Finance Committee

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1. THE BIG PICTURE

PURPOSE

The ministry of the committee on finance nurtures the financial vitality of the congregation. This is a comprehensive assignment that encompasses a variety of responsibilities, all of which are necessary if the congregation is to accomplish its vision for ministry.

The committee on finance shall give stewardship of financial resources as their priority throughout the year. It may delegate the responsibility to either a sub-group or task force that would plan, strategize, and implement ways to generate more resources for mission and ministries of the local churches and beyond. It is strongly recommended that the committee on finance, in collaboration with the church council, find creative ways to turn their congregations into tithing congregations with an attitude of generosity.

Summary

In The Book of Discipline of The United Methodist Church, (¶258.4) the committee on finance is charged with all of the following activities:

- overseeing stewardship
- compiling a budget annually
- raising sufficient income to meet the budget
- administering funds received by the church
- counting and depositing the offering
- disbursing funds
- establishing internal control policies
- annually reviewing and reporting on the adequacy and effectiveness of
- internal controls
- providing for an annual audit of the church financial statements
- reporting to the annual charge conference on the audit
- recommending proper depositories for church funds
- using contributions in accordance with donors’ intent
- annually reporting to the church council all designated funds that are separate from the church budget

2. MEMBERSHIP AND ORGANIZATION

MEMBERSHIP

The Discipline provides for the committee on finance to be made up of persons who, by virtue of other leadership responsibilities, link the committee to other areas of congregational life, and others who are nominated in recognition of their commitment and witness of personal stewardship. The Discipline calls for the following members of the committee:

- chairperson
- pastor(s)
- lay member of the annual conference (one)
- chairperson of the church council or board
- chairperson or representative of staff/pastor-parish relations committee
- representative of the trustees (selected by the trustees)
- chairperson of the ministry group on stewardship
- lay leader
- financial secretary
- treasurer
- church business administrator
- others as determined by the charge conference

If any of these persons are paid (other than the pastor), such as the financial secretary or business administrator, they serve without vote. As a member of the committee on finance, you serve in a fiduciary capacity and as such, must always strive to act in the best interest of the congregation, rather than in any personal interest in which you might profit. The congregation has placed its confidence and trust in you to make decisions for them regarding the use of money they have contributed to the church. This is a position that requires the highest standard of care and complete loyalty to the interests of the church.

You were nominated by the committee on nominations and elected by the charge conference to serve a term of up to three years (¶2526, the Discipline). In order to maintain continuity and experience, you and other members of the Finance Committee are divided into three classes with an equal number of members in each class. One class of Finance Committee members is elected each year. The charge conference can also fill vacancies that occur in any class. In a perfect world, the composition of your committee will include a good balance between consistency and diversity. Keeping in mind the importance of the different functions within the body of Christ, it will take a variety of gifts to work faithfully together. It is also helpful to mix new members with those who have a history in the congregation.

(From, Finance: Handling God’s Money in the Church)

ORGANIZATION AND TASKS

All financial askings to be included in the annual budget of the local church shall be submitted to the committee on finance. The committee on finance shall compile annually a complete budget for the local church and submit it to the church council for review and adoption. The committee on finance shall be charged with responsibility for developing and implementing plans that will raise sufficient income to meet the budget adopted by the church council. It shall administer the funds received according to instructions from the church council.

The positions of treasurer and financial secretary should not be combined and held by one person, and the persons holding these two positions should not be immediate family members.

No immediate family members of any appointed clergy may serve as treasurer, finance chair, financial secretary, counter, or serve in any paid or unpaid position under the responsibilities of the committee on finance, as described herein. These restrictions would apply only to the church or charge where the clergy serves.

The committee shall carry out the church council's directions in guiding the treasurer(s) and financial secretary.

a) The committee shall designate at least two persons not of the immediate family residing in the same household to count the offering. They shall work under the supervision of the financial secretary. A record of all funds received shall be given to the financial secretary and treasurer. Funds received shall be deposited promptly in accordance with the procedures established by the committee on finance. The financial secretary shall keep records of the contributions and payments.

b) The church treasurer(s) shall disburse all money contributed to causes represented in the local church budget, and such other funds and contributions as the church council may determine. The treasurer(s) shall remit each month to the conference treasurer all World Service and conference benevolence funds then on hand. Contributions to benevolence shall not be used for any cause other than that to which they have been given. The church treasurer shall make regular and detailed reports on funds received and expended to the committee on finance and the church council.10 The treasurer(s) shall be adequately bonded.

c) The committee on finance shall establish written financial policies to document the internal controls of the local church. The written financial policies should be reviewed for adequacy and effectiveness annually by the committee on finance and submitted as a report to the charge conference annually.

d) The committee shall make provision for an annual audit of the financial statements of the local church and all its organizations and accounts. The committee shall make a full and complete report to the annual charge conference. A local church audit is defined as an independent evaluation of the financial reports and records and the internal controls of the local church by a qualified person or persons.

From The Book of Discipline of The United Methodist Church, 2016 (Nashville: The United Methodist Publishing House, 2016)

3. RESPONSIBILITIES

The Finance Committee has several administrative functions. They are to:

- The finance committee annually compiles a budget for supporting the mission and vision of the local church and submits the budget to the church leadership team for review and adoption. During the year, the finance team recommends any changes to the approved annual budget to the church leadership team.
- This team is responsible for developing and carrying out plans to raise enough income to support the budget that has been approved.
- Both the finance team and individual members need to engage in spiritual practices that attend to God's will and direction. Team members need to hold one another accountable to decisions and actions that fulfill the mission and vision of the church.
- The finance team (or committee) recommends to the church leadership team proper depositories for church funds and carries out the church leadership team's directions about administration and disbursement of funds and about procedures for the church treasurer and the financial secretary.
- There are three tasks not specifically assigned to the treasurer, financial secretary, or the chairperson of the committee on finance by the Discipline. Keeping these responsibilities separate is essential in maintaining segregation of duties. These tasks are: (1) approving payments for expenditures; (2) signing checks; (3) reconciling bank accounts. While the treasurer, financial secretary, or finance chairperson may be authorized to do any one of these tasks, no person should be authorized to do more than one. No persons related to one another should perform any two or more of these three tasks.
- This team arranges for an annual audit of financial records and makes a report of this audit to the charge conference.
- In congregations in which there is no stewardship team or committee, the finance committee has responsibility for teaching disciples a biblical understanding of abundance and generosity and stewardship of all resources.
- The finance leaders of the church are accountable to the charge conference through the church council.

WHAT DOES THE CHAIRPERSON DO?

- The finance chair works with the leadership team chair, the church staff, and other ministry leaders to fulfill the mission of the church.
- The finance chair works with the trustees to handle designated gifts and bequests in accordance with The Book of Discipline.
- This person will guide the work of the finance team through the year, including planning agendas and presiding at meetings.
- This leader will gather all budget requests to be reviewed by the committee, ensure that the congregation and pastor(s) are informed about the church's financial situation, and recommend to the church council any changes that need to be made in the budget after it has been approved.

- This leader is accountable to the charge conference through the church council.

4. RESOURCES

The Church Audit: You Can Do This!

https://www.umcdiscipleship.org/articles/march-9-2021-the-church-audit-you-can-do-this

Finance: Handling God's Money in the Church

https://www.dropbox.com/s/cm4nmcvbnun4dql/Guidelines%20%20-%20Finance.pdf?dl=0

AWF Website (Conference Resources)

https://www.awfumc.org/resources

United Methodist Church Website (General Church Resources)

https://www.umcdiscipleship.org/resources/finance-committee2