available for the Audit meeting. Any exceptions to these processes and procedures, should be noted and investigated.

Notes for Step 4D. Checks written in the current audit period but not shown on the corresponding bank statement. It is a typical occurrence for checks not to clear the bank in the same month in which they were issued. To detect this situation the auditors must review the account check book for all checks written in the current month.

1. Does the check register or check stub indicate the check was written in the current month?
2. If the check was written in the current month, is there an official check request?
3. Does the check request have the appropriate approval date and signatures?
4. Does the payee on the check request match the payee on the check stub?
5. Does the payment amount on the check request match the amount on the check stub?
6. Does the check have the appropriate number of signatures?
7. Any exceptions to the above (1 – 6), must be noted and investigated.

B. Fraud Detection Policy and Processes

General Policy Statement

Each entity within COCHUSA is responsible for implementing internal controls and monitoring activities designed to prevent misappropriation of organization's assets and intentional material misrepresentation of organization's financial or operating data. It is a leadership responsibility to communicate this policy to all board members, auxiliary leaders, congregants, staff members and volunteers of their responsibility to comply with this policy.

It is COCHUSA's policy that there is zero tolerance for actions constituting fraud.

Definition of Fraud

Actions defined as fraud include but are not limited to:

- ✓ Theft of cash, securities, merchandise, equipment, supplies or other assets.
- ✓ Unauthorized use of organization employees, property, credit cards, cell phones or other resources.
- ✓ Submission of personal or fictitious expenses for reimbursement or fictitious or inflated vendor invoices.
- ✓ Receiving kickbacks or other unauthorized personal benefits from vendors or others.
- ✓ Forgery or fraudulent alteration of any check, bank draft, statement, billing, record, form, report, return or other financial document.
- ✓ Intentional material misclassification or misrepresentation of revenues, expenses, costs or other data in financial statements, reports, regulatory returns, applications or other communications.
- ✓ Intentional failure to disclose material related party transactions, noncompliance with lender requirements or donor/grantor restrictions or other required disclosure matters.
- ✓ Intentional improper use or disclosure of confidential donor, client/customer, employee or organization proprietary information.
- ✓ Any violation of copyright or licensing laws.
- ✓ Any other illegal or unethical activity

Who is included in the anti-fraud policy?

The anti-fraud policy applies to fraud or suspected fraud by organization leaders, board members, staff, volunteers, vendors, contractors, consultants and others doing business with COCHUSA or its auxiliaries.

Reporting Responsibilities and Safeguards

It is the responsibility of every organizational leader, board member, staff member or volunteer to report, preferably in writing, discovered or suspected unethical or fraudulent activity immediately to the senior leader.

No reporting party who in good faith reports such a matter will suffer harassment, retaliation or other adverse consequences. Any board member, employee or volunteer who harasses or retaliates against the party who reported such a matter in good faith is subject to discipline up to and including termination of employment, or removal from board. Additionally, no board member, employee or volunteer will be adversely affected because they refuse to carry out a directive which constitutes fraud or is a violation of state or federal law.

Investigation Procedures and Confidentiality

The senior leader will initiate an investigation as soon as possible after the allegation is made. The investigation may include but is not limited to examining the contents of computers, computer files, disks, tapes, other electronic storage devices, files, desks, cabinets and other facilities of the organization. The investigation will be conducted by individuals assigned by the senior leader based on the nature of the allegation.

Allegations will not be discussed with anyone other than those who have a legitimate need to know. It is important to protect the rights of the persons accused and the accuser during the investigation.

Investigation Procedures

The senior leader will initiate an investigation of an allegation on a timely basis. The investigation may include but is not limited to examining, copying and/or removing all or a portion of the contents of computers, computer files, disks, tapes, other electronic storage devices, files, desks, cabinets and other facilities of the organization without prior knowledge or consent of any individual who may use or have custody of such items or facilities when it is within the scope of the investigation.

Resolution Procedures

The results of the investigation will be reported to the senior leaders. The investigation should follow procedures in the COCHUSA Manual Part IV Judicial Administration.

C. Conflict of Interest Policy

Section 1 - Purpose

The purpose of the conflicts of interest policy is to protect the organization's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a national, diocese, district and local church officer within the organization. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to churches and nonprofit and charitable organizations.

Section 2 - Definitions

1. **Interested Person**. Any national, diocese, district, or local church officer, or member of a committee created by such who has a direct or indirect financial interest, as defined below, is an interested person.
2. **Financial Interest**. A person has a financial interest if the person has, directly or indirectly, through business, investment or family:
 - a. an ownership or investment interest in any entity with which the organization has a transaction or arrangement,

- b. a compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature. A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the appropriate Board or committee decides that a conflict of interest exists.

Section 3 - Procedures

1. Duty to Disclose. In connection with any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial interest and must be given the opportunity to disclose all material facts to the Directors and members of committees with Board-delegated powers considering the proposed transaction or arrangement.
2. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board or committee members shall decide if a conflict of interest exists.
3. Procedures for Addressing the Conflict of Interest.
 - a. An interested person may make a presentation at the Board or committee meeting, but after such presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement that results in the conflict of interest.
 - b. The Board or committee shall determine by the affirmative vote of at least four-fifths (4/5) of the disinterested Directors whether the transaction or arrangement is in the Organization's best interest and for its own benefit and whether the transaction is fair and reasonable to the Organization and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

D. Violations of the Conflict of Interest Policy

1. If the Board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
2. If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the Board or committee

determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 4 - Records of Proceedings. The minutes of the Board and all Board committees with Board-delegated powers shall contain:

1. the names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board's or committee's decision as to whether a conflict of interest in fact existed and
2. the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

Section 5 - Compensation Committees.

1. A voting member of the Board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

Section 6 - Annual Statements. Each Director, principal officer and member of a committee that has the power to act for the Board shall annually sign a statement which affirms that such person:

1. has received a copy of the conflicts of interest policy,
2. has read and understands the policy,
3. has agreed to comply with the policy, and understands that the Organization is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Section 7 - Periodic Reviews. To ensure that the Organization operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted.

Section 8 - Use of Outside Experts. In conducting the periodic reviews provided for above, the Organization may, but need not, use outside advisors. If outside experts are used their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

E. Whistle Blower Policy

1. Introduction

COCHUSA is committed to complying with statutory requirements that provide appropriate protections for its congregants who are whistle blowers. Therefore, this “Whistle Blower Policy” is adopted.

2. Purpose

The purpose of the Whistleblower Policy is to define whistle blowing in the context of this policy, set forth the steps to be taken by congregants making whistleblower complaints and delineate the steps that shall be taken by COCHUSA to protect congregants engaged in whistle blowing, and to establish a procedure for making whistle blowing disclosures.

3. Whistle blower Protection and Definition

In accordance with state and local statutory requirements, COCHUSA shall take no retaliatory action against a congregant because the congregant does any of the following:

- A. Discloses, or threatens to disclose to a direct leader or to a public body an activity, policy or practice, that the congregant reasonably believes:
 - 1. is in violation of a law, or a rule or regulation promulgated pursuant to law, including any violation involving deception of, or misrepresentation to, any person, business or governmental entity, or, in the case of an employee who is a licensed or certified health care professional, reasonably believes constitutes improper quality of patient care; or is fraudulent or criminal, including any activity, policy or practice of deception or misrepresentation which the employee reasonably believes may defraud any person, business or governmental entity;
- B. Provides information to, or testifies before, any public body conducting an investigation, hearing or inquiry into any violation of law, or a rule or regulation promulgated pursuant to law, including any violation involving deception of, or misrepresentation to, any person, business or governmental entity, or, in the case of an employee who is a licensed or certified health care professional, provides information to, or testifies before, any public body conducting an investigation, hearing or inquiry into the quality of patient care; or
- C. Objects to, or refuses to participate in any activity, policy or practice which the congregant reasonably believes:
 - 1. is fraudulent or criminal, including any activity, policy or practice of deception or

- misrepresentation which the employee reasonably believes may defraud any person, business or governmental entity; or
2. is incompatible with a clear mandate of public policy concerning the public health, safety or welfare or protection of the environment.

4. Procedures for Making Disclosures

- A. A congregant shall make a written disclosure to his or her direct leader or the person designated to receive whistleblower complaints. A written disclosure should include as much specific, factual information as possible to allow for proper assessment of the nature, extent, and urgency of the matter that is the subject of the disclosure.
- B. In cases where the direct leader is contacted by an employee making a disclosure, he or she shall immediately notify the person designated to receive whistleblower complaints.
- C. A confidential investigation will be promptly conducted. At the conclusion of the investigation, appropriate action will be taken where the allegations are verified and/or otherwise substantiated.

5. Written Notice Required Under Certain Circumstances

The protection against retaliatory action shall not apply to a congregant who makes a disclosure to any public body unless the employee has first brought the matter to the attention of a supervisor or the person designated to receive whistleblower complaints and has afforded COCHUSA a reasonable opportunity to correct the matter. In an emergency situation, this requirement of written notice to a supervisor or person designated to receive whistleblower complaints shall be waived when the employee is reasonably certain that the matter is known to one or more leaders or when the congregant reasonably fears physical harm as a result of the disclosure.

6. Distribution and Posting of Notices

COCHUSA shall post this policy and include it in any congregant handbook, if applicable. St. Paul Parish shall also conspicuously display notices of its employees' protections, obligations, rights and procedures under the Whistleblower Act, shall annually distribute written or electronic notices to all employees, and shall use other appropriate means to keep its employees informed of protection afforded under to whistleblowers. Each notice posted or distributed pursuant to this section shall be in English and Spanish. The notices shall include the name of the person that COCHUSA has designated to receive written whistleblower notification pursuant to this policy.

F. National Ministries Fund (NMF) Policy

1. THE PURPOSE OF NMF:

The purpose of the National Ministry Fund (NMF) is to provide the financial support to a coalition (family of 145 local churches) in expanding and spreading the GOSPEL of CHRIST in ALL PARTS OF THE WORLD.

This financial support is used to fuel evangelism - nationally and internationally – and to extend benefits to Pastors, Bishops and Missionaries who are leading the COCHUSA in spreading this GREAT GOSPEL.

Our VISION is to be a family of churches, focused on WORSHIPPING GOD and expanding His Kingdom through a “compelling passion” for HOLINESS, EVANGELISM, ACCOUNTABILITY, AND TRAINING.

2. FOUNDATIONAL TO THE NMF, are the following:

- a) The **Local Church Journal (LCJ)**: (See Exhibit 2 page 42 for sample Journal); ***it must be maintained and updated by the Local Church Clerk (LCC)*** – or a person, on the LCFC, appointed by the LCFCC or the Pastor – that records all revenues & expenditures into the “Journal” of all local church financial transactions; this recording will occur, preferably, on a weekly basis. This journal is subject to the AUDIT of the LCFCC, CTB, Pastor, District Chairman or Bishop – or their designee – at any time during the “church calendar year” (June 1st – May 31st). See Exhibit 3 page 57 for INSTRUCTIONS for the LOCAL CHURCH JOURNAL. ***It is MANDATORY, that an audit is conducted – at least once annually*** – of the Local Church Journal; monthly audits are recommended however, the Pastor, LCFCC, or CTB are to ensure that an audit is executed. Records of these audits must be maintained at the Local, District, Diocese, and National Church levels – for 3 – 5 years.
- b) **REQUIRED ANNUAL REPORTING**: Each Local Church is required to send the **District Correspondence Secretary (DCS)** the following reports each year (the COCHUSA fiscal year):
 - **A Six (6) Month Year -to – Date Report of its National Ministry Fund Report (Exhibit 1 page 54) as of November 30th of each year; THIS REPORT IS DUE to the District Correspondence Secretary (DCS): December 31st of each year.**
 - **An Annual (12) Month Year – to – Date Report of its National Ministry Fund (Exhibit 1 page 54); as of May 31st, of each year; THIS REPORT IS DUE to the DCS: June 1st of each year – along with the Local Church NMF Check and Correspondence Report.**
- c) When an interim or annual report is submitted to the District Correspondence Secretary it ***must also include a completed and signed Ministry Fund Verification***

Report (see Form 6 page 77) indicating that the report has been reviewed for material misrepresentations, by **the Pastor, CTB and DC.**

3. **RECOMMENDED ANNUAL REPORTING:** The Southcentral Diocese has adopted an effective system of Local Church reporting, that is recommended to all Local Churches, Districts and Dioceses.
 - c) This system requires local churches to provide its National Ministries Fund Report QUARTERLY (Sept 12th, Dec 12th, Mar 12th and prior to the District Convention in June); each report includes THE ACTUAL CHECK, for the related National Ministries Funds.
 - d) The Districts are required to report to the Diocese QUARTERLY – one (1) week following the local church reporting dates and include the actual check for the collected National Ministries Funds.
4. **Local churches are encouraged -- and requested -- to weekly or monthly set aside and earmark denominational assessments.** (This practice acknowledges that the denominational assessment is the Biblical equivalent of setting aside the tithe as a priority. It deems the denominational assessment as an obligation, not an option.)
5. **Presiding Bishops and District Chairmen are encouraged to monitor and verify compliance with maintenance of the Local Church Journal, as soon as the 6 Month Year – to Date Local Church National Ministry Fund Report is submitted;** and also immediately after the Annual (12) Month Report as of May 31st is submitted to the District Corresponding Secretary. This alerts the Presiding Bishop and the District Chairman of potential local church challenges to meet the NMF assessment by the District Convention; rather than waiting until the Diocese Convention or National Convention.
6. Inability of local churches to meet the expected assessment should be verified during the District Convention session, based upon examination of the local church's financial statements, bank statements and an audit of its journal.
7. Should the matter not be resolved before the Diocese Convention, then Presiding Bishops are requested to address and resolve local church shortages during the Diocese Convention.
8. **Each Diocese is expected at year – end, to forward its annual Correspondence Report along with its related National Ministries Fund Check to the National Correspondence Secretary – by July 1st of each year.**
9. Each Diocese is responsible for submitting its budgeted allocated amount of the “Total Budgeted NMF amount”, even if the Diocese allowed local churches to NOT meet their full obligation.

10. The inability of a Diocese to meet its budgeted allocated amount, per the Diocese Correspondence Report, should be verified based on examination of its Parent Body-controlled Diocese financial statements and/or bank statements.
11. Should it be verified that a Diocese does not have other funds (Diocese Mission funds, savings, or investments and / or earnings) to assist in meeting 100% of its obligation, National level recourse may be considered.
 - **(NOTE:** Should the Diocese have such extra funds, the presiding prelate will lead the effort to contribute an additional amount to that current year NMF.)

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SECTION .VI

EXHIBITS (EXAMPLES)

EXHIBIT 1: Example of Local Church Budget and Financial Statement

MONTHLY FINANCIAL STATEMENT

CHURCH/AUXILIARY RECEIPTS

	Jan Actual	Jan Budget	Feb Actual	Feb Budget	Mar Actual	First Qtr Actual	First Qtr Budget
Percentage Revenue:							
1 Church Tithes & Offering (Only)							
2 General Mission Offering							
3 Capital Projects and Building Fund							
4 Church Rental Income							
5 All Other Church Receipts							
6 Sunday School & HYM							
7 UCWM							
8 Brotherhood							
9 Other Aux/Comm/Groups							
10 Total Percentage Revenue							

Non-Percentage Revenue

11 Mission Funds for Earmark Activities							
12 Funds from Loans							
13 Pastor's Anniversary Donations							
14 Speaker Love Offerings							
15 Specific Contributions							
16 Day Care Activities							
17 Affiliated 501-3c							
18 Rental Property Income							
19 Extraordinary Exclusions							
21 Total Non-Percentage Revenue							

Adjusted Gross Revenue (10 - 21)

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CHURCH EXPENDITURES

22 Pastor's Support							
23 Church Salaries							
24 Mission and Benevolence							
25 Interest Expense							
26 Current Operating Expense							
27 Building Equipment/Other Assets							
28 Capital Projects							
29 Rental Property Expense							
30 Mortgage Payments							
31 Other Loan Repayment							
32 Other Church Expenditures							
Total Church Expenditures							

Revenue Minus Expenses

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EXHIBIT 2: Example of Local Church Journal

CHURCH/AUXILIARY RECEIPTS (Round off in Dollars)

	June	
	Week	Week
	1	2
Percentage Revenue:		
Church Tithes & Offerings (Only)		
General Missions Offering		
Capital Projects and/or Building Fund		
Church Rental Income (Building Rental, Interest, Etc.)		
All Other Church Receipts		
Auxiliary - Sunday School & HYM		
Auxiliary - United Christian Women Ministry (UCWM)		
Auxiliary - Brotherhood Ministry (NBM)		
All Other Auxiliaries/Committees & Groups receipts received in the church		
Total Percentage Revenue	\$0	\$0
	June	
	Week	Week
	1	2
<u>Non-Percentage Revenue (Exclusions):</u>		
Mission Funds for Earmark Activities (e.g. Youth Activity, Naomi Doles Mission Offering Funds		
Loans		
Pastor Anniversary		
Speakers Love Offerings		
Specific Contributions from Deceased Members and Friends		
Day Care Activity (Not legally Separated from The Church - Small Operation)		
Affiliated 501-3c Entity		
Rental Property Income (Other than the Church Building)		
Other Extraordinary Exclusions must be pre-approved by the presiding Bishop		
Total Non-Percentage Revenue	\$0	\$0
TOTAL CHURCH/AUXILIARY GROSS		

EXHIBIT 3: Instructions for the Local Church Journal

(Used for Interim & Annual NMF Reporting)

1. **It is imperative (mandated) that the Financial Secretary – or a person appointed by the Pastor - records all REVENUES & EXPENDITURES into the “Journal” of all local church financial transactions – preferably on a WEEKLY basis – but at least on a monthly basis; this journal is subject to the AUDIT of the PASTOR, DISTRICT CHAIRMAN OR THE PRESIDING BISHOP – or their designee – at any time during the “church calendar year” (June 1st – May 31st). **AN AUDIT MUST BE EXECUTED ANNUALLY.** See attached Exhibit I. Sample: “Local Church Journal”.**
 - a) **ELECTRONICALLY:** This Journal is the “weekly reporting tab” at the bottom of the COCHUSA Annual Correspondence Report - required of EACH LOCAL CHURCH; this Journal automatically adds the “line item totals and weekly totals” and the data flows into the Interim or Annual Correspondence Report.
 - b) **MANUALLY:** If there is no one, in the local church, able to access this report on a computer, then this JOURNAL must be hand written and recorded and maintained in a folder, by the Financial Secretary – or person appointed by the Pastor.
 - c) It is recommended this Journal be maintained weekly – **BUT MANDATORY, AT LEAST MONTHLY and subject to an AUDIT – AT ANY TIME – by the Pastor, District Chairman or Diocese Presiding Bishop, or their respective designee.**
2. **Each Local Church is REQUIRED to provide the District Correspondence Secretary with an “INTERIM National Ministries Fund Report” of all financial transactions for the period of June 1st thru November 30th; I.E. the 6 Month Summary of this JOURNAL – by December 11th of each year.**
- a) **The remaining 6 months (December 1st thru May31st) must be added to the Interim Report for the Annual Correspondence Report – due to be reported to the District Correspondence Secretary – by June 15th.**
3. **The ACCOUNTABILITY for the timely maintenance and reporting of this “Local Church Journal” begins with the PASTOR, then DISTRICT CHAIRMAN, and then DIOCESE BISHOP - or their respective designee.**

EXHIBIT 4: District Budget & Financial Statement

District Budget & Financial Statement

Income Budget	Budget	Actual	Variance
First Church	2,000.00		
Second Church	2,000.00		
Christ Mission Temple	2,000.00		
Arlington	2,000.00		
Restoration Fellowship	500.00		
Holy Bible Faith	500.00		
Total Income		9,000.00	
Expenditures Budget			
Ministry Allocations			
Sunday School & HYM	2,200.00		
UCWM	450.00		
Brotherhood	335.00		
	2,985.00	2,985.00	
Bishop's 15% & Expenses	600.00	600.00	
Love Offering/Support:			
President	500.00		
1st Vice President	175.00		
Correspondence Secretary	150.00		
Asst. Correspondence Secretary	50.00		
Recording Secretary	150.00		
Asst. Recording Secretary	50.00		
Financial Secretary	100.00		
Treasurer	100.00		
Registrar	75.00		
Total Love Offering/Support		1,350.00	
Pastor Anniversaries:			
FC	100.00		
SC	100.00		
CMT	100.00		
HBFC	100.00		
RFC	100.00		
ACBF	100.00		
Misc Gifts	100.00	700.00	
Presidents Support to Require			
Seminar Registration	150.00		
National Convention	200.00		
Mid Year Executive Board	200.00		
Support Two Delegates to Conv.	300.00		
Misc	200.00		
		1,050.00	
Convention Operating Expenses			
Food	550.00		
Printing/programs	400.00		
Misc	300.00		
		1,250.00	
Total Expense		7,945.00	
Net Income		1,065.00	

EXHIBIT 5: Diocese Budget & Financial Statement

(EXAMPLE)

Diocese Budget & Financial Statement					
INCOME					
	Diocese Assessments			\$25,000	
	Total Income				\$25,000
EXPENSES					
				<u>Budget</u>	
	Officers' Compensation and Expenses				
	Bishop 15%			\$3,750	
	Bishop Conference Expense			\$1,500	
	Siminar Expense for Bishop			\$1,500	
	Diocese Secretary Donation			\$650	
	Diocese Secretary Expense			\$150	
	Diocese Asst. Secretary			\$400	
	Diocese Asst. Secretary Expense			\$100	
	Diocese Treasurer Donation			\$250	
	Diocese Treasurer Expense			\$100	
	Corresp. Sec. Donation			\$400	
	Corresp. Sec. Expense			\$100	
	Statistical Sec. Donation			\$200	
	Music Ministry			\$1,000	
	Convention Coordinator			\$350	
	Program Coordinator			\$150	
	Total Officers' Compensation and Expense				\$10,600
	Delegate Expense to National				
	Bishop			\$1,200	
	Secretary			\$500	
	Treasurer			\$500	
	At Large			\$500	
	Total Delegate Expense To National				\$2,700
	Diocese Convention Expense				
	Host District Grant			\$3,000	
	Program Printing			\$850	
	Workshops			\$600	

EXHIBIT 6: National Budget (Example)

COCHUSA 2019 – 2020 FINANCIAL STATEMENT

PRECONVENTION BALANCE	2019-2020 ACTUAL	Approved Budget	VARIANCE
Balance from Preliminary June 30, 2018 Fin Statement	\$ 6,352.00		\$ 6,352.00
Total Receipts of Convention from Below	\$ 610,779.00		\$ 610,779.00
Total Funds Available for 2018-2019 Convention	\$ 617,131.00		\$ 617,131.00
GENERAL OFFERINGS			
7-21-19 Love Offering Sr. Bishop	\$ 13,020.00	\$ 16,000.00	\$ (2,980.00)
7-21-19 Love offering President	\$ 12,021.00	\$ 10,000.00	
7-22-19 Board of Education offering			
7-22-19 Special Offering			
Total General Offerings	\$ 26,041.00	\$ 26,000.00	\$ (959)
RECEIPTS FROM DIOCESES			
Southcentral			
Percentaged Funds	\$ 182,600.00	\$ 176,576.00	\$ 6,024.00
Sub-Total	\$ 182,600.00	\$ 176,576.00	\$ 6,024.00
Diocese Total	\$ 182,600.00	\$ 176,576.00	\$ 6,024.00
Southwestern			
Percentaged Funds	\$ 84,042.00	\$ 83,034.00	\$ 1,008.00
Sub-Total	\$ 84,042.00	\$ 83,034.00	\$ 1,008.00
Diocese Total	\$ 64,042.00	\$ 83,034.00	\$ 1,008.00
Northern			
Percentaged Funds	\$ 62,091.00	\$ 70,854.00	\$ (8,763.00)
Sub-Total	\$ 62,091.00	\$ 70,854.00	\$ (8,763.00)
Diocese Total	\$ 62,091.00	\$ 70,854.00	\$ (8,763.00)
Western			
Percentaged Funds	\$ 53,987.00	\$ 53,987.00	\$ 889.00
Sub-Total	\$ 53,987.00	\$ 53,987.00	\$ 889.00
Diocese Total	\$ 53,987.00	\$ 53,987.00	\$ 889.00
Eastern			
Percentaged Funds	\$ 37,648.00	\$ 38,162.00	\$ (514.00)
Sub-Total	\$ 37,648.00	\$ 38,162.00	\$ (514.00)

Diocese Total	\$ 37,648.00	\$ 38,162.00	\$ (514.00)
Northcentral			
Percentaged Funds	\$ 16,433.00	\$ 16,433.00	\$ (371.00)
Sub-Total	\$ 16,433.00	\$ 16,433.00	\$ (371.00)
Diocese Total	\$ 16,433.00	\$ 16,433.00	\$ (371.00)
Southeastern			
Percentaged Funds	\$ 24,284.00	\$ 22,892.00	\$ 1,392.00
Sub-Total	\$ 24,284.00	\$ 22,892.00	\$ 1,392.00
Diocese Total	\$ 24,284.00	\$ 22,892.00	\$ 1,392.00
Pacific Northwest			
Percentaged Funds	\$ 4,074.00	\$ 3,580.00	\$ 494.00
Sub-Total	\$ 4,074.00	\$ 3,580.00	\$ 494.00
Diocese Total	\$ 4,074.00	\$ 3,580.00	\$ 494.00
Summary of Diocese Funds			
Percentaged Funds	\$ 465,159.00	\$ 465,000.00	\$ 159.00
Sub-Total	\$ 465,159.00	\$ 465,000.00	\$ 159.00
Grand Total of Diocese Receipts	\$ 465,159.00	\$ 465,000.00	\$ 159.00

EXHIBIT 7: Statement of Cash Flows (EXAMPLE)

COCHUSA CASHFLOW STATEMENT

For the Period of: month / date / year through month / date / year
(LAST BANK STATEMENT DATE) (NOW: CURRENT DATE OF THIS REPORT)

CHECKING ACCOUNT BALANCE: (as of last bank statement date): (1) \$ 3,000

ADD:

- a) Receipts since last bank statement (tithes & offerings) \$9,000
- b) Transfers from savings / other accounts \$500
- c) Reimbursements to Church or Convention..... \$50

TOTAL Revenue (2) \$ 9,950 DEDUCT:

- d) \$400
- e) Other / Misc. receipts Operating expenses paid by check:

- 1) Electrical, Gas, & telephone Utilities..... \$900
- 2) Payroll \$3500
- 3) Loan repayment (mortgage, etc.) \$1500
- 4) National Ministries Fund \$800
- 5) Pastor's utilities + expenses \$900
- 6) Janitor & maintenance supplies \$350
- 7) Petty Cash (miscellaneous) \$125

Sub- Total Expenses paid by Check \$ 8,075

b) Operating expenses paid by Credit Card:

- 1) Gasoline (Pastor and Church Bus) \$75
- 2) Office supplies \$175

Sub - Total Expenses paid by Credit Card: \$ 250

TOTAL EXPENSES (pd. By Check & Credit Card) (3) \$ 8,325

LESS: CHECKS NOT CASHED (EXECUTED) - AS OF LAST BANK STATEMENT: (4) \$ 775

12.8 CURRENT CASH BALANCE OF CHECKING ACCOUNT: [(1 +2) – (3+4)] = \$ 3,850

EXHIBIT 8: Recommended Spending Approval Guidelines in the COCHUSA

<u>POSITION</u>	<u>----- AMOUNTS PROPOSED -</u>
	<u>by Board of Bishops</u>
National Convention	Over \$25,000
Board of Bishops	25,000
Chairman of Board of Bishops	15,000
National President	10,000
National 1 st Vice President	5,000
National 2 nd Vice President	2,000
Chairpersons of National Boards	10,000
Presidents of National Auxiliaries	10,000
Presiding Diocese Bishops	10,000
Diocese Chair – Persons / Presidents	3,000
District Chairman	5,000
District Vice – Chairman	2,000
District Chair – Persons / Presidents	2,000
Local Church Pastor	5,000
Local Church Chair – Persons / Presidents	2,000

NOTES:

- 1) **Except for the National Convention, all amounts shown are MAXIMUMS.**
- 2) **Amounts shown are recommended for Local, District & Diocese Church levels.**
- 3) **Amounts shown for National Church are MANDATORY.**
- 4) **If checks require signing above authorization, approval must be sought at level of the COCHUSA that has the signing authority – by submitting a check request.**
- 5) **Signing of checks above \$25,000 – during the convention year – may be approved by BOB, With certification of decision at next convening National Convention.**

EXHIBIT 9: Tax Reporting Requirements for Churches & Ministers

I. Organizational Papers Required by IRS and State Law

- A. Ecclesiastical Articles of Incorporation
- B. Employer ID# (Form SS4)
- C. 501(C)(3) Designation 12.8.1 Requirement for Non-Profit Organizations
- D. Section 508 of the Internal Revenue Code
 - 1. Churches do not need to apply for 501(c)(3); they are automatically exempt.
- E. Section 6033 of the Internal Revenue Code
 - 1. Churches do not need to file an annual report (Form 990).

II. Unrelated Business Income Taxes (UBIT)

- A. Churches can have business unrelated to their non-profit activities, as long as, they pay UBIT on profits generated from that activity (FORM 990-T)
- B. NOTE: Rental property income is exempt from UBIT

III. Church Employee or Self-employed Contractor (Includes Pastors)

Right to Control: The Internal Revenue Service (IRS) Uses a right-to-control test in determining a

- A. Worker's status as an Independent Contractor or Employee
 - 1. The crux of the IRS test is 1) whether the employer has a right to direct and control how the worker does the task for which the worker is hired (behavioral control); 2) whether the worker has the ability to affect financial decision that impact the worker's pay a profit (i.e., financial control); and 3) whether or not there is a contract between the worker and the organization and how it is worded (the relationship of the parties). 11 This test also is used in many states to determine a worker's status under workers' compensation statutes.
 - 2. All employees are issued a W-2 at the end of the tax year at the end of the tax year and respond to IRS, State, and if required, City treasury department.
 - 3. ALL self-employed contractors receiving over \$600 from the church are issued a 1099 at the end of the tax year and reported to IRS.

IV. Tax Reporting for Pastors and Ministers: Reference Section 61 of Internal Revenue Code

- A. Gross Income means all income from whatever source derived.
- B. All gross income is taxable unless specifically exclude by the internal revenue code.

V. Love Offerings

- A. Gifts or Taxable Compensation?
 1. Gifts are excluded from gross income by Section 102 of the Internal Revenue Code.
 2. Gifts from donors are not taxed to the minister neither can they be deducted by the donor.
 3. Borgadus case (1936) determined that gifts made or intended to be made for any services rendered, or to be rendered, are taxable.
 4. Banks case (1991) determined special offerings to be for services rendered and taxable.
 5. Goodwin case (1995) determined that payments made on a regular or systematic basis can be deemed taxable for services rendered.
 6. Churches should always have a guest speaker or minister complete a W-9 if he is being compensated for services so that 1099s can be issued, if needed.

VI. Minister's Employment Status

- A. Is a minister and employee of a self-employed contractor?
- B. A minister is an employee for income tax purposes, and self-employed for social security tax purposes.
- C. **NOTE:** An evangelist that is not under the control of a church is self-employed for tax 13.1.1 purposes.

VII. Minister's Income Examples

- A. Housing Allowance
 1. Applies to ministers who own their home.
 2. Exempt from income tax.
 3. Taxable for self-employment tax.
 4. Fair Rental Value of Church-Owned Property
 5. Applies to ministers living in church-owned homes.
 6. Exempt from income tax.

7. Taxable for self-employment tax.

VIII. Minister's Expenses

- A. Church-owned fringe benefits (Tax-Free)
 1. Health Insurance
 2. Group Life Insurance (\$50K Tax-Free Limit)
 3. Tax Sheltered Annuities (TSAs)
 4. Educational Assistance (\$5,250 Tax-Free Limit)
 5. Etc.

IX. Ministry Related Expenses

- A. Auto Expenses
- B. Travel Expenses
- C. Convention & Seminar Expenses
- D. Office Expenses
- E. Books & Publications
- F. Meals and Entertainment
- G. Etc.

X. The Accountable Church Plan is Recommended to all Local Churches

- A. Definition: An Accountable Reimbursement Plan Does the Following:
 1. Reimburses only those business expenses that an employee substantiates as to the date, amount, and the business nature of each expense.
 2. Requires any excess reimbursements to be returned to the employer.
- B. **NOTE:** An Employer's reimbursement plan is "non-accountable" if it does not meet the above stated requirements; if a local church does not have an accountable plan, then expense reimbursements are taxable for the employee.

XI. Advantages of an Accountable Reimbursement

- A. Individuals can report their business expenses to the church rather than to the IRS.
- B. Persons who report their taxes as employee avoid the limitations on the deductibility of employee business expenses

- C. The “Deason Allocation Rule” is avoided (A rule that requires clergy to reduce their total business expenses by the percentage of their total compensation that relates to tax exempt housing).
- D. The “50% Limitation” that applies to the deductibility of business meals and entertainment expenses is avoided.
- E. Avoid the limitations on the deductibility of business expenses in the instances where the minister is not able to itemize deductions.
- F. Avoid the limitation of being able to deduct business expenses on itemize tax returns only to the extent that these expenses exceed 2% of the ministers adjusted gross income.

XII. To Implement an Accountable Reimbursement Plan; a Written Policy Draft includes the following:

- A. The maximum dollar amount that will be reimbursed on an annual basis.
- B. A list of professional expenses which will be reimbursed by the church.
- C. Establish guidelines to be used by the employee for presenting an accounting of professional expenses to the church treasurer for reimbursement.
- D. Establish guidelines to be used by the church treasurer in implementing the accountable reimbursement plan.

XIII. IRS Guidelines for the Reimbursement of Expenses

- A. The employee should furnish requests for reimbursements to the church treasurer within 60 days of having incurred the expense.
- B. Excess reimbursements received by the employee must be returned to the employer within 120 days.
- C. Church treasurers should implement the reimbursement system based upon the approved reimbursement plan.
- D. The treasurer should ensure that requests for reimbursement of covered expenses are accompanied by sufficient documentation and are received within 60 days of the date that the expenses are incurred.
- E. Minimum requirements as specified by the IRS include the following:
 - 1. Date
 - 2. Time of day (in the case of business travel)
 - 3. Place
 - 4. Business purpose/relationship

XIV. Housing (Parsonage) Allowance – Section 107 of the Internal Revenue Code

A. Housing Allowances Provisions

1. The fair rental value of a home or a housing allowance provided to a minister is non-taxable for federal **income tax** purposes and typically non-taxable under state **income tax** laws.
2. To exclude this compensation, the amount should be designated prior to the year in which it is paid, and documented in an employment contract, church budget, or the minutes from church business meetings or church board meetings [Treasury Regulations section 1.107-1(b)]
3. **Housing Allowances** or the **Fair Rental Value** of church-owned homes are taxable for self-employment tax purposes.
4. Any unused housing allowance amounts at year end must be included in gross income for income tax purposes.

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SECTION .VII

FORMS (EXAMPLES)

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Requestor's Box

Account Distribution			
Ministry/Event	Account Name	Account #	Amount

Requested By: _____ Phone: _____ Date: _____

Approved By Ministry
Leader: _____ Date: _____

Approved By Church Pastor: _____ Date: _____

AS NECESSARY or REQUIRED:

Approved by District Chairman: _____ Date: _____

Approved by Diocese Bishop: _____ Date: _____

Approved by National President (1st or 2nd V.P.): _____ Date: _____

Approved by Chairman of Board of Bishops: _____ Date: _____

FORM 2: Check Request Form for Multiple Payments

(Example)

Instructions:

1. Use this form to request checks to individuals for their service and expense for a particular ministry. For example, the Ministry of Music would use this form to request donations and expense reimbursements to all musicians. The ministry leader would be responsible for staying within the budget for the ministry.
2. Turn this form into the Financial Secretary, along with all original receipts and signed by the appropriate Ministry Leader.

Name Ministry Leader: _____

Phone Number _____ Email Address _____

Make Check Payable To:	Donation and Expenses For	Amount

Ministry/Event	Ministry Setting	Total Requested

(Continued on next page)

Requested By: _____ Phone: _____

Date: _____ Approved By Ministry

Leader: _____

Date: _____

Approved By Pastor: _____

Date: _____

AS NECESSARY or REQUIRED:

Approved by District Chairman: _____ Date: _____

Approved by Diocese Bishop: _____ Date: _____

Approved by National President (1st or 2nd V.P.): _____ Date: _____

Approved by Chairman of Board of Bishops: _____ Date: _____

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FORM 3: Cash Counting Worksheet (Example)

Cash Counting Worksheet

Date: _____

Event _____

Coins

Pennies	_____	@ \$0.01	_____
Nickels	_____	@ \$0.05	_____
Dimes	_____	@ \$0.10	_____
Quarters	_____	@ \$0.25	_____
\$.50 Piece	_____	@ \$0.50	_____
\$1.00 Piece	_____	@ \$1.00	_____

Total Coin:

Currency

Ones	_____	@ \$1.00	_____
Twos	_____	@ \$2.00	_____
Fives	_____	@ \$5.00	_____
Tens	_____	@ \$10.00	_____
Twenties	_____	@ \$20.00	_____
Fifties	_____	@ \$50.00	_____
Hundreds	_____	@ \$100.00	_____

Total Currency

Total Checks

Total Deposit

Counter #1	_____
	Print Name

	Signature
Counter #2	_____
	Print Name

	Signature

FORM 4: NMF Review and Analysis vs. Previous Year

(Example)

DIOCESE A – DISTRICT 1

Church Name	Prior Yr. Members	Current Yr. Members	Member Growth %	Prior Yr. Gross Revenue	Current Yr. Gross Revenue	Revenue Growth %	Prior Yr. Adjusted Gross	Current Yr. Adjusted Gross	Adjusted Gross Change %
Church 1	150	160	6%	250000	220000	-12%	225000	190000	-15%
Church 2	80	90	12.5%	100000	105000	5%	95000	96000	1%

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FORM 5: Cash Receipts (Example)

(For funds received with the correspondence report and other general receipts)

Cash Receipt

Date: _____ For: Correspondence Funds or Other: _____

Received From: _____

Amount Received:

Amount Expected:

Explanation of Difference:

Signature of Local Church Clerk _____

Signature of Correspondence Secretary _____

Signature of Financial Secretary _____

Signature of Payer _____

FORM 6: Ministry Fund Verification Report



Date: _____

From: Pastor J. W. Smith – Christ Temple COCHUSA

To: District Correspondence Secretary

RE: Ministry Fund Representation Verification Report

This is to affirm that <insert local church or district or diocese name> has implemented internal controls and monitoring activities designed to prevent and detect improper accounting for the church’s assets and to **ACCURATELY** represent the church’s financial data, operating data, and information.

The attached ministry fund report has been audited and is being submitted for inclusion in the COCHUSA National ministry fund reporting.

In His Service,

Pastor _____ Date: _____

District Chairman _____ Date: _____

Diocese Presiding Bishop _____ Date: _____

FORM 7: Legend for Manual Abbreviations

Abbreviation	Meaning
BAM	Boards, Auxiliaries and Ministries
BOB	Board of Bishops
COCHUSA	Church of Christ (Holiness) USA)
CFC	Chairperson of Finance Committee
CFS	Church Financial Secretary
CIAP	COCHUSA Internal Audit Process
CTB	Chairman of Trustee Board
DC	District Chairman
DCS	District or Diocese Correspondence Secretary
DFS	District or Diocese Financial Secretary
DPB	Diocese Presiding Bishop
DT	District or Diocese Treasurer
FC	Finance Committee
FCC	Finance Committee Chairperson
FS	Financial Statement
GAAP	Generally Accepted Accounting Principles
IAW	Internal Audit Worksheet
LCBC	Local Church Budget Committee
LCC	Local Church Clerk
LCFC	Local Church Finance Committee
LCFCC	Local Church Finance Committee Chairperson
LCFS	Local Church Financial Statement

LCCFS	Local Church Cash Flow Statement
LCJ	Local Church Journal
LCT	Local Church Treasurer
NEB	National Executive Board
NFM	National Financial Manager
NMF	National Ministry Fund
NFS	National Financial Secretary
NT	National Treasurer
NTB	National Trustee Board

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