

United Church of Christ in the Philippines

Office of the National Treasurer

877 Epifanio de los Santos Avenue, West Triangle, Quezon City



Manual

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I. INTRODUCTION

The United Church of Christ in the Philippines is a non-stock, non-profit religious organization established in 1948 whose doctrines and beliefs are based on the Word of God as revealed in the Holy Scriptures and articulated in the historic Christian creeds, expressed in the diverse heritage of faith and practice brought into the union by its uniting Churches, and embodied in its Statement of Faith.

VISION. The United Church of Christ in the Philippines (UCCP), a responsible empowered, self-reliant and caring community of Christian believers committed to the pursuit of a transformed church and society towards an abundant and meaningful life for all.

MISSION. In light of such a Vision, the UCCP, therefore, commits itself to the mission of establishing and uniting the community of faith for the proclamation of the Gospel of our Lord Jesus Christ towards the transformation of both church and society.

GOALS. Within the first 5-10 years of its jubilee, the UCCP will translate its mission into a life-work that will focus on the restoration of its relationships – a foretaste of God’s reign or Shalom.

1. To strengthen the faith community.
2. To enrich the life-work of communities where local churches are located.
3. To deepen the impact of its collective response to societal issues and concerns.

The UCCP Finance Manual is a compilation of policies, guidelines and procedures. It is designed to give managers specific standards and procedures to control the financial activities of the Church to minimize the risk of loss, maximize savings, improve budget planning and guard against irregularities that could lead to operational, financial and legal problems.

II. FINANCIAL MANAGEMENT SYSTEM

A. Basic Features

The financial management system of the United Church of Christ in the Philippines reflects its values and principles in all its financial transactions. It ensures accountability and responsibility of the people involved in the system from the receiving to the recording up to the reporting. The system is also in accordance with the generally accepted accounting principles.

The system provides UCCP with the following:

1. Basis for sound decision in evaluating the financial condition of the Church
2. Indicator for the kind of performance UCCP has achieved
3. Level of project and program implementation

B. Basic Financial Statements

1. Balance Sheet

The Balance Sheet is a statement that presents the financial position of the Church. It reflects what it has already earned and what obligations to be made at a given period. The format for Balance Sheet is the standard format used in general reporting.

2. Statement of Income Received, Expenses Disbursed and Changes in Fund Balance

The Income Statement is a summary of the income received and expenditures of the Church for a given period. The statement is a measure also of how the resources were utilized.

3. Cash Flow Statement

Cash Flow Statement is a statement of available cash and its use during the accounting period. It also reflects the kind of income received and the use of investment during the period.

4. Budget Performance

Budget Performance is a report of the budget vis-à-vis the expenditures made by the Church in a given period. This report indicates which accounts were not properly utilized and over expended. It is also a basis for midterm evaluation and realignment.

5. Budget

Budget is the financial plan of the Church. It shows the long term and short term goal of the organization. The budget also considers the approved grants and what must be implemented in the given period. The budget also serves as a guide for the program which activities must be prioritized and implemented.

C. Financial Reporting System

Title of Report	Source	Responsible Person	Frequency	Recipients
Balance Sheet	General Ledger	Bookkeeper or its equivalent Treasurer	Quarterly Yearly	Conference Minister, Treasurer, Financial Secretary, Program Units Staff, Conference Council Conference in Session Funding Partners, Government Agencies (BIR, SEC)
Income Statement and Cash Flow Statement	General Ledger	Bookkeeper or its equivalent Treasurer	Quarterly Yearly	Conference Minister, Treasurer, Financial Secretary, Program Units Staff, Conference Council Conference in Session Funding Partners, Government Agencies (BIR, SEC)
Budget Performance Report	General Ledger, Budget	Bookkeeper or its equivalent Treasurer	Quarterly Yearly	Conference Minister, Treasurer, Financial Secretary, Program Units Staff, Conference Council Conference in Session Funding Partners, Government Agencies (BIR, SEC)
Bank Reconciliation Statement	General Ledger, Bank Statements; Cash Disbursements; Receipts Book	Bookkeeper or its equivalent	Monthly	Conference Treasurer
Cash Position Report	Cash Receipts and Cash Disbursement	Cashier Bookkeeper or its equivalent	Weekly	Conference Treasurer Auditor

III. FINANCIAL POLICIES, ACCOUNTING CONTROLS AND PROCEDURES

a. Basic Features

The principal objectives of any accounting control system are: to physically safeguard the organization's asset (cash, receivables, property and equipment) i.e. to prevent fraud and other losses; and to ensure the accuracy, completeness and validity of the accounting data; and to promote operational efficiency and effectiveness; and ensure adherence to agreed policies and procedures. To achieve these objectives, the accounting control system should be designed to include the following basic internal control features.

1. Segregation of duties (i.e. physical control over assets must be separate from recording and operational functions);
2. Appropriate authorization of transactions;
3. Internal checks and balances;
4. Adequate management supervision; and
5. Plan of organization

The succeeding sections describe the standard internal accounting control guidelines and procedures for the United Church of Christ in the Philippines, taking into consideration the above mentioned features.

CASH/BANK RECEIPTS

A. Policy Statement

It is the policy of the United Church of Christ in the Philippines to acknowledge all collections by the issuance of official receipts and to deposit all collections intact in the appropriate church bank account.

B. Guidelines and Internal Control Features

1. Collections shall be made only by the Cashier, Conference Treasurer or the duly authorized Collector.
2. The Cashier, Conference Treasurer or the duly authorized Collector must issue an official Receipt (OR) for all income received be it by cash, check or direct deposit. Supporting documents, if any, must be attached to the OR.
3. ORs should be used in numerical sequence and controlled by the Conference Treasurer. Voided or cancelled OR's must be marked "CANCELLED" and then filed for future reference.
4. The functions of receiving cash and issuing OR's should be assigned to a person other than the Bookkeeper or Accountant or its equivalent.
5. A cash box or vault should be used to safeguard the cash and checks. Keys must be properly secured. In case of vault, the person who knows the combination should be different from the one handling the key for check and balance purposes.

6. Collections shall not be used for payment of expenses nor for encashing of personal checks and shall be kept separate from other cash funds.
7. All daily collections should be deposited intact to the bank not later than the next banking day. Cash not immediately deposited should be kept in the cash box.
8. An unscheduled physical count of undeposited collections must be periodically conducted by the Conference Auditor.
9. Separate bank accounts should be maintained for donor funds and other funds so as to prevent their commingling.
10. A reconciliation of banking transactions should be done on a monthly basis by a person other than the Cashier.

C. Possible Results for non-Compliance

1. Cash received may be lost or misappropriated
2. Cash received may be unreceipted and undeposited
3. Recording and Banking errors will remain undetected

CASH/CHECK DISBURSEMENTS

A. Policy Statement

It is the policy of the United Church of Christ in the Philippines to provide adequate controls in its disbursements to ensure optimum utilization of its resources in the pursuit of its mission and goals.

B. Guidelines and Internal Control Features:

1. All disbursements shall be made in accordance with the approved budget for the period.
2. All kinds of disbursements shall meet the following requirements:
 - a. Availability of fund as certified by the Conference Treasurer
 - b. Properly accomplished Request for Payment form
 - c. Submission of proper supporting documents
 - d. Approval of request for payment by the Conference Treasurer
3. Cash or Check Vouchers (CV) must be pre numbered.
4. All Disbursement, other than those from the Petty Cash Fund and/or Revolving Fund, should be made by check.
5. Disbursement should not be directly taken from the undeposited collections or cash received from third parties.
6. All checks must be payable to a specific payee. The drawing of check/s payable to "Cash" or to "Bearer" should be discouraged.

7. In all cases, there must be two check signatories. The signing of check/s should not be made by authorized signatories without supporting documents. Blank check/s should never be signed.
8. All CVs must be verified by the Financial Secretary and approved by the Conference Minister and Conference Treasurer.
9. All CVs, together with supporting documents, should be stamped "PAID" with the date of payment indicated thereon, to prevent the possible recycling of supporting documents for illegal payments.
10. Voided or spoiled checks must be properly marked "CANCELLED" or mutilated and filed for future reference.
11. Payments shall be made to the "payee" only. A written authorization letter is required should the payee is not available to received the payment (phone calls, oral request or text messages shall not be allowed).
12. Payee/s or person/s receiving the check should acknowledge receipt of payment by signing on the corresponding CVs.
13. The preparation and release of checks should be separate from the recording function.
14. Bank reconciliation should be done monthly by persons other than those in-charge for the issuance, safekeeping and signing of checks.

C. Possible Results for non-Compliance

1. Checks maybe fraudulently encashed by unauthorized persons.
2. Signed blank checks may be misused by unauthorized personnel.
3. Check payments may be duplicated.
4. Banking and recording errors may remain undetected.

PETTY CASH AND REVOLVING FUNDS DISBURSEMENT AND REPLENISHMENT

A. Policy Statement

It is the policy of the United Church of Christ in the Philippines to maintain a petty cash fund/ revolving fund to cover petty cash disbursements necessary in its day-to-day operations.

B. Guidelines and Internal Control Features:

1. The Petty Cash Fund and/or Revolving Fund should be maintained at P5,000.00 for minor and recurring expenses and/or advances.
2. The fund/s should be kept under the imprest system. At any given time, the fund/s set up should equal the sum of the unreplenished Petty Cash/Revolving Fund Vouchers (PCV/RFV), unliquidated cash advances, plus the remaining cash in the Fund/s.
3. A maximum single disbursement of P500.00 must be set and all non-recurring disbursement exceeding this limit must be paid by check.
4. The Fund/s should be physically segregated from the Custodian's personal and other cash funds.

5. The Fund/s should not be used to accommodate personal and company checks issued by other parties.
6. The Petty Cash Voucher and all supporting documents, should be stamped "PAID", with the date of payment indicated thereon to prevent re-use of supporting documents.
7. The Fund Custodian should maintain a cash box (with lock) and the box keys should be kept in a secured place. Access to the Funds should be restricted to one or not more than two people.
8. Cash advance from the Petty Cash Fund should be liquidated with one (1) week from the completion of the activity.
9. No new cash advance shall be given to employees with unliquidated cash advances for completed activities.
10. An individual subsidiary ledger should be maintained for all employees with recurring cash advances.
11. Liquidation reports should be reviewed and approved by the accountant.

C. Possible Results for non-Compliance

1. Petty/Revolving Cash may be misappropriated
2. Double payments
3. Long unliquidated cash advances

INVESTMENTS

A. Policy Statement

It is the policy of the United Church of Christ in the Philippines to invest the Church's excess cash and endowment funds in the accredited banks of the UCCP and in some feasible placements other than the customary banks' deposit to ensure high earnings for the church under the key principles of safeguards and close supervision.

B. Guidelines and Internal Control Features:

1. Any excess cash of the Church shall be placed in a temporary investment upon approval by the Finance Committee.
2. Placement of investments shall be in the name of the United Church of Christ in the Philippines.
3. Investments other than bank investments shall be approved by the Conference Council upon recommendation by the CSRD.
4. Bank certificates and securities should be physically safeguarded.
5. Custodians of securities and bank certificates should be adequately bonded to prevent losses against embezzlement.
6. Investment ledger should be maintained for each bank certificates and securities to create accountability for the investment as well as the receipt of all related income.

C. Possible Results for non-Compliance

1. Without authorization, investments may be used as collaterals for personal loans.
2. Investment and related income may be misstated.

PURCHASES

A. Policy Statement

It is the policy of the United Church of Christ in the Philippines to control the procurement of equipment, supplies and materials to ensure cost efficiency.

B. Guidelines and Internal Control Features:

1. All purchases/procurement of equipment, supplies and materials, before they are purchased and paid, other than those through the Petty Cash Fund, shall be covered by the following duly accomplished documents:
 - 1.1 A Purchase Requisition (PR) prepared by the requesting party, endorsed by the Conference treasurer and approved by the Conference Minister.
 - 1.2 A Canvass Sheet (CS) at least 2-3 suppliers for checking.
 - 1.3 A Purchase Order (PO) approved by the Conference Minister.
 - 1.4 Preparation of Cash Voucher
 - 1.5 Purchase of the item
 - 1.6 Delivery, Checking and Acceptance of the item.
 - 1.7 Payment
 - 1.8 Presentation of proof of receipts
2. Purchases should be made with following guidelines:
 - a. Quantities and specifications ordered should correspond to the quantities and specifications invoiced and received.
 - b. Goods of satisfactory quality are acquired at a reasonable price; and
 - c. All goods being paid for have been duly accepted in good order.
3. Payments to suppliers should be properly approved and must be made by check in the name of the suppliers.
4. Purchases must be in accordance with approved budget and approved by authorized officer.

C. Possible Results for non-Compliance

1. Unnecessary items may be ordered/purchased.
2. Selected suppliers may be disadvantageous to the project.
3. Damaged goods may be accepted.

4. The quantities and specifications of the good invoiced and received may differ from the quantities and specifications ordered.

CASH ADVANCES AND LIQUIDATION

A. Policy Statement

The Church shall allow and provide cash advances to its officers and staff to be used for the discharge of their official duties, functions and responsibilities.

B. Guidelines and Internal Control Features:

1. Cash advances shall be granted only to officers and staff of the church for official program and activities of the church. It shall be used solely for the purpose/s for which the advance was originally granted and shall not be diverted or used for any other expenditures.
2. Cash advances shall be covered by an accomplished Request for Cash Advance Form duly endorsed and approved by the Conference Minister as certified by the Conference Treasurer.
3. Request for cash advance shall be submitted for approval at least five (5) days before actual application. It shall indicate the purpose of the cash advance and the budget item to which the advance shall be charged.
4. Cash advances shall be liquidated within seven (7) calendar days after the activity. Liquidation shall be done by accomplishing a Cash Advance Liquidation Report form duly noted and approved by the Conference Treasurer.
5. Liquidation of cash advances must be supported by official receipts and/or acknowledgement receipts, as the case may be.
6. A meal allowance amounting to Seventy Five Pesos (Php75.00) per regular meals and Fifty Pesos (Php50.00) for snacks shall be allowed for each travel of the officers and/or staff.
7. Personal expenses (i.e., toiletries, medicines, newspaper, etc.) shall not be allowed.
8. Cash advances not liquidated within the prescribed period shall be presumed as not used or spent and therefore shall be deemed due and demandable. If not returned, the full amount shall be deducted from the officer or staff pay roll immediately the following pay date. Authorization to Deduct Form should be signed by person requesting the cash advance before the release of fund.
9. Any excess or amount not used shall be returned to the Conference Treasurer and the refund shall be acknowledged through the issuance of an Official Receipt.
10. No new or additional cash advances shall be approved or released to any officer or staff if a cash advance is still outstanding and have not yet been liquidated.

C. Possible Results for non-Compliance

1. Large amount of cash advances might be accumulated if not liquidated immediately.
2. Unnecessary expenses might be reported.

BUDGET

A. Policy Statement

It is the policy of the United Church of Christ in the Philippines to prepare an annual budget to ensure proper use of all monies received by the Church. No funds of the Church shall be disbursed without a duly approved budget.

B. Guidelines and Internal Control Features:

1. The programs and administrative budget shall be prepared by each Program Committee during the Conference Assessment and Planning.
2. The budget prepared by the different committees shall be submitted to the Finance Committee of the Conference for consolidation into the overall budget.
3. Only portion of the budget that are properly justified and found reasonable shall be incorporated in the overall budget of the Church.
4. The Conference Council shall approve the Budget upon recommendation by the Finance Committee.
5. Implementation of the approved budget shall be the joint responsibility of the Conference Minister, Conference Treasurer and Financial Secretary.
6. Only item of expenditures specified in the approved budget maybe paid, and only funds received from sources as specified in the budget may be used to pay such expenses.
7. The Office of the Conference Minister and the Conference Treasurer shall see to it that the budget is strictly followed, and that the funds of the Church are used in accordance with the provision and requirements of the approved budget.

C. Possible Results for non-Compliance

1. Unnecessary expenses may be paid by the Church.
2. Planned activities may not be implemented.
3. Difficult to monitor and control of money-related activities.

SALARY LOANS

A. Policy Statement

The Conference shall provide assistance to its staff through the mechanics of salary loan with zero interest provided facilitation fee will be collected in every transaction.

B. Guidelines and Internal Control Features:

1. All regular staff of the conference can avail of salary loan equivalent to one month of their salary payable within twelve (12) months under the following circumstances:
 - a. Hospitalization
 - b. Death in the family
 - c. Man made or natural calamity

2. An Application Form for Salary loan should be filled out approved by the Conference Minister countersigned by the Conference Treasurer.

PROPERTY AND EQUIPMENT

A. Policy Statement

It is the policy of the United Church of Christ in the Philippines to maintain appropriate property records of office furniture and equipment, buildings, land.

B. Guidelines and Internal Control Features:

B.1 Purchase of Furniture and Equipment

1. The acquisition of furniture and equipment must be in the name of the UCCP and must be within the approved annual budget.
2. Purchase of furniture and equipment shall be charged as follows:
Purchases amounting to P1,000 and below – charged to expense
Purchases amounting to P1,001 and above – shall be capitalized
3. A separate ledger for each type of equipment should be maintained containing the following information:
 - a. asset description
 - b. property number
 - c. supplier
 - d. date purchased/constructed
 - e. check/cash voucher number
 - f. total cost
 - g. location
 - h. estimated useful life
 - i. salvage value
 - j. depreciation expense
4. The furniture and equipment must be properly identified through the issuance of a property sticker.
5. A physical inventory of property and equipment must be conducted by CSRD annually.
6. A Memorandum Receipt must be issued to the person responsible for the usage.

B.2 Purchase of Vehicle

1. Purchase of vehicle shall be in the name of the UCCP and upon approval of the Conference Council within the approved budget.
2. The UCCP vehicle shall be insured with a reputable insurance company on a full comprehensive coverage.
3. A separate ledger for each type of vehicle should be maintained containing the following information:
 - a. description of the vehicle
 - b. property number
 - g. insurance coverage
 - h. date of registration

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| c. supplier | i. estimated useful life |
| d. date purchased | j. salvage value |
| e. check/cash voucher number | k. depreciation expense |
| f. total cost | l. repairs and maintenance costs |

B.3 Use of Office Vehicles

1. The Vehicle must be identified through the issuance of property sticker.
2. Physical inventory of all vehicles must be conducted by CSRD annually.
3. A Memorandum Receipt must be issued to the person responsible for its usage.

B.4 Use of Conference Furniture and Equipment

1. UCCP's furniture and equipment shall be for official use of the conference office and program units only. The same shall not be used for personal or other purposes that are not related to the conference program or life and work of the church.
2. Hauling expenses of furniture and equipment borrowed shall be shouldered by the borrower. The borrower shall also be responsible for any damage of borrowed property.
3. Request Form must be filled out by the borrower with Name of the Borrower, Purpose, Duration of Use, Date and Time Borrowed, Date and Time of Return.
4. CRI's/CRO's and other related organizations may avail of the use of the property and equipment subject to its availability upon the approval of the Conference Minister.
5. Any damage of the property and equipment must be brought immediately to the attention of the Conference Minister for necessary action.

B.5 Use Conference Vehicle

1. UCCP vehicles shall be for the official use of the Conference Office and Program Units only. Vehicles should not be used for personal or other purposes not related to the life and work of the church.
2. The Program Unit that uses the vehicle shall be charge per mileage.
3. CRI's/CRO's and other related organizations may avail of the use of vehicle subject to its availability upon the approval of the Conference Minister.
4. Request Form must be filled out by the borrower with Name of the Borrower, Purpose, Duration of Use, Date and Time Borrowed, Date and Time of Return.
5. UCCP vehicles shall always be parked at the Conference Office when not in use. Vehicle's key must be in the keeping of the personnel in charge in the Conference Office.
6. The Conference CSRD must ensure that vehicles are registered on time.
7. Any damage of the vehicle must be brought immediately to the attention of the Conference Minister for necessary action.

B.6 Depreciation

Depreciation expense shall be computed on a straight line method with the following estimated useful life:

Furniture and Equipment	-	3 to 5 years
Vehicle	-	3 to 5 years
Building	-	10 to 20 years

B.7 Property Movement

The transfer of property shall be allowed by accomplishing the Property Transfer Notice form duly approved by the Executive Secretary or National Treasurer.

B.8 Disposal of Property

The disposal and/or retirement of property should be approved by the Executive Secretary and National Treasurer.

C. **Possible Results for Non-Compliance**

1. Properties that are not needed are acquired.
2. Asset imbalance within the Church; some offices having very few assets while others having more than what is necessary.
3. Assets are stolen, lost, damaged or destroyed.
4. Property records are altered, lost or destroyed to conceal theft of assets.
5. Retired assets are sold without proper authorization, proceeds from the sale are pocketed and sale not recorded.
6. Properties are used for personal purposes without authority.