

Accountable Reimbursement Plans

In order to have travel and professional expenses paid for Clergy and other staff members and not be considered compensation to the individual receiving the payment, an Accountable Reimbursement Plan must be adopted and in-place prior to any expenditure being incurred or reimbursement being made.

If the church is listing amounts in Section III of the form for Clergy Compensation for 2015, a plan needs to be adopted at Charge Conference. Such a plan should require itemized lists of expenses and itemized receipts for anything over a certain dollar amount (per IRS rules receipts must be provided for anything over \$75 but a lower dollar amount may be set). Samples of a long and short plan form and a sample voucher form (from the General Council on Finance and Administration) are part of this document. They can be used as guides in adopting a plan.

**(SAMPLE)
SHORT FORM**

ACCOUNTABLE REIMBURSEMENT POLICY

The following resolution is hereby adopted by the church council of _____
_____. It will be effective for the calendar year _____ and all future years
unless specifically revoked or superseded.

The church pastor (or other employee(s)) will be reimbursed for ordinary and
necessary business expenses incurred in the performance of his or her responsibilities
when he/she substantiates the amount, business purpose, date, and place of the
expense.

This substantiation must be provided to the chair of the pastor parish relations
committee (or church treasurer) within sixty (60) days of incurring the expense. The
individual must return to the church any amounts received in excess of the
substantiated expenses within one hundred twenty (120) days of receipt.

The church will not report any properly substantiated reimbursement payments
as income on any Form W-2.

Chair, Church Council

Committee on SPR/PPR Chairperson

Treasurer

Pastor/Staff Person

Secretary

(The church may wish to designate certain items which it elects to have covered by this
policy, such as travel, continuing education, attendance at annual conference, books,
subscriptions, work supplies, vestments, etc. There may be a cap or dollar amount on
the total reimbursable business expenses that will be paid, for example: "The
reimbursement amount shall be no more than _____." The church may also want
to require pre-approvals by the treasurer or SPR/PPR chair of business expenses in
excess of \$ 500 (or any other amount deemed appropriate). These additional
requirements should be included in the policy.)

*This is a sample of an accountable reimbursement policy. The specifics of each policy should be
reviewed by each church and minister considering their specific concerns. If legal or tax advice is
required, the services of a competent professional advisor should be sought.*

**(SAMPLE)
LONG FORM**

ACCOUNTABLE REIMBURSEMENT POLICY

The _____ United Methodist Church ("Church") recognizes that certain expenses of ministry paid by the pastor/staff person are part of the ordinary and necessary costs of ministry in this Church/charge. Accordingly, we hereby establish an accountable reimbursement policy to defray them directly. The reimbursement account shall be an annual line item in the Church budget. It shall be in addition to the pastor's annual salary and housing. The reimbursement account for 20__ shall be \$_____. (*Amount may be determined by using the attached suggested worksheet.*)

The following requirements for the policy are binding upon the Church and upon _____, its pastor/staff person.

Accordingly, the Church hereby establishes an accountable reimbursement policy, pursuant to IRS regulations and upon the following terms and conditions:

1. The pastor/staff person shall be reimbursed from the reimbursement account for his/her ordinary, necessary, and reasonable business expenses incurred in the conduct of the ministry for, and on behalf of, the Church. The following expenses are budgeted in this accountable reimbursement policy, as suggested for the work needs of the pastor/staff person.
2. The committee on SPR/PPR chairperson, Church payroll person, or treasurer, (as designated by the Church) must be given an adequate accounting within 60 days after the expense is paid or incurred. The adequate accounting shall include, but not be limited to, a statement of expense, account-book diary or other similar record showing the amount, date, place, business purpose, and business relationship involved. Such documentation shall include receipts for all items of \$75 or more (*a church may set a lower amount*). Appropriate documents, cash receipts, canceled checks, credit card sales slips, and contemporaneous records (for those non-receipt expenses less than \$75), must be attached to each expense report. A log of total miles per day and enumeration of their general purpose shall suffice to substantiate automobile mileage, but under no circumstances will commuting mileage between the pastor's home and Church office be reimbursed. Copies of the documentary evidence and expense report shall be retained by both the pastor/staff person and the Church.

The committee on SPR chairperson (or treasurer) shall be responsible for approving the expense. The committee on SPR chairperson (or treasurer) shall exercise his/her discretion regarding the adequacy of the substantiation and the appropriateness of any reimbursement. Questions arising in these areas will be resolved by the SPR chairperson (or treasurer), subject to the review and approval of the committee on SPR/committee on finance.

3. It is the intention of this policy that reimbursements will be paid after the expense has been incurred by the pastor/staff person. However, should circumstances require payment of an advance for any particular anticipated expense, the pastor/staff person must account for the expense as described above and return any excess reimbursement within 120 days after the expense is paid or incurred. Any excess advance must be returned to the Church before any additional advances are provided to the pastor/staff person.

4. Budgeted amounts not spent must not be paid as a salary bonus or other personal compensation. If such payments are made, the entire amount of the accountable reimbursement policy account will be taxable income to the pastor/staff person. The Church will be required by law to report that amount as part of the pastor's/staff person's compensation. Disposition of any unspent balances remains at the discretion of the committee on finance/the council/charge conference in building the budget for the next Church year.
5. It is understood by the various parties that all elements of this resolution must be carefully followed to prevent the Church from being required by regulation to include all reimbursements as income on the pastor's/staff person's Form W-2. The primary responsibility in this regard is on the pastor/staff person to report and adequately account for his or her expenses to the committee on SPR chairperson, church payroll person, and/or treasurer.

Adopted on _____, 20____, by the Church Council [Charge Conference] of
the _____ United Methodist Church.

Chair, Church Council

SPR/PPR Chairperson/Church Treasurer

Pastor/Staff Person

Secretary

This is a sample of an accountable reimbursement policy. The specifics of each policy should be reviewed by each church and minister considering their specific concerns. If legal or tax advice is required, the services of a competent professional advisor should be sought.

WORKSHEET FOR SETTING A BUDGET FOR AN ACCOUNTABLE REIMBURSEMENT POLICY

The following are suggested items for inclusion in this accountable reimbursement policy. It is only the total listed in Item K which is to be put in the policy itself. This worksheet is for budgeting purposes only and it is permissible for the reimbursed individual to shift items from one area to another.

A.	Automobile (standard federal mileage rate), parking and tolls	\$ _____
B.	Office supplies and postage	\$ _____
C.	Office equipment, computer and software	\$ _____
D.	Books, subscriptions and periodicals such as professional journals	\$ _____
E.	Professional dues	\$ _____
F.	Religious materials, vestments and business gifts	\$ _____
G.	Continuing education and seminars (as approved by the committee on SPR and/or the committee on finance)	\$ _____
H.	Entertainment required for Church business	\$ _____
I.	Travel fares, lodging and meals while on business for the Church	\$ _____
J.	Other	\$ _____
K.	Total*	\$ _____

**The total listed in Item K must be the same as the total reimbursement amount set forth in the first paragraph of the policy. Church council action is required for an increase to Item "K" (Total). To allow for the pastor/staff person's spending discretion, only Item "K" is necessary to be reported as a line item in the charge conference approved budget and in the policy document. Circumstances dictate that the above expenses will vary from church to church and from time to time.*

The General Council on Finance and Administration is not engaged in providing legal or accounting services. The service of a competent professional should be sought for legal and tax advice.

(Sample)

Expense Voucher Form

Set forth below is a sample voucher form that can be used to record information relating to business purchases for the church. The form can be used to request payment or reimbursement for church-related items bought by a member of the church, such as paper plates for the church kitchen, cleaning supplies, or a new electrical switch for the parsonage. The form can also be used by a staff person to request payment or reimbursement of expenses pursuant to an accountable reimbursement plan.

Direct Payment Example: The choir director may be requesting direct payment of some continuing education expense that is part of his/her accountable reimbursement plan. The director would complete the form, attach the invoice or bill, preferably the original, obtain the necessary authorization (i.e., signature of person authorized to approve the expense), and submit the completed form to the treasurer for payment. The choir director should keep a copy.

Reimbursement Example: The pastor purchases and pays for a new robe. He/she would complete the form, asking that reimbursement be made to him/her for purchase of vestments and would attach the original or a copy of the receipt. The necessary authorization signature is obtained and the completed form is submitted to the treasurer for payment. The treasurer would remit the amount to the pastor. The pastor should keep a copy.

In each case, it will simplify the treasurer's job if the person submitting the voucher notes the account number or budget line item number.

“CHURCH NAME” Expense Voucher	
Date: _____	Amount: \$ _____
Pay To: Name _____	
Address _____	
Description of Expense: _____	
Business Purpose of Expense: _____	
Receipt/Bill: <input type="checkbox"/> Attached <input type="checkbox"/> No	
Account Number or Budget Line Item Number: _____	
Person Requesting Payment: _____	
Approved By: _____	
Special Instructions: _____	