

Chapter 8: Funding Policies and Financial Management

The funding policies of the BHECM have been developed with the following objectives in mind: fairness to each campus ministry unit, clarity in which the campus ministry monies are allocated. Our Financial management systems are critical for demonstrating adherence to nonprofit legal requirements, the Book of Discipline (§ 258.4. Finance), and accountability to the VA Annual Conference Committee on Finance and Administration, the Board of Higher Education and Campus Ministry, to all supporting organizations and donors. This chapter will clarify funding policies and highlight six elements of an effective financial management systems.

Funding Policies and Procedures: Conference funding for campus ministries fall into two categories. Salary based funding is provided to all supported campus ministries. Property based funding is provided to those campus ministries with Wesley Foundation, Inc. owned properties.

Salary Funding for Wesley Foundations: Campus minister salaries will be reflected as a grant, without allocation of these funds to the local board. The VA Conference will administer the salaries and benefits. For salary adjustments, the following procedures will apply:

- If a local board determines that the campus minister's salary should be increased, a recommendation will be submitted through the District Superintendent to the BHECM. If approved, and the amount is above the annual grant level, the local board will provide the necessary funding to the VA Conference.
- If a local board hires a new campus minister at a lower salary, the BHECM will allocate the difference between the salary and the grant to the local board to support non-salary-based operations.

Salary Funding to Hybrid Campus Ministries: Grants to the hybrid campus ministries are allocated to the supervising district superintendent's office or the local board for administration of salary and benefits. The BHECM grant is not intended to set the campus minister's salary and benefits. The local board will consider the grant and other funds available for new church starts as a resource. The annual salary and benefits should be set in consultation with the district superintendent.

Salary Funding to Ecumenical Campus Ministries: Grants to the ecumenical campus ministries can be allocated to the supervising district superintendent's office or the local board for administration of salary and benefits. The BHECM grant is not intended to set the campus minister's salary and benefits. The local board will consider the grant and other funds available from other participating churches as a resource. The annual salary and benefits should be set in consultation with the district superintendent.

Property Funding: Funding from the conference is provided only to those campus ministries with Wesley Foundation, Inc. owned properties. Local boards are expected to fund the cost of utilities, property maintenance and repair, debt service, any property taxes that may be assessed due to property rentals, janitorial fees, and supplies. Income to meet these expenses should

come from donations, building use fees and room rentals. Wesley Foundation, Inc. will pay building liability insurance and will work with the local board property managers to support major maintenance and remodeling projects. To obtain funding support from the foundation, local boards must submit the Grant Request Worksheet for Local Campus Ministry Units.

Financial Management Systems: Effective financial systems adhere to at least six principles to include the separation of duties, physically securing assets, establishing authorization procedures, documenting financial transactions, establishing an annual budget and conducting an annual financial review.

1. Separation of duties delegates certain key financial activities to different unrelated people with the objective of preventing a single person from both perpetrating and concealing fraud. It is important that the treasurer, financial secretary and chairperson of the finance committee understand and believe in the importance of these separations to protect the campus ministry, themselves and their reputations. The income side is normally assigned to the financial secretary and the expense side to the treasurer. The position of treasurer and the financial secretary should not be combined and should not be immediate family members. The tasks of approval of payments for expenditures, signing of checks and reconciliation of bank accounts should not be assigned to one person.
2. Physically secure assets including cash and checks, computer hardware and software, financial data, and blank checks. Controls to consider are promptly depositing all funds received, using password protected software programs, locating the computer system in a place that is secure and not visible to casual traffic, adequately bonding the treasurer and others who deal with assets, and limiting the distribution of keys and maintaining a log of who has keys.
3. Authorization procedures are needed to identify who has the right to perform various functions such as making a purchase, transferring cash between accounts, cashing investments, purchases/sales of certificates of deposit, initiating payroll checks or electronic payroll transactions.
4. Documentation includes maintaining official documents, minutes, property records, general ledgers, receipts and disbursements journals, payroll records, banking records, and invoices. Most experts agree that accounting records and contribution data should be maintained a minimum of seven years, while property records, licenses, permits, minutes, and annual reports and financial statements should be retained permanently. Those performing the annual financial review use documentation to support financial transactions.
5. The annual budget document is the blueprint for both spending and income. It is the guide for making short-and long-term strategic decisions and guiding month-to-month operations. Checking the annual budget against year-to-date income and expenses may show where adjustments in activities and in expectations need to be made to finish the year without a deficit. The budget is a critical tool for boards to fulfill their financial oversight duties. To be effective, budgets need to be realistic, consistent with your strategic planning objectives, flexible and measurable. Preparing the annual budget should be a team effort involving the campus minister, the administrative staff, and the local board. Two types of budgets should be used, line-item and

program. The line-item budget is a list of various categories and the amount the campus ministry expects to spend for each category. The program budget contains various line-items, but the difference is that each major program is provided with a line-item budget. The budget needs to reflect your programs, mission, strategic plan and expected income.

6. **The annual Financial Review** is an independent evaluation of the financial reports, the records, and the internal controls of the campus ministry by a qualified person or persons for the purpose of reasonably verifying the reliability of financial reporting, determining whether assets are being safeguarded, and determining compliance with the law, local policies and procedures, and the Book of Discipline. Campus ministries will use the following guidelines and form. There are three documents available on the BHECM web site that cover this topic: Steps in Conducting the BHECM Financial Review, Annual Financial Review Guidelines and the Annual Financial Review Report Form.