

Monthly Reporting and Record Keeping

NEW TREASURERS' TRAINING
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The Treasurer/CFO and the Treasury Department

- **103.01 Stewardship and Custody of Assets** - While the primary purpose of an accounting system is to record transactions and generate financial reports, another vital purpose is to provide accountability for the possession and use of an entity's assets. The CFO and accounting personnel have a stewardship responsibility to constituents, donors, and the governing committee. Procedures for handling and safeguarding the assets of the organization must comply with the policies of the organization and of affiliated denominational entities.

The Treasurer/CFO and the Treasury Department - Continued

- **103.02 Financial Reports** - The CFO is responsible for giving periodic reports about the financial condition and operations of the entity to its governing committee, and to other intended users and constituents. A good accounting system will enable the CFO to produce these reports efficiently, without additional editing and reorganizing of the underlying data, and in a format that will be understandable to the average well-informed reader. In addition, the reports should comply with generally accepted accounting principles and conform to the standards of uniformity required for statistical comparison with the reports of other denominational organizations.

The Treasurer/CFO and the Treasury Department - Continued

- The degree of detail required for adequate disclosure of information in these reports may vary. It is the CFO's responsibility to determine the amount of detail the users of the statements need. The CFO must guard against either submitting so much detail that it is confusing, or so little detail that the financial statements might be misleading or not in compliance with minimum standards for disclosure.

SDA Accounting Manual – January 2011

Goal for Today

- ❑ Understand the need of preparing, keeping, and safeguarding the records.
- ❑ Responsibility of the treasurer and staff to maintain a financial record system that permits auditors to form an opinion on the validity of financial reporting
- ❑ Expectations of the reporting monthly by the treasury department to the appropriate governing bodies and others as might be required.

Policy on Recordkeeping

- ❑ **BA 70 05 Records Management**—The normal operation of denominational organizations and institutions results in the production and the accumulation of a large volume of files and records of varying degrees of administrative and historical value. In order to preserve documents of permanent value..... will find it advantageous to establish a records management program.
- ❑ Corporate papers and board minutes not only tell the history of an organization but may be called upon in cases of litigation. Many other documents and general files that seem to be of little value beyond their initial retention period grow rapidly in historical value as time passes and even serve future administrators in restudying issues and problems.

Policy on Recordkeeping

- ❑ **BA 70 10 Records Retention**—1. Each organization and institution shall establish a records center, that is, a storage place to protect documents from fire, deterioration, and unauthorized access. Etc.
- ❑ 2. A records retention schedule.....shall be considered by the respective denominational organizations and institutions and, with revisions that may be indicated by local needs or varying legal requirements, be adopted by their governing boards or committees.
- ❑ 3. Documents and files stored in the records center awaiting later destruction shall be boxed in such a way as to make clear the date of their destruction, under the provision of a records retention schedule approved by the organization's executive committee or board.

Policy on Recordkeeping

- ❑ 4. Documents and files to be preserved permanently may be kept in hard copy, microform, or digital form, at the discretion of the appropriate governing body. Etc.
- ❑ 5. Organizational units (see B10) with sizable collections.....shall make provision to create an historical archive, etc.
- ❑ 6. Planned Giving & Trust Services programs, trusts, wills, charitable gift annuities, and other estate planning documents shall be retained permanently in their original form. Other documents including information worksheets, accounting reports, tax returns, correspondence, email messages and other routine materials may be retained in a secure and accessible electronic form.

Policy on Recordkeeping

- **BA 70 15 Vital Records**—1. All organizations and institutions shall give special attention to the preservation and security of their own vital records, such as articles of incorporation, constitutions and bylaws, minutes of boards or governing committees, property records and other legal documents.

NAD Working Policy – 2020-2021

Record Retention Sources

- ❑ In my files I found five resources for record retention
- ❑ AdventHealth (from Adventist Health System days)
- ❑ Adventist Risk Management (2014)
- ❑ ASTR – Office of Archives, Statistics, and Research
 - ❑ (2015 addition and very extensive)
- ❑ Certified Public Accountants Sources – one I have is from the Massachusetts Society of CPA's (2004)
- ❑ America Best Practices – search the web for one
- ❑ One should have a policy and practice it.

What is an official document?

- ❑ One that is needed to support a financial or legal claim or obligation
- ❑ Authorize to transact official business
- ❑ Has administrative, operational, fiscal, legal or evidence value
- ❑ Has historical, research or informational value
- ❑ Provides evidence of or verifies the formulation of policies, procedures, or decisions
- ❑ Protects the organization and individual rights or interests

Examples

- ❑ Official minutes of meetings of the board etc.
- ❑ Decision papers, correspondence (memoranda, letters, e-messages)
- ❑ Employment documents, contracts, and payroll records
- ❑ Accounting records – receipts, disbursements, tax records, and bank reconciliations
- ❑ Audited financial statements and auditors' reports
- ❑ Data files, reports, official publications, and supporting materials sufficient to document and explain the decision-making processes for administrative, legal, programs, cultural or historical purposes

Examples - continued

- ❑ Legal documents such as property records for physical property, trademarks, copyrights
- ❑ Corporate papers such as articles of incorporation, constitutions and bylaws
- ❑ Many of these records are found in secretariat or archives, but many are on file in treasury

Items treasurers have wished they could find or have looked for

- Minutes
- Committee terms of reference
- Correspondence – (especially with email)
- Employment documents
- Payroll records
- Contracts – service contracts
- Endowment agreements
- Support for donor restrictions
- Insurance documents

Items treasurers have wished they could find or have looked for

- ❑ Audit Reports
- ❑ Data Files
- ❑ Reports
- ❑ Legal and other Property Documents
- ❑ Supporting Materials for Accounting Entries
- ❑ Conflict of Interest Statements

Records Ownership

- ❑ **BA 70 20 Ownership of Records**—1. When an organization records ideas and information on paper or other medium, it retains the ownership of that record.
- ❑ 2. All records, files, and documents (including emails and other correspondence) created by the employee in the course of employment are the property of the employing organization and..... its records management policies.
 - ❑ a. The term “records” includes, but is not limited to, information recorded on or transmitted by paper, film, audio and video tape, email, or other electronic media or sound media, as well as charts, drawings, and maps.
 - ❑ b. Excluded from this policy are materials closely related to an employee’s professional career or graduate education such as sermons and sermon files and graduate research materials.

Email

- ❑ a. The official SDA policy is that email is owned by the organization and is to be used for church business. The church does not monitor electronic mail messages as a routine matter, but it reserves the right to access them to view their contents and track traffic patterns.
- ❑ b. Email should be used for delivering messages quickly; communicating directly with the decision-maker; delivering the same message to multiple people; maintaining a written records of electronic communication; staying in touch with the office while on the road.
- ❑ c. Email should not be used for confidential matters; disciplinary or performance issues; communicating highly complex information; when going back and forth in negotiation, or when dealing with emotional issues or personal conflicts.

Disaster Recovery

- ❑ **IV. Disaster Recovery and Contingency Planning**
- ❑ 1. Have contingency plans been developed for alternative processing in the event of loss or interruption of the IS function?
- ❑ 2. If contingency plans have been developed, have they been tested for adequacy in the event of a disaster?
- ❑ 3. Is off-premises storage maintained for:
 - ❑ a. Master files and transaction files sufficient to recreate the current master files?
 - ❑ b. Application software and related documentation?
 - ❑ c. Copies of the contingency plans?

Disaster Recovery

- ❑ 4. Are copies of the backup files for the following items tested periodically to make certain they are usable:
 - ❑ a. Software copies?
 - ❑ b. Master files?
 - ❑ c. Transaction or transaction history files?
- ❑ Do contingency plans include procedures for replacing employees who may be injured or otherwise unavailable as the result of a disaster?

SDA Accounting Manual – January 2011

Disaster Recovery

- ❑ A. Each organization should have a disaster recovery plan.
- ❑ B. The disaster recovery plan should include the following:
 - ❑ 1. Decision regarding what functions of the organization are vital?
 - ❑ 2. In what order should these functions be restored (e.g., accounts receivable, payroll, accounts payable)?

Disaster Recovery

- ❑ 3. What contracts should be developed with support agencies such as the local fire department, police, civil defense, ambulance services, computer equipment and office equipment restoration companies?
- ❑ 4. Blueprints and floor plans of buildings should be on hand to locate utility connections, electrical switches, alarms, and potentially dangerous materials quickly in the event of a disaster.
- ❑ NAD Retirement has in place the ability to run retiree check in case of a disaster on site.

Monthly Reporting

- ❑ **S 19 05 Distribution**—In order that controlling boards, executive committees, and responsible officers may be kept fully in-formed concerning the operations under their control, monthly financial statements should be furnished to the members of the responsible boards and committees and to the officers of the next higher organization. Etc. To achieve this objective:
 - ❑ 1. At least nine, of the twelve monthly, financial reports must be provided to the organization's administrative officers.
 - ❑ 2. At least four, of the twelve monthly, financial reports, reasonably spaced throughout the year, must be provided to the controlling board, executive committee, and officers of the next higher organization.
 - ❑ 3. In the case of relatively inactive organizations, quarterly financial reports are required (instead of monthly).

Monthly Reporting

- **S 19 10 Analysis**—Monthly financial reports showing the actual operating expenses and budgetary provision to date shall be prepared and studied by the organization's administrative officers. Controlling boards and executive committees should compare these statements with the approved budget and be prepared to act with the officers in increasing income and/or decreasing expenditures as may be necessary.

Monthly Reporting

- ❑ **S 19 15 Presentation to Committees**—When presenting financial reports in the accounting format generally accepted by the church, the treasurer/chief financial officer should use appropriate visual aids and explain all technical terms used to make sure the report is understandable to members with limited accounting back-ground. Financial reports are to be comparative and include the following:
 - ❑ 1. Statement of Financial Position
 - ❑ 2. Statement of Financial Activities
 - ❑ 3. Statement of Cash Flows
 - ❑ 4. Footnote disclosures which are an integral part of the report
 - ❑ 5. Other supplemental information, such as schedules showing further details of assets, liabilities, income, expenditures, and certain percentages or ratios.
 - ❑ 6. If the financial report has been audited, the auditor's opinion should accompany the report.

Monthly Reporting

- ❑ Annually and Monthly - One of the main tasks is the annual budget approved to the administration and the governing body, but one continues monthly to note how the organization is staying within what is approved.
- ❑ Monthly Financial Statements – Given to the administration, the governing body and next higher organization as required. A reminder as one is preparing the financial statements one should always be mindful of the S 90 Core Policies for Policy Compliance which will help the audit go more smoothly.

Monthly Reporting

- ❑ Income - Monthly reports to administration and governing body on sources of income with comparisons to budget and prior periods.
- ❑ Expenses - Monthly reports to administration and governing body on expenses with comparisons to budget and prior periods
- ❑ Cash and Investments – Monthly to the finance committee
- ❑ Audited Financial Statements – Reported annually to the audit committee, however best practice is for the audit committee to meet more often throughout the year.

Monthly Reporting

- ❑ Tithes and Offerings – Watch closely and report to the finance committee and higher organizations – usually in the form to the tithe monthly statement.
- ❑ Departmental Directors – Reports to directors on their expenses compared to the budget. Monthly preferred and a must.
- ❑ Governmental and regulatory reports – payroll reports to taxing authority as required, whether monthly, quarterly or annually.
- ❑ Financing – Reports to banks or revolving funds if borrowing is concerned.
- ❑ Employees – Reporting to employees on remuneration and to employees on earnings for tax reporting

Files and Filing

- ❑ There are many documents in accounting to be filed but the main thing is that proper records are kept for the history of what has happened and that there is a proper audit trail as the friendly auditors come for the visit.
- ❑ File a copy of the monthly financial statements that are given to the governing body.
- ❑ File copies of the checks both alphabetically and numerically for ease of finding for reference. Many organizations are now filing electronically with the accounting system. Example AASI.

Files and Filing

- ❑ File copies of the journal vouchers along with the supporting documents for ease of research and validity. Be sure to support your JV with documentation. Many organizations are filing electronically.
- ❑ In looking at the SDA Accounting Manual – January 2011 – I noted the word documentation throughout the manual. Document, document, should be a watch word.
- ❑ Keep copies of checks received to support deposit. Large amounts of cash is now coming electronically with the bank statement. Keep copies of the minutes of governing committees and inhouse committees.

Files and Filing

- ❑ Some things I have found helpful through the years as it related to filing useful data and resources that have come in handy through the years.
- ❑ Email – Find a way that works for you to file your email for future history and research.
- ❑ CompuServe – how to relate to it for resource purposes. I suppose deleting it might prove effective.
- ❑ Resource data such as policy books both NAD and GC in pdf format. Manuals, such as accounting and other resources in pdf. Perhaps the latest accounting manual from the church.
- ❑ Manuals such as Elders Manual, Church Manual in pdf format.
- ❑ Remuneration information and booklets.
- ❑ Yearend NAD minutes.
- ❑ Minutes in general.

Credits

- ❑ <https://moneywise.adventist.org>
- ❑ SDA Accounting Manual – January 2011
- ❑ General Conference Working Policy 2020-2021
- ❑ North American Division of the General Conference Working Policy 2020-2021
- ❑ Dr. Ann Gibson – Topic Outline