



Episcopal Church in Idaho Discretionary Funds Policy

Policy Title: Management and Oversight of Discretionary Funds

Purpose:

This policy establishes guidelines for the proper management, oversight, and use of discretionary funds within congregations of the Episcopal Church in Idaho. The purpose is to ensure transparency, accountability, and ethical stewardship of these funds, which are designated for charitable and pastoral purposes, and to protect both the church and its clergy.

Scope:

This policy applies to all discretionary funds held by congregations within the Diocese of Idaho, and to all clergy and lay leaders involved in their administration and disbursement.

Policy Statements:

1. Nature of Discretionary Funds:

Discretionary funds are church accounts and are not personal funds of the clergy or any individual. They are held in trust by the church for specific charitable, pastoral, and outreach purposes as determined by the vestry and diocesan guidelines.

2. Account Establishment and Identification:

- All discretionary fund accounts must be established in the **legal name of the church**.
- Each account must be linked to the church's official **Employer Identification Number (EIN)**.

- The clergy in charge of the congregation shall be a designated signer on the discretionary fund account.

3. Prohibited Disbursements to Clergy and Family:

Clergy in charge of discretionary funds are strictly prohibited from writing checks or making any disbursements from the discretionary fund to themselves, their family members (including spouses, children, parents, or other dependents), or to any individual or entity from which they might directly or indirectly derive personal benefit.

4. Co-Signer Requirement for Disbursements:

When possible and practical, all discretionary fund expenses should have a co-signer. Acceptable co-signers include the church treasurer, senior warden, junior warden, or another person specifically designated and approved by the vestry. This practice adds an additional layer of accountability and transparency.

5. Annual Audit and Vestry Approval:

- The discretionary fund's financial records and spending must be audited annually. This audit shall be conducted by a qualified person appointed by the vestry who is not involved in the day-to-day management or disbursement of the fund.
- The results of the annual audit and a detailed report of discretionary spending must be presented to and formally approved by the vestry.

6. Documentation of Expenses:

- Discretionary fund expenses should primarily be directed towards business entities (e.g., utility companies, grocery stores, landlords) rather than individuals, whenever feasible.
- If funds are distributed directly to individuals, proper documentation is mandatory. This documentation must clearly explain the reasons for the distribution of church funds, including the purpose, recipient, amount, and date. All such documentation must be retained for audit purposes.

7. Categorization of Spending:

Discretionary fund spending should be categorized to provide clear insight into how funds are being utilized. Recommended categories include, but are not limited to:

- Education
- Housing assistance
- Food and groceries
- Medical assistance
- Transportation
- Other categories as approved by the vestry.

Review:

This policy will be reviewed periodically by the Bishop, the Diocesan Council, and congregational vestries to ensure its continued effectiveness, compliance with legal and financial best practices, and alignment with the mission of the Episcopal Church in Idaho.