**Guidelines – Electronic Transactions**

**Preface**

With the explosion of the electronic age, it is important that churches have written policies and procedures in place regarding the use of electronic transactions. It is important that donors be properly and correctly receipted, that receipts be properly documented and controlled and that expenditures be properly and correctly paid.

This should not be interpreted as a lack of trust in the individuals handling the finances of the church, it is to safeguard the reputation of those individuals and to ensure all financial transactions are properly recorded, controlled and complete.

**Electronic Giving – Auto Debit or Electronic Transfer**

Prior to offering this type of payment option to donors, a church must first contact their financial institution to initiate the process. A letter of understanding will be required, as well as a sample of the agreement that the donor will sign. For each Pre-authorized Remittance the donor provides a blank cancelled cheque along with the signed agreement. The church supplies that information to the financial institution along with their own account information. Each financial institution may have different rules and regulations so communication with them is important. Also, each financial institution may have different fee schedules therefore care should be taken to ensure that the program is not cost prohibitive. The expense for these fees should be considered during the budget preparation process.

The church must obtain from the donor exactly how each donation is to be recorded. That is, the breakdown of what each donation is for, e.g. tithe, missions, etc. This information, along with the original agreement must be securely filed.

Each week, the churches bank account should be checked for auto debit transactions. This may be done by obtaining “READ ONLY” access to the bank account from the financial institution. Each auto debit should be recorded for inclusion in the accounting records and for receipting purposes. A form should be designed and used for this purpose. This would be a separate form from the Sunday offerings form. Documentation for each transaction should be provided to the Individual responsible for receipting.

It should be noted that non-sufficient funds are debited directly back to the church account. If a non-sufficient funds occurs, the original donation record must be removed to ensure the donor is not incorrectly receipted.

An electronic transfer transaction is different from an auto debit transaction in that it is not on a regular schedule. When an individual makes an electronic transfer transaction, the church will be notified by email. The notification must be printed and included in the accounting records. Also, documentation for each transaction should be provided to the individual responsible for receipting.

To ensure, the donation is received into the right account, a designated email should be used for e-transfers. Two persons should have access to that email and the online bank account. This way, one person can be responsible to deposit the e-transfers, and the other person can be responsible to check the transfers were received into the account. An alternative method would be to ask donors to email a designated counter (who is NOT the one receiving the transfer email) after making an e-transfer and let them know the transfer amount. Then, the designated person crosschecks the deposit has been made.

**Debit/Credit Card Giving**

In order to provide this service to donors, a debit/credit card machine must be arranged for. There are a number of companies that supply these machines and churches should be careful in arranging for this service. There can be a considerable monthly cost for the machine and the access method needed. Security, both for the machine and the individual using the machine, is also a very vital part of this service. Another factor is the percentage fee for each transaction. Typically, debit card transactions are a set cost per transaction, whereas credit card transactions are usually a percentage of the total donation. Therefore, a church may want to limit transactions to debit card only. This cost varies by debit/credit card company and should be considered in the budget preparation process. The donor will be receipted for the total donation so the cost of the transaction will become an expense to the church. Care should be taken to ensure that the cost of providing this service is not cost prohibitive.

As a donor makes a debit/credit card donation, an envelope should be made up with the details of how the donation is to be distributed (e.g. tithe, missions, etc.). A paper statement from the machine should be placed in the envelope and the envelope placed in the offering plate. These envelopes are then recorded on a separate part of the regular count sheet for the accounting records and receipting purposes. The total debit/credit card giving can be balanced to the close out total on the machine and each transaction should be checked to the churches bank account to ensure it has been received. Each envelope is then provided to the individual responsible for receipting.

If it is preferable, the local church may also direct donors to use the District’s Funding portal: <https://www.surveymonkey.com/r/NazareneFundingPortal>. There is a 2.9% credit card charge but the remainder of the funds will be forwarded to your church.

**Online Bill Payments**

It is important that churches have a two signature system for any payments. Since online payments may only be made by one person, it is important that online payments be properly controlled. Payments of this type should be restricted to normal monthly transactions such as utility bills and payroll. First of all, these types of transactions should each be specifically approved by board action. Second, as each transaction takes place a document should be produced indicating the amount of the payment and the distribution of the expense for accounting purposes. This document should also be approved by another signing authority. If a bank confirmation of the payment is received, it should be printed and attached to the original bill. It should be noted that in some cases, automatic payment of utility bills may be arranged. This also must be specifically approved by board action. Transactions of these types are then recorded along with the record of cheques issued on the monthly financial report to the church board.

**Canada Helps Donations**

Donations may also be made via Canada Helps. In this case Canada Helps sends documentation along with the deposit. Canada Helps does the receipting and deducts the 3.5% fee from the deposit. The documentation from this type of transaction is used only for accounting purposes since the receipting has already been done by Canada Helps.