

EXPENDITURE APPROVAL AUTHORITY MATRIX

IMPLICIT POLICY:

The implicit policy includes the cost effective investment of available resources to pursue the Mission and Vision of The Church. Further:

1. Per the Church governance documents the Church Staff, elected Council Members and Volunteers shall not allow expenditures to exceed the annual budget, accrued facility upkeep accrual restricted fund, or designated funds without Church Approval in a constitutionally approved church business meeting. The Church Staff and/or Council Members shall not incur debt, other than a lease for equipment less than \$1,000 without approval of the Church members through the process of a constitutional church business meeting.
2. The annual budget is to be aligned with the Church Strategic Plan, the Strategic Plan is to be aligned with the Mission and the Mission is to be aligned with the Vision.

EXPLICIT POLICY/PROCEDURE

1. **Expenses greater than \$?????**. Any proposed budgeted or non-budgeted expense of \$???? or more must have prior approvals using a purchase order request per the Expenditure Approval Authority Matrix listed below and meet the implicit policy requirements stated above.
2. **Expenses \$???? or less**. Any proposed budgeted or non-budgeted expense less than \$???? must have prior approval per the Expenditure Approval Authority Matrix listed below and meet the implicit policy requirements stated above.
3. **Budgeted expenses**. The annual budget is the financial plan the Church will operate each year. The expenditures listed in the budget shall be initiated within the guidelines of this policy. It is the responsibility of the Department Head to manage their budgets within the approved budget amounts. It is the responsibility of the approver to determine 1) the proposed expenditure is in the approved budget, 2) the proposed expenditure is appropriate and cost effective and 3) at the time of the request there are sufficient funds to pay for the expenditure.
4. **Budget Expense Approval Authority (Expenditure Authority Approval Matrix)**. All expenditures must be approved and reported according to the Budget Expenditure Approval Authority Matrix.

BUDGET EXPENDITURE APPROVAL AUTHORITY MATRIX

<u>Level</u>	<u>Limit</u>	<u>Approver</u>	<u>Reported To</u>
Level 1*	\$0 - \$1,000	Department Head	_____
Level 2*	\$1,001 - \$5,000	_____	_____
Level 3*	\$5,001 - \$15,000	_____	_____
Level 4*	\$5,001 - \$15,000	Highest level financial person	As provided for in Constitution or Bylaws
Level 5*	\$15,001 - \$40,000	_____	As provided for in Constitution or Bylaws

* Requires a Purchase Order approved by the Approver and Reported To per Expenditure Approval Authority Matrix above.

Note: All expenditures being charged to the Facilities Upkeep Accrual Restricted Fund can be approved by the Chairperson of the Trustees.

Note: In the event of the need for approval of emergency expenses and the Approver is not available, the approval will move to the next higher level for approval or to the Emergency Response Incident Leader in the event of an emergency.

5. **Banking Transactions.** Banking Transactions include any written or verbal financial order that directs a bank to transact money on behalf of the Church (e.g., checks, transfers, account applications, etc.). The individuals authorized to sign and/or give approval for all banking transactions are the Church Treasurer and/or as designated by the Church Constitution/Bylaws).
6. **Financial Documents.** Financial Documents include documents related to financial matters other than banking transactions (e.g., stock transactions, investment accounts, account applications, etc.). The individuals authorized to sign documents and give approval for transactions relating to financial matters are the Church Treasurer and/or as designated by the Church Constitution/Bylaws).
7. **Legal Documents.** Legal Documents include major documents that state the legal position of the Church and/or that bind or obligate the Church in any way for any period of time (e.g., government filings/applications, insurance documents, legal actions, etc.). The individuals authorized to sign legal documents are the (see Constitution; normally the Trustees of the Church). Legal documents covering the hiring of consultants, contractors or employees or other binding obligations shall not be signed if the outcome would be for expenditures to exceed the lower of accumulated income on hand or budget in any fiscal year without approval according to the Church Constitution/Bylaws.
8. **Contracts.** Contracts include minor documents that legally bind or obligate the Church in any way for any period of time with outside organizations or individuals (e.g., equipment leases,

camp rentals, guest artists, etc.). Contracts need to be approved per the Church Constitution (normally the Trustee Board).

9. **Policies.** These Policies include comprehensive and current policies and associated procedures for operations of the Church. The individual authorized to approve these policies is the department to which the policy applies and/or as required by the Church Constitution. Most policies will be generated by the Trustees and approved by the Church governing body if they impact the entire Church.
10. **Real Estate.** Real estate includes documents that commit the Church in the purchase, sale or lease of real estate or a mortgage for the purchase of real estate (e.g., real estate offers, closing papers, mortgage loan documents, etc.). The Church Constitution/Bylaws covers the requirements for Real Estate.
11. **Recurring Contractual Expenses.** Expenses related to recurring contractual agreements such as payroll, insurance or utilities are exempt from this policy.
12. **Related Policies/Procedures.**
 - a. Request to Spend Purchase Order Policy/Procedure
 - b. Church Credit Card Purchase Policy/Procedure
 - c. Cash Handling Policy/Procedure
 - d. Expense Reimbursement Policy/Procedure

These samples are provided as input to assist you in developing procedures, but are not a substitute for considering the risks at your church and establishing your own policies and procedures to reduce those risks to acceptable levels. Transformation Ministries provides these as a convenience for its churches but directly states to you, the user that Transformation Ministries is not providing these to you as legal advice or even a substitute for legal advice. Use of these samples is at your own risk. Laws change and best practices change, sometimes rapidly. It is your church's responsibility to stay abreast of changes in laws and best practices. It is recommended you always consult with your attorney and/or CPA as part of the process of developing your policies and procedures.