

Chapter Five

5.0 FINANCIAL POLICIES

PREAMBLE

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Luca Paccioli in 1494 ‘Frequent Accounting makes for lasting friendship. ‘No other phrase could be truer than this today. The emergence of modern organization be it profit or non-profit making like the Christ Apostolic Church Students’ Association, gave birth to Management. Organizations which, are managed for and on behalf of their owners or members. The selection of financial policies is aimed primarily at ensuring optimum utilization of the scarce financial resources in the hands of managers of organization who are stewards to the owners or members.

From the biblical point of view, God expects His children to give their stewardship accounts from whatever area of ministry they have been called to serve, Mat. 25:15-30, Lk. 19:13-26. The Bible says: “... it is expected of stewards, that a man be found faithful. “1 Cor. 4:2. God is in the business of hiring labour and paying them at the appropriate time for their stewardship.

Consequently, the call of God on any of His ministers in whatever area of responsibility, be it in Church Management and Administration under which financial management is subsumed, or in Apostleship, Prophetic ministry, Evangelism, Pastoring, Helps, Teaching, etc., demands stewardship accounting from those that have been called to serve. The formulation of broad financial policies and guidelines is therefore, a sine qua non for proper stewardship accounting. It also provides basis for self-evaluation.

The divinely established Church Authority is thus equipped to optimize the benefits derivable from the of liquid (financial) resources available to it. Financial policies, therefore, are guidelines designed to guide our Group’s Management, that is, the Governing Council, and its subsidiary establishments (State, District, Zonal, Assembly, Fellowship Centres, and Branches) in their day-to-day financial management activities. They are to help them in fashioning a prudent mode of spending of our scarce liquid resource in such a way as to optimize returns.

Contained in this section, therefore, are certain basic and broad financial policies to guide our operations at all levels of operation.

They are by no means exhaustive but they represent the core of policies needed for the successful operation of our financial system, namely, the Directorate of Finance at each level of activities delineated by the Group.

As the system grows and matures, it is expected that these policies would be expanded to accommodate new developments. This is, therefore, commended to all for immediate implementation.

5.1 FIXED ASSETS

By definition FIXED ASSETS refer to the tangible assets of long term nature usually with an economic life of more than one year.

They include:

- i Freehold Land and Buildings
- ii Leasehold Land and Buildings
- iii Plant and Machinery
- iv Furniture Fittings and Fixtures
- v Office Equipment and Computers
- vi Motor Vehicles

5.1.1 The authority to acquire any of these shall be exclusively that of the Governing Council or the State Executive Council or the Zonal Executive Council or the Church Committee working through a Tenders’ Board in respect of fixed asset acquisition at the National, State, District/ Zonal, and Assembly level respectively. The Tenders’ Board shall be made up of the following people:

5.1.2 The National Leader (NL) or the State Minister (SM) or the District/ Zonal Leader or the Minister-in-charge of an Assembly (AP), who shall be the Chairman of the Tenders’ Board at the National, State, Zonal, and Assembly level respectively;

5.1.3 The Director of Finance (DF); or the State Financial Secretary (SFS) or Treasurer (ST); the District/Zonal Financial Secretary or Treasurer (ZT); Church Financial Secretary (CFS) or Treasurer (CT) who shall be the Secretary to the Tenders’ Board at the National, State, Zonal, and Assembly level respectively;

5.1.4 The Director of Administration (DA) or his representative at the National level; the officer performing same function at the State, District/ Zonal, or Assembly level;

5.1.5 The Director of General Planning (DGP) or his representative at the National level; the officer performing same function at the State, District/ Zonal, or Assembly level;

5.1.6 A member or officer representing the Organ of the Group, the Directorate, Department or unit of any of our levels of operation requisitioning for this asset. The word ‘Assembly’ in this case relates to the ‘Church’, or Fellowship Centre or the Branch of the Group in any of the existing non-CACSA assemblies of the Christ Apostolic Church Worldwide.

For the Tenders’ Board to hold a valid meeting, three out of the five members or the board must be present including the Chairman of the Board.

5.1.7 Insurance on all these assets shall be comprehensive and shall be maintained with a government approved insurer for the purpose of safeguarding them.

5.1.8 All assets shall be coded and numbered for easy identification as follows:

| GROUP’S NAME | ASSET ACQUIRED | LOCATION S/NO | YEAR | NAME | STATE |
|--------------|------------------------------|---------------|------|------|-------|
| 01 | Freehold Land & Buildings | CACSA FLB OS | 98 | | 001 |
| 02 | Leasehold Land & Buildings | CACSA LLB NS | 99 | | 001 |
| 03 | Plant and Machinery | CACSA PM KW | 99 | | 001 |
| 04 | Furniture, Fitting & Fixture | CACSA FFF EK | 01 | | 006 |
| 05 | Office Equipment & Computer | CACSA OEC LG | 99 | | 005 |
| 06 | Motor Vehicles | CACSA MV OG | 05 | | 009 |

For example, a piece of furniture purchased at the National Secretariat bears this number CACSA/FFF/EK/022/006 means that this piece of Furniture and Fittings which belongs to the Group was purchased in year 2022 and presently located in Ekiti State with Serial number 006 inscribed on it. For all National, State Zonal and Branch Assets acquired the Group’s name CACSA shall prefix the numbering while for our various CACSA-established assemblies, the name of the Church and its other nomenclature shall prefix the asset numbering. For example, for a Motor Vehicle acquired by the CHRIST APOSTOLIC CHURCH, FOUNTAIN OF LIFE, the asset shall be numbered thus: CAC/FOL/M-V/OYT/022/001. This means that the Motor Vehicle acquired by the Christ Apostolic Church, Fountain of Life in year 2022 is currently situated at Oyo State and is numbered 001 on their register of Motor Vehicle in the Fixed Assets Register (FAR).

5.1.9 For the purpose of fixed asset registration, each asset head shall be serially numbered from 001 up to the last item of the asset class

5.1.10. A Fixed Assets Register shall be maintained by the Director of Finance(DF) at the National Level or by any officer performing same function at the State, District/- Zonal, Assembly or Branch Level of the Group for this purpose and this shall be opened to inspection by the Members at all times. The Register shall contain the life history of the assets and its movement from the National Headquarters to any of its State Branches or Directorates. The following details will be very essential in the FAR:

- a Name of Asset
- b Date of Purchase
- c Vendor’s particulars
- d Engine or Asset Number
- e Chassis Number (if an Automobile)
- f Purchase Account
- g Depreciation Rate
- h Estimated Useful Life
- i Department of First Use
- j Present Location, etc
- k Past Operator (s)/User(s)

5.1.11 Every Fixed Asset shall be attached to a Department and/or personnel and shall not be moved out of its present location or withdrawn from its key operator without due approval and most importantly the Directorate of Finance at the National level or the officer or Department performing equivalent function at the State/District/ Zone, Assembly, Branch Level, must be in the know of such transfer or withdrawals in order to ensure regularization of updating of the FAR. However, in the overall interest of the prerogative of power, the President, acting for and on behalf of the Governing Council, is vested with the Prerogative of power to withdraw an asset from key personnel and transfer same to another in the interest of progress and good resource management practice with a view to optimizing returns from usage. Officer at the State, Zonal, and Assembly levels performing the same function as the President is also vested with this power. However, whenever such action is taken, he shall within seventy-two hours of such an action, report back to the Governing Council or equivalent authority at the State, District/Zonal and Assembly level for ratification.

5.1.12 A sale or disposal of a Fixed Asset which may be necessitated by a number of factors which may include obsolescence, ageing etc, shall be the exclusive responsibility of the Governing Council or equivalent authority at the State, District/Zonal and Assembly level acting through the President or an equivalent officer at the State, District/Zonal, Assembly and Branch level, on the recommendation of the Director of Finance or the officer or Department performing equivalent function at the State, District/Zone, Assembly, Branch Level. All income realized through such disposal net expenses shall be added to the fund realized through a sinking fund established for the purpose to replace the asset.

5.1.13. For the purpose of replacing our Fixed Assets, a sinking fund shall be created and managed for the sole purpose of replacing any worn or obsolete asset. Paragraph 5.1.10 above refers.

5.2 STOCK AND STORES MANAGEMENT

5.2.1 The Stocks under reference relates to items held by the National, State, District/ Zonal, Assembly or the Branch of the Association for the purpose of sales. These may include stock of Christian literature published by the National, State, District/Zonal, Assembly or the Branch of the Association, or in the case of PECBICO, the Christ Leads School, and other allied organs of the Association operating either as commercial or self-sustaining entities, such stock items as Library Books, Pre-prepared Lecture Notes, consumables like duster, rulers, Board-markers or chalk, writing materials, etc shall have the custody, recording and authorization functions separated to ensure proper accountability. In which case, the man performing the recording function will be under constant checks by the man in whom the authorization for Stock shall be vested by Directorate of Administration taking into consideration the nature of the stock items to be so classified.

5.2.2 For our purpose, the Stock valuation method to be adopted shall be the First-In-First-Out stock valuation method.

5.2.3 ALL RAW MATERIALS sourced locally to the tune of N1,000,000.00 and above, after having been approved by the relevant authority, shall be procured through a Local Purchase order duly signed by either the President or The Director of Finance or his accredited representative OR if at the lower level of the Group, by the officer occupying an equivalent position at that level of operation with the President or the Director of Finance,

5.2.4 As much as possible materials shall be obtained from sources that are relatively cheaper without prejudice to raw material quality requirement in 5.2.3 above.

5.2.5 All suppliers’ bills shall be accompanied by a Goods Received Advice from the Store failing which such bills shall not be accepted for payment by the Directorate of Finance OR if at the other levels of the Group, by the officer occupying an equivalent position at that level of operation with the President or the Director of Finance.

5.2.6 Materials shall be accepted only if they are in good condition, and are the right type ordered without any change in prices indicated in the LPO.

5.2.7 Since the Group wants the best from the cheapest source, as much as possible, it shall be its policy to source for its material needs from both the Local and International Market (as even most materials being sold locally are imported) while it shall be its policy to engage in some commercial ventures with a view to making profits that could be ploughed back into the ministry. The Group shall therefore, take advantage of opportunities as they come.

5.2.8 Respecting Stores Management, buffer stock shall be maintained at a level and this shall be established by the Finance Manager.

5.2.9 As much as possible, it shall be the policy of this Group to patronize members FIRST before others, in any line of trade or business that is required to supply goods or provide service (s) to the Group and such member supplier shall deal with the Group only in transactions conducted at arm’s length. In other words, such transactions shall be conducted within fair limits of commerce. The option of a consideration below commercial or market rate lies only and solely with the member - supplier or service-provider. WHERE however, the member’s quotation is beyond what obtains in the market, he shall be so informed and same transaction shall be transacted with the external party that presented a fairer deal if the member is unable to see reason why he should come down on his quotation.

5.3 SALES AND CREDIT POLICY

5.3.1 Sales of items in any of its separate commercial entities such as books, pamphlets, calendars, Brochures, etc produced shall be on the Cash and Carry basis.

5.3.1 There shall be no extension of credit whatsoever to anybody.

5.3.2 Any officer of the Group at whatever level who violates this rule shall be made to pay for any credit sales made by him.

5.4 STAFF LOAN AND ADVANCES

5.4.1 The category of staff that qualifies for any loan and/ or advances shall be the confirmed full time staff of the Group. Under no circumstance shall a staff under probation be granted a loan or a salary advance unless this forms part of the hiring agreement.

5.4.2 Loans and advances shall be granted to the staff at the national level only.

5.4.3 It shall be the Group policy not to grant any new loan and advances unless the one granted previously has been fully paid.

5.4.4 Regarding salary advance, no staff should be granted any salary advance before the fifteenth(15th) day of the new month subsequent to the receipt of his last salary.

5.4.5 Given any circumstance warranting the setting aside of clause 5.4.3 above it shall require the signature of the President to effect same.

5.4.6 Advance shall not be more than an employee’s monthly pay and shall be paid back to the Group at most on six equal installments.

5.4.7 It shall be the policy of the Group to give Car and Housing Loans to both the ministerial and non-ministerial cadres of its staff, depending on the availability of fund

5.4.8 The qualifying time for such loans shall be as follows:

| LOANS | CAR | HOUSING |
|---|--------|---------|
| ‘Length of Service before qualification | | |
| 10years | 5years | |

5.4.9 Both Car and Housing Loans shall not be taken paripassu (at the same time)

5.4.10. Car Loan can only be access by staff on level 10 and above

5.4.11 The amount to each cadre of staff due for both loans shall be:

REPAYMENT

| LOAN CLASSIFICATION | PERIOD | NON-MINISTERIAL | MINISTERIAL |
|------------------------|--------|-----------------|-------------|
| LENGTH OF SERVICE) | | | |
| Housing Loan (Maximum) | | 200,000 | 300,000 |
| 10Years | | | |
| Car Loan (Maximum) | | 350,000 | 500,000 |
| 5 Years | | | |
| Accommodation Loan | | 200,000 | 300,000 |
| 1 Year | | | |

*Accommodation Loan shall, however, be subject to Governing Council based on the recommendation of the Director of Finance.

* the guiding principle is that; for car loan, it must not be more than twice the annual salary of the staff and must be paid within five years; housing loan must not be more than five times the annual salary of the staff, to be repaid within 10 years.

* the amount left to be paid by the staff shall be deducted from amount due to him from the Pension Fund, in case of retirement or demise.

5.4.11 For any of the loans above stated, two guarantors whose aggregate annual income shall not be less than the sum being sought as loan shall stand as referees for the staff seeking the loan, and in case of any default to pay back by the employee concerned they shall be willing to pay back the said sum to the Group’s coffe.

5.4.12 Accommodation loan shall be granted at the discretion of GC based on the recommendation of the Director of Finance.

5.4.13 Salary advances are not a right but a privilege and it should be treated on its own merit.

5.5 PAYMENTS

5.5.1 All payments to suppliers, service providers, or any other third parties shall be by cheque duly crossed and marked ACCOUNT PAYEE ONLY or fund transfer. An exception to this rule shall be granted where sum due for payment is not more than fifty thousand Naira (N50,000.00) only.

5.5.2 All payments shall be backed up by a payment voucher duly raised and approved with the appropriate supporting documents attached [invoices, receipts, Goods Received Note (CRN), etc.]

5.5.3 All petty I.O.U’s (I owe you) shall be cleared within forty-eight (48) hours of collection at most. Where any member or staff fails to clear IOUs advanced to him for whatever official reasons, same shall be passed to his personal accounts pending his readiness to clear them.

5.5.4 If, however, such staff fails to clear IOU before the end of the month of collection same shall be deducted from his pay at a rate to be determined by the Director of Finance, but in any case with not less than 5% surcharge.

5.5.5 All spending from the impress shall not exceed forty thousand naira at a time.

5.5.6 For the purpose of clause 5.5.5, an imprest account of N50,000 only shall be maintained on weekly basis by the Treasurer.

6.0 RECEIPTS

6.1 All cash receipts shall be backed up by the Group’s official receipts in quadruplicate, the original to the person from whom the cash or cheque is received, the duplicate to the Director of Finance’s office, the triplicate to be held by Treasurer or the Financial Secretary Accounts and the last copy retained in the receipt book-lets.

6.2 All receipts shall be banked within 24/72 hours of collection during week days and at weekends respectively.

7.0 BUDGETING AND PERFORMANCE EVALUATION

7.1 Recognizing the importance of plans both short and long term, it shall be the policy of the Group to prepare annual budget through the co-ordinating efforts of the principal budget officers of the Group namely: The President and Director of Finance. All Directorates must submit their inputs into the budget preparation.

7.2 Budgeting activities shall commence every year on the 1st day of the month of July while substantial work shall be done in the month of August, during the annual conference where concerned persons shall be made to contribute substantially to the budget preparation by way of input. The draft budget shall be forwarded through the COD to the GC for ratification on or before the month of December of every year preceding the budget year.

8.0 INVESTMENT OF SURPLUS CASH

8.1 Surplus cash shall be invested in an appropriate investment portfolio as at when such becomes available. It shall be the duty of the Finance or Assembly in this regard. Therefore, as much as possible, officers with requisite accounting knowledge and relevant experience should be saddled with the functions of Finance and Treasury Management.

9.0 AUTHORITY LIMITS, RECORDING AND CUSTODY-ING FUNCTIONS

9.1 In order to ensure prudence, the following shall be the limits of authority ascribed to the following officers of the Group in respect of authorization and approval of payments for bills of supplies and purchases made:

| POSITION | LIMIT OF AUTHORITY |
|---|-------------------------|
| 9.1.1 The Director of Finance /Director of Administration | up to N100,000.00 |
| 9.1.2 The President/National Leader | up to 1.000,000.00 |
| 9.1.3 Governing Council | N1,000,000.00 and above |

9.1.4 Other Directors in relation to transactions pertaining to their offices should be recommended to DA for approval.

10.1 KEEPING OF IMPREST ACCOUNT

The Directorate of Finance through its Treasurer shall keep for the time being a weekly imprest of fifty thousand naira. In other words, a central imprest system is recommended by this policy to be maintained for the time being. The imprest so kept shall be retired at the end of each week for purposes of cash reimbursement. This is adjudged, for the time being, as commensurate with our level of income subject to review from time to time.

Each of the other Directorates shall maintain, as soon as practicable, an imprest account to be retired at the end of each week, of a sum not more than half of the imprest kept in the Directorate of Finance or an equivalent department at the State, District, Zonal, Branch or Assembly, at any point in time, to meet its petty, and routine expenses from day to day.

11.1 CACSA PENSION AND PROVIDENT FUND

By the arrangement, both the group, CACSA, and the staff are expected to contribute 10 and 8 percent of the staff personal emoluments monthly and pay this to the fund, which is to be managed by the selected reputable Pension Administrator. One of the main objectives of the pension is to ensure that every person that worked in CACSA receives his/her retirement benefits as and when due.

12.1.0 Rules of General Application on Pension

12.1.1 An employee may access his/her RSA when he/she ceases to make further contributions into the RSA as a result of mandatory retirement, compulsory retirement, retirement on medical grounds, and death.

12.2 Mandatory retirement shall be when an employee disengages from active service at the retirement age or completion of the length of service based on the terms of his/her employment, after attaining the age of 50 years.

12.3 Compulsory retirement shall be when an employee disengages from active service in accordance with the terms and conditions of service, before attaining the age of 50 years.

12.4 Retirement on medical grounds shall be when an employee disengages from active service a. based on the advice of a suitably qualified physician or medical board certifying that the employee is no longer mentally or physically capable of carrying out the functions of his/her office. b. Due to total or permanent disability either of mind or body.

12.5 An RSA holder shall, within six (6) months to his/her mandatory or compulsory retirement, notify the PFA of the impending retirement.

12.6 The retiring employee may opt to move his/her RSA to another PFA, at the point of retirement, for the purpose of commencing 2 programmed withdrawal without any liability, as well as after retirement in line with the regulations for transfers. The transferring PFA shall update the RSA before such transfer.

12.7 The Commission shall provide to the PFAs, the methodology/model and other necessary details such as, the mortality tables, assumed rate of returns and applicable commission/fees chargeable, for computing the pension payments under programmed withdrawals, which may be reviewed periodically.

12.8 A PFA shall advise a retiring employee of the features of its programmed withdrawal products, including the rates of return, and shall also advise the employee to obtain quotations from insurance companies on annuity products.

12.9 A PFA shall not impose any option on the retiring employee or coerce or influence the choice of the employee between programmed withdrawal and annuity.

12.10 Necessary information on annuities shall be displayed on the websites of the National Pension Commission and life insurance companies for on-line access by retiring employees.

12.11 The PFA shall not offer annuity products either solely or jointly with an insurance company, directly or indirectly.

12.12 A retiree shall receive periodic payments from his/her RSA either on a monthly or quarterly basis.