



Frontline Chaplains International, Inc.

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Financial Controls Policy & Procedure

Doc 1012

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- I. The International Fellowship of Chaplains (I.F.O.C.) operates its financial dealings in compliance with all federal, state, and local laws. The I.F.O.C. implements financial safeguards to ensure that all financial dealings are done in an above-board, compliant manner with appropriate checks and balances to ensure all funds are handled appropriately. The I.F.O.C. is responsible to ensure that all donated and earned funds are used to promote Chaplaincy and pay appropriate business expenses.
- II. All I.F.O.C. employees and contractors will produce a valid receipt and explanation for every transaction made on an I.F.O.C. credit card, I.F.O.C. debit card, or personal account to be refunded. When possible, these expenditures will be pre-authorized by an authorized corporate officer (CEO, CMO, or COO).
- III. Mileage / Fuel costs
 - a. All employees of the I.F.O.C. who use their personal vehicle for I.F.O.C. business will be reimbursed in the following way:
 - i. Trainers who are away from their residence using a rented car will be reimbursed for the actual cost of the fuel for the vehicle. This expense will either be paid with an I.F.O.C. credit card or reimbursed to the trainer via check once the Finance Manager or COO receives a verified expense report and receipt.
 - ii. Employees and contractors of the I.F.O.C. who use their personal vehicle to conduct official business greater than 40 miles from their residence, will submit an expense report to the COO or Finance Manager after the travel and will be refunded for the cost based on the IRS mileage scale. All travel expenses will be approved prior to the date of the travel using the official expense estimate form.
 - iii. Employees and contractors of the I.F.O.C. who use their personal vehicle to conduct official business within 40 miles of their residence will not be refunded for their mileage. It is appropriate for the employee or contractor to claim this mileage on their individual tax returns in accordance with IRS rules.

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- b. Corps are not able to reimburse mileage nor fuel costs to volunteers or Chaplains.

IV. Food / Eating Out

- a. I.F.O.C. will cover the cost of business meals by utilizing the following process:
 - i. Trainers will receive a Per Diem (currently up to \$41 per day) for every day of the training plus two travel days. Per Diem reimbursement will be made utilizing I.F.O.C.'s Expense Report process. In higher priced markets, authorized officers can increase per diem rates on a case-by-case basis.
 - ii. Employees and contractors will receive a Per Diem for every day of prior-authorized business travel for the I.F.O.C. Business travel is authorized by an approved officer.
 - iii. Trainers and employees / contractors will be required to provide an expense report to the COO, Finance Manager, or designee at the end of their training class or prior-authorized business travel in order to be reimbursed for actual expenses for meals, up to the \$41 per day cap.
 - iv. Meals may be paid directly by I.F.O.C. in certain circumstances. This will most often occur when taking others out for a business meal and will have been pre-approved when possible, by an authorized officer.
- b. In order to ensure the Corps operate their I.F.O.C. checking accounts in accordance with all rules and regulations, Corps will follow the below guidelines for charging business meals to their I.F.O.C. bank account:
 - i. Corps are not authorized to issue a Per Diem.
 - ii. A business meal is defined as a meal where the meal's purpose is the promotion of business related directly to the I.F.O.C. corps' purpose, and includes participants from outside the leadership and / or family of the Corps (for example, the corps commander and their spouse is not a business meeting unless they incorporate someone else like a visiting trainer, etc.). This policy is in place to ensure the IRS does not interpret meal expenditures as personal income.
 - iii. These meals should be infrequent. Any more than 12 meals in a rolling calendar year will raise a red flag on audit and require a written explanation.
 - iv. Corps should clearly indicate on the receipt the names of the participants in the meeting and the purpose of the meeting for the CPA to reconcile correctly.
 - v. Please contact the I.F.O.C. COO or Finance Manager directly for guidance if needed.

V. Debit Card Policy

- a. The I.F.O.C. will only issue debit cards in rare circumstances to approved employees because it is difficult to pre-approve purchases on a debit card.

- b. All debit cards issued will include per-transaction and per-day limits to the amount of money that can be charged. All debit cards will also be covered by adequate fraud safeguards by the bank issuing them.
- c. Whenever possible, expenses should be approved prior to using the debit card.

VI. Credit Card Policy

- a. Corporate credit cards are the preferred method to handle non-routine I.F.O.C. charges. Only employees or approved contractors of the ministry may hold an I.F.O.C. credit card.
- b. All employees and contractors that use a dedicated credit card for I.F.O.C. purposes will be responsible to submit receipts and explanations to the COO or Finance Manager for every purchase as the expenses are incurred. The COO will submit all receipts and a credit card statement to the President every month for audit and review.
- c. Where possible the credit card transactions should be pre-approved by the COO before the charges are made.
- d. Corporate credit cards balances will be paid in-full every month. Credit card balance fees should never occur.

VII. Routine Expenses

- a. The COO or Finance Manager will pay every routine expense for the I.F.O.C. via auto-bill payment through the I.F.O.C.'s checking account(s). If a bill requires a credit card for payment, it will be set up via a Debit Card or Credit Card.
- b. The COO will handle all employee salaries and contractor compensation.

VIII. Travel Arrangements

- a. All Corporate paid travel arrangements will be made no later than 30 days in advance in order to avoid unnecessary expenses.
 - i. This specifically applies to air travel and hotel expenses
 - ii. Exceptions to this rule will require financial approval from an authorized approver.
- b. When possible, all travel will be paid for by an approved ministry credit card.
 - i. Receipts will be sent to the COO or Finance Manager as expenses are incurred.

- c. Staff / Trainers will use the following to book travel whenever possible and utilize the indicated rewards numbers when booking:
 - i. Flights: Staff are allowed to use their own frequent flier accounts to earn miles. Flights can be made with any airline and should be the most reasonable fare and itinerary available.
 - ii. Car Rentals: Car rentals should be the most reasonable cost and itinerary available. No insurance should be purchased as I.F.O.C.'s insurance provides coverage. Only employees or approved contractors may use an I.F.O.C. credit card to rent vehicles. Approved contractors using an I.F.O.C. card to rent a vehicle must provide a current full coverage auto-insurance card to the COO prior to renting a vehicle. Non-approved contractors must rent a vehicle themselves and provide a detailed receipt in an expense report and I.F.O.C. will reimburse their cost.
 - iii. I.F.O.C. currently does not have any business agreements with any hotel chains.

IX. Corps

- a. Corps are not allowed to reimburse Chaplains or individuals for expenses made on behalf of the Corps. All Corps expenses must be paid directly from the Corps checking account.
- b. Any payments to individuals or sole proprietor vendors (not corporations or LLCs), including benevolence, blessings, sponsorships, and "grants," require a completed W9 form to be received prior to payment being issued. The W9 must be forwarded to the COO and Finance Manager when the individual is paid. I.F.O.C.'s CPA will issue 1099s to these individuals every year.
- c. Corps are not allowed to open credit card accounts or initiate a loan or any form of debt. Corps bank account balances are not allowed to become negative. Corps may utilize debit cards with the approval of their local command staff. All transactions out of the Corps bank account must be reviewed monthly by the Corps command staff.
- d. Only active Chaplains currently serving on the command staff will be allowed to be a signer on the Corps checking account. Corps with a checking account must have a Treasurer appointed on their command staff.
- e. All new Corps accounts must be opened by I.F.O.C. corporate with I.F.O.C.'s preferred online bank. Corps are no longer authorized to open local bank accounts. Corps on the new banking system will not be required to submit monthly finance reports unless they need to send in W9s.
- f. Corps are not allowed to use their debit cards to purchase things from I.F.O.C. corporate. Corps must communicate with the COO to facilitate transfers between accounts and fulfill purchase requests.

- g. Corps that are still with a local bank account must submit financial reports to the Finance Manager and COO by the 7th of each month.
- h. Corps are not allowed to sign legal documents, leases, or contracts. These must be coordinated with an authorized individual from I.F.O.C. corporate.
- i. Corps must have prior approval to accept a donation of a vehicle, building, or any item that requires insurance coverage without prior permission from an authorized individual from I.F.O.C. Corporate.
- j. Donations to a Corps bank account of \$1,000 or greater will incur a 5% tithe to I.F.O.C. corporate. Corps are not allowed to apply for, or receive, grants without coordination and approval from I.F.O.C. Corporate for compliance purposes.
- k. Corps are not permitted to have petty cash funds.

X. Regional Travel Budget

- a. Regional Commanders and their deputies may be allotted annual budget funds for the purpose of traveling within their region to visit Corps and Chaplains. Regional Commanders will be reimbursed through I.F.O.C.'s expense reimbursement process for eligible travel expenses incurred. Trips should be pre-authorized by the Director of Corps with the purpose of visiting and encouraging Chaplains in different parts of their region each year.