

## CHAPTER 5

### METHODIST CONNEXIONAL OFFICE

#### PROFILE OF THE METHODIST CONNEXIONAL OFFICE

##### CHALLENGES TO THE CHURCH

1. Jubilee 2008 did not prove to be a success mainly because Districts failed to grasp the importance of the responsibility to manage property under their care strategically.

The suggested new aims of Jubilee 2015 are:

- 1) To identify property with development potential in order to create income streams for the church into the future.
  - 2) To resource the church at all levels by converting property that is no longer used effectively into a cash resource to be used for the ongoing maintenance, restoration and acquisition of property for the needs of the Church at various levels.
  - 3) To be strategic in the stewardship of church property. In other words, to identify what the property requirements will be into the future and plan to meet those needs as they occur.
2. The MCO expects all Circuits to pay their assessments on time. October 2010 Schedules indicate that 238 out of 341 Circuits pay by due date. This is commendable and displays good stewardship. Of the 103 Circuits which are in arrear, 77 (101 in 2009) Circuits are less than 2 months behind with their payments. We appeal to those 77 Circuits to exercise stricter control in order to reduce the unacceptably high level of supervision required. Another 26 Circuits require intensive management and represent R978 900 of the R3 million arrears.
  3. Financial 4C and 4S Schedules must be completed, audited, approved by the April Quarterly Meeting and 2 copies submitted to the District Treasurer well before Synod annually. One copy is to be sent to the MCO as soon as possible but by not later than 2 weeks after the Synod meeting. Late submission of these Schedules is not acceptable and threatens the Church's tax exempt status.
  4. It is pleasing to note that Circuits, Societies and Organisations are largely adhering to the Church's 'Policy on Effective Financial Management' (See Annexure 1). Those who continue to ignore them contradict the high calling of our faith in the Lord Jesus Christ. The required guidance and discipline must be adhered to at every level of the Church.
  5. All Church-owned property is to be registered in the name of the Presiding Bishop, for the time being, of the Conference of the Methodist Church of Southern Africa and all Title Deeds lodged with the MCO for safekeeping. This

includes properties which are fully paid for in cash at the time of purchase. A copy of the Title Deed must also be sent to the MCO where properties are bonded to a bank. This needs to be done in every instance.

6. The average cost to a Circuit for an Ordained Minister is approx. R300 000. This must be taken into account when considering the viability of a Circuit and deciding on the number of Ministers a Circuit can afford. This is particularly important for those Societies/Circuits which receive between R100 000 and R500 000 in total income per annum.

## **HIGHLIGHTS AND SIGNIFICANT EVENTS**

1. An up to date Audit of Church owned Property was requested in 2007. This is a vital exercise and for this purpose a Property Information Officer was appointed in February 2010. Good progress has been made with the audit which is now up to date.
2. We have upgraded the Centralised Accounting Organisation (CAO) computer hardware and software. We now await CAO to implement the upgrade which will enable the MCO to import 4C and 4S Schedules electronically from the CAO. This will result in substantial time-saving and will assist with the submission of the Church's Income Tax Return to the South African Revenue Services.
3. The circuit assessment account is carefully monitored throughout the year to control costs. In an effort to assist the Church to achieve mission objectives we have set the Circuit Assessment at 20% of Ministers' stipends plus allowances.

## **SCOPE OF RESPONSIBILITIES - A BRIEF OVERVIEW**

- **Pension/Provident Funds**

The MCO administers two pension and one provident fund. Total assets under administration amount to R942 million at September 2010.

- **Payment of Stipends/Pension**

Over 800 Ministers, Evangelists and Biblewomen, as well as 600 Supernumeraries are paid monthly through the MCO.

- **Insurance of Church Properties**

The MCO administers the insurance cover for the Church's assets which amount to over R3 billion.

- **Medical Aid**

The MCO, in conjunction with Pharos Medical Scheme, administers the medical aid for our Ministers, Evangelists and Biblewomen.

- **Property**

The MCO hold Title Deeds and administer the records of over one-and-a-half thousand properties owned by the MCSA.

## **OBJECTIVES AND STRATEGY OF THE MCO**

The MCO exists to facilitate the vision of a Christ-healed Africa by:

- **Objective No. 1 Care for Ministerial staff and their families:**

**Strategy**

- a) Listen and respond positively to Ministerial staff, Supernumeraries and widows;
- b) Provide Ministerial staff with information about the facilities the Church offers them in their Ministry, such as facts about the itinerant ministry, stipends and allowances, Pension benefits, income tax, health care, retirement planning and how to buy a vehicle, house or investments.

- **Objective No. 2 Effectively administer Connexional Funds in accordance with missional objectives in an accountable and responsible manner:**

**Strategy**

- a) Provide appropriate administrative and financial systems and services;
- b) Control Connexional expenditure within reasonable limits;
- c) Exercise management oversight of out-sourced specialised services to those who have the financial resources and expertise such as vehicle and housing loans, insurance, investment management, processing medical claims and computer consultancy.

- **Objective No. 3 Offer administrative and financial facilities and resources to the Church:**

**Strategy**

- a) Provide Connexional financial and management guidelines to ensure integrity, accountability and responsibility and monitor such;
- b) Encourage and train Bishops, Superintendent Ministers and Stewards in management principles.
- c) Provide Bishops and Superintendent Ministers with financial and other information to enable them to manage effectively;
- d) Circulate an Administration/Financial procedure manual.

- **Objective No. 4 Initiate financial resourcing for mission growth and development:**

**Strategy**

- a) Maximise income and capital growth on Connexional money and assets;
- b) Utilise the Millennium Fund as effectively as possible;
- c) Encourage donors to contribute to and take advantage of tax concessions by donating to the Seth Mokitimi Methodist Seminary (Incorporated under Section 21).

- d) Consider vacant church-owned land and buildings in such a way as to utilise the asset affectively.
- e) Contribute to a Church Reserve Account for financing purposes as opportunities arise.

**THE METHODIST CHURCH OF SOUTHERN AFRICA  
CONNEXIONAL OFFICE**

**ORDER OF BUSINESS – 2010 for 2011**

**5 THE FOLLOWING PARAGRAPHS SHOULD BE READ IN CONJUNCTION WITH THE 11<sup>th</sup> EDITION OF THE LAWS AND DISCIPLINE, CHAPTER 8, PAGES 89ff.**

**5.1 Administration**

**5.1.1 Executive Committee**

The Presiding Bishop, the Bishop of the Natal Coastal District, the Secretary of Conference, the Lay President, the Ministerial and Lay General Treasurers, Revs N Coetzee, O T Dlamini, C H S Bell and M Sebeko, Mesdames F B Y Nodada, N Hlati and J Simons, Miss L Dlamini, Ms L L Ginindza, and Ms I van der Walt, Prof N Mbobo and Mr G Rulumeni.

**5.1.2 General Treasurers**

The 2008 Conference appointed Rev V G Nyobole as Ministerial General Treasurer for a period of three years (2009-2011) and in 2010 for a further period of three years (2012-2014).

The 2009 Connexional Executive appointed Mr A R Tibbit as Lay General Treasurer for a further period of five years (2011-2015).

**5.2 Financial Statements**

The Connexional Executive received and adopted the audited Annual Financial Statements of the Connexional Office and the Millennium Mission Resource Fund as at 31 December 2009.

**5.3 Connexional Funds**

**5.3.1 Connexional Assessment Fund**

Refer Laws and Discipline paras. 8.13 - 8.15.

**5.3.1.1 Circuit Assessments**

To maintain the Connexional Funds the levy on all Circuits in 2011 shall remain 20% of the amount paid by Circuits and/or Societies for stipends, bonuses and all allowances (excluding travelling and housing) of Ministers and all other pastoral agents for the period ended 31 December 2009. The above stipends, bonuses, allowances and payment for Pulpit Supplies and private contributions paid for the support of Evangelists, and allowances made to theological students for supply work in Circuits are also subject to assessment.

- 5.3.1.2 Medical Expenses (previously called Extraordinary Affliction Grants):  
From 2005 Medical expenses were removed from the Circuit Assessment Account because its magnitude was distorting an objective evaluation of this Account.

To maintain Medical expenses in 2011 of R15 860 600 (2010 – R14 722 000) the levy on all Circuits remains 19% of the amount paid by Circuits and/or Societies for stipends, bonuses and all allowances (excluding travel depreciation and housing) of Ministers, Probationers, Supernumeraries, Biblewomen, Deacons, Evangelists and Catechists for the period ended 31 December 2009.

- 5.3.1.3 Circuit contributions to the Supernumerary Fund and the Supernumerary Fund Reserve/Church Reserve shall not be a charge against the Circuit Assessment Fund but shall be paid direct by the Circuits.
- 5.3.1.4 N.B.: Of the total amount of the estimated assessment income for 2011 – R9 097 030 (2010 – R8 384 554) is to be used directly for the care and maintenance of the ministry. This is made up as follows:

	BUDGET 2011	BUDGET 2010
	R	R
Ministerial Training EMMU	1 946 360	1 793 400
Ministerial Training SMMS	4 477 670	4 400 554
Removals	1 600 000	1 400 000
Long Leave Grants	945 000	669 100
Exigencies of Stations	80 000	80 000
Bursaries	30 000	24 500
Work permits	8 000	8 000
Children's Educational Grants	10 000	9 000
	<u>9097 030</u>	<u>8384 554</u>

- 5.3.1.5 Administrative expenses make up the balance as follows:

	BUDGET 2011	BUDGET 2010
	R	R
Alcohol & Drug Concerns	2 500	2 500
All Africa Council of Churches	8 000	8 000
Auxiliary grants	3 000	3 000
Bishops administration allowances	144 000	132 000
Centralised Accounting Organisation	280 000	280 000
Botswana Council of Churches	2 000	1 500
Christian Council of Lesotho	2 000	1 500
Christian Council of Mocambique	2 000	1 500
Christian Council of Namibia	2 000	1 500
Christian Council of Swaziland	2 000	1 500

Church Unity Commission	54 000	51 500
Conference Printing 000	40 000	40
Connexional Executive and Conference Planning	260 000	285 000
Connexional Committees	580 000	360 000
Connexional Chaplaincy Committee	30 000	30 000
Connexional Office expenses	3 911 800	3 623 950
Connexional IT	50 000	0
Connexional Marriage Registrar	2 000	2 000
Doctrine Committee	33 000	33 000
Ecumenical Affairs	130 000	20 000
Connexional Schedules	15 000	15 000
Dept. of Archives	2 000	1 000
Minutes of Conference	220 000	200 000
Bursary Fund Assessments	1 000	1 000
Dept. of Public Relations & Communications	264 000	240 000
Legal expenses	655 000	600 000
Office of the Presiding Bishop	903 050	824 000
Presiding Bishop's travel costs	200 000	170 000
Office of the Lay President	75 000	50 000
Office of the Secretary of Conference	747 000	706 190
Human Resources	490 000	350 000
Youth President	33 000	30 000
Children's Desk	200 000	200 000
Overseas Conferences	160 000	140 000
Regional Meetings	10 000	10 000
South African Council of Churches	65 000	65 000
SA Institute of Race Relations	3 000	2 500
Sundry funeral grants	4 000	3 000
World Council of Churches	145 000	140 000
World Methodist Council	60 000	60 000
Church Investors Trust	2 000	2 000
Total of all other Connexional expenses	9 792 350	8 688 140
TOTAL EXPENDITURE	18 889 380	17 072 694

#### 5.3.1.6 Without Agency

Where a Circuit is without agency the Circuit assessment is one-third of the assessment payable on the stipend of a Probationer Minister and that if no Minister is stationed in the Circuit for more than 5 consecutive years the Circuit be disbanded and attached to a neighbouring Circuit.

#### 5.3.1.7 Assessments of Ministers with Permission to Labour, on Leave of Absence or Seconded

Ministers and Deacons who are granted permission to labour or who are on Leave of Absence, appointed to Chaplaincies or Seconded, shall contribute each year the assessed cost of Supernumerary Fund

contributions, Extraordinary Affliction grants, Furlough allowances, Removal reimbursements, and any other grants, if such benefits apply to them. Where a Minister or Deacon has contributed the assessed cost to the Extraordinary Affliction Fund for less than 10 years, that Minister or Deacon may, from retirement date, apply for grants from the Extraordinary Affliction Fund, limited to the same number of years for which such assessed cost was made.

5.3.1.7 Assessments for Non-Stipendiary Personnel

Where a non-stipendiary Minister, Probationer, Supernumerary or Deacon is appointed to a Circuit, the Circuit Assessment is 50% of the stipend assessment payable on the minimum stipend of an ordained Minister. This would apply after the normal two years waiting period.

5.3.1.8 Assessments of Ministers Stationed in United Churches

(See L & D, para 8.49)

Ministers serving in United Churches shall contribute each year, if such benefits apply to them, the assessed cost of Supernumerary Fund contributions, Extraordinary Affliction grants, Furlough allowances and Removal reimbursements, together with an annual amount of approximately 50% of the residual assessment per Minister.

The amount of 50% of the residual assessment per Minister, for 2011 is R8 472.

**5.4 Ministers' Stipend Allowances**

5.4.1 Stipend Augmentation Fund

Conference 2009 endorsed the proposal which addressed the issue of 'parity of stipends' by implementing a Stipend Augmentation Fund to enhance the stipends of those Ministers who are paid the least in order to bring them up to a minimum overall income package of R13 000 before tax. Based on a formula this will be financed by a Stipend Augmentation Assessment levied on Circuits who pay stipends and allowances higher than R13 000 before tax.

There is no intention to limit stipends to a maximum but the requirement is that all income received by Ministers is disclosed to the MCO. A policy of transparency and trust is the objective of the proposal. The implementation of the voluntary policy was difficult to achieve and as a result the proposals on the implementation of an Assessed Stipend Augmentation Fund have been approved from 2010.

The Fund is administrated by the MCO but managed by Trustees appointed by Conference. Augmentations from the Fund to qualifying Ministers started in July 2010.

#### 5.4.2 Voluntary Stipend Fund

This is an existing Fund to pay a minimum stipend, or part thereof, to any Minister who does not receive a stipend. Conference of 2005 appeals to all Ministers who in 2011 receive more than the minimum stipend to voluntarily contribute a minimum of 1% of their total stipend (basic + additional) to a Voluntary Stipend Fund. Circuits and Organisations are encouraged to contribute to the Fund on a voluntary basis.

Before any Minister, not in receipt of the monthly stipend, is assisted from the Fund and to avoid possible abuse, someone from the District will need to visit the Circuit in situ and confirm that there is genuine need. If this is the case the District Bishop will be required to provide written confirmation to the MCO that such Minister did not receive a stipend or any inflated allowances direct from the Circuit and that the Circuit does not have resources to pay stipends through the MCO.

Every Minister will, again this year, be invited to indicate to the MCO if they want to voluntarily participate in the fund and the percentage they want to contribute, subject to a minimum of 1% of Basic and Additional Stipend.

Payment from this Fund is dependent on funds available.

#### 5.4.3 Stipends for 2011

Noting that the CPI inflation rate is expected to decrease over the next 12 months to about 4.5% per annum and noting that the average Stipend increases over the past 5 years have been almost twice the rate of inflation, the Connexional Executive recommends that:

The **Minimum Stipends** and stipend assessments for 2011 be increased by

6.5% to R6 670 per month and that **Total Stipends** increase by not more than 6.5% for 2011.

Only where Ministers change circuits or a circuit stipend justice programme is in progress may the total stipend increase by more than 6.5%. However, where the increase results in a Minister dropping to a lower stipend group Circuits should try to maintain the higher stipend group.

Minimum stipend allowances for 2011 shall be:

	<u>Annual</u>	<u>Monthly</u>
	R	R
Ministers : Ordained	80 040	6 670
Probationers (85%)	68 040	5 670
Seminarian Allowance	17 400	1 450

Deacons: Ordained	60 024	5 002
Probationers (85%)	51 024	4 252
Evangelists: Commissioned	32 016	2 668
Probationers	25 608	2 134
Biblewomen: Commissioned	32 016	2 668
Probationers	25 608	2 134

#### 5.4.4 Stipend Assessment

In order to pay stipends in 2011 in terms of L & D paragraph 8.56 the stipend assessment to be included with the Circuit assessment and other charges, payable on or before the 15<sup>th</sup> of each month or on the 19<sup>th</sup> if paid by debit order, is the same amount as the above stipend.

#### 5.4.5 Payment of Stipend Allowances

The amount of stipend paid shall relate to the total amount received by the Connexional Office in respect of the combined charges in terms of L & D paragraph 8.56 and subject to the allocation priority in terms of L & D paragraph 8.57.

#### 5.4.6 Superintendent's Allowance (See L & D para 8.52)

The allowance is discontinued with effect from 2008.

5.4.7 Noting the Conference resolution relating to stipends, refer to paragraph 5.4 above.

5.4.8 Research regarding non-payment of stipends and viability of Circuits.

The Connexional Executive mandates that in regard to stipends:

5.4.8.1 Each District shall be required to appoint a qualified task-group to research and study the problem of some Ministers not receiving stipends, including the costing of options they may seek to recommend;

5.4.8.2 The recommendations of the District task-groups be sent to their own Circuits and Synods for discussion in February annually;

5.4.8.3 The work of Districts be submitted to the Executive Secretary and combined into a definitive discussion document to be considered by the Connexional Executive in September annually;

5.4.9 Depreciation Allowance  
(See L & D, paragraph 8.61)

The Depreciation Allowance will no longer be paid as a separate allowance.

5.4.10 Travelling Allowance  
(See L & D, paragraph 8.62)

The Travelling and Depreciation Allowances have been combined with effect from 2007 in order to conform to the South African Revenue Service (SARS) Travelling Allowance Table. The Travelling Allowance for 2011 is based on the Value of the Vehicle being between R80 000 and R120 000 and calculated on the basis of travelling 1 400 km per month. The recommended Travelling Allowance for 2011 is R4 540 per month. Where the distance travelled exceeds 1 400 km per month, the excess mileage may be claimed at R2.00 per km.

5.4.11 Loan - Reducing Term Insurance  
(See Laws & Discipline , paragraph 8.63)

Car Loans are no longer available from the Church and the Reducing Term Insurance therefore falls away.

5.4.12 Extraordinary Affliction Grants  
(See Laws & Discipline, paragraph 8.75).

5.4.12.1 In terms of Laws and Discipline, paragraph 8.75, various benefits and limits are granted under the Pharos Medical Plan for hospital costs as well as major conditions requiring treatment, subject to pre-authorisation having been obtained and the terms and conditions of the Medical Schemes Act and agreements concluded between Pharos Medical Plan and the Church from time to time.

(a) In-Hospital Benefits

- From 2009 the upper limit is R500 000 per incident per annum;
- The co-payment required by the member from 2009 is:
  - 50% of the first R4 400, thereafter
  - 10% of the amount over R4 400, up to a maximum of R10 000;
- Any hospital treatment that forms part of the Prescribed Minimum Benefits at State and Provincial Hospitals is fully paid-for by Pharos Medical Plan.

(b) Out-of-Hospital Benefits

Ministers and Supernumeraries are required to pay doctors and other out-of-hospital accounts up-front and will be refunded 80% thereof by the Pharos Medical Plan. Prescription medicine may be obtained from a pharmacy by paying the 20% co-payment up-front. The pharmacy will submit the balance of the account to Pharos electronically.

5.4.12.2 The conditions and limits referred to in Laws & Discipline para 8.15.2 are as follows:

“Members of the Order of Evangelism qualify for extraordinary affliction grants, if they are paid the minimum stipend through the MCO; retired Evangelists and Biblewomen also qualify if they had at least 10 years service having been paid the minimum stipend through the MCO. All such grants are subject to a limit of R3 500 per family per year.”

5.4.12.3. With effect from January 2007 the required contribution from Ministers towards the medical expenses of Ministers, Supernumeraries, Deacons, Evangelists and Biblewomen will be 6% of their Basic plus Additional Stipend with a maximum of R675 per month for 2011.

**5.5 Funeral Grants**

(See L & D , paragraph 8.78)

The limit for 2011 is R1 800.

**5.6 Children's Education**

5.6.1 School Uniforms

(See L & D, paragraph 8.79.2)

The amount for 2011 is R300.

**5.7 Supernumerary Fund**

5.7.1 Stipend Groups, Contributions and Basic Benefit Rates

5.7.1.1 The following basic benefit rates of pensionable service are recommended with effect from 1 July 2010 being an increase of 10.66%:

Group	Basic Benefit per year being 2% of Annual Pensionable Stipend	
	R	
1	168.24	
2	504.72	
3	897.36	
4	1402.08	
5	1962.96	
6	2523.84	
7	3084.48	
8	3645.36	
9	4206.24	
10	4767.12	
11	5328.00	
12	5888.64	
13	6449.52	
14	7010.44	

The following annual pensionable stipend and contributions in each group are recommended from 1 January 2011.

Group	Monthly Stipend Range		Annual Stipend Range		Annual Pens'able Stipend	Personal Contributions		Circuit Contrib. SF/SFRes/ChRes		
						Monthly	Annual	Monthly	Annual	
1		1402	1	16824	8412	71	852	213	2556	
2	1403	2804	16825	33648	25236	211	2532	633	7596	
3	2805	4674	33649	56088	44868	374	4488	1122	13464	
4	4675	7010	56089	84120	70104	584	7008	1752	21024	
5	7011	9348	84121	112176	98148	819	9828	2457	29484	
6	9349	11684	112177	140208	126192	1052	12624	3156	37872	
7	11685	14020	140209	168240	154224	1285	15420	3855	46260	
8	14021	16358	168241	196296	182268	1519	18228	4557	54684	
9	16359	18694	196297	224328	210312	1753	21036	5259	63108	
10	18695	21032	224329	252384	238356	1986	23832	5958	71496	
11	21033	23368	252385	280416	266400	2220	26640	6660	79920	
12	23369	25704	280417	308448	294432	2455	29460	7365	88380	
13	25705	28042	308449	336504	322476	2687	32244	8061	96732	
14	28043	& over	336505	& over	350522	2921	35052	8763	105156	
						2011				

5.7.1.3 The contribution from the Circuit towards the Supernumerary Fund, Supernumerary Fund Reserve/Church Reserve shall be three times the personal contribution and shall be paid direct by the Circuit. The

distribution of the contribution will be variable as between the Supernumerary Fund, Supernumerary Fund Reserve and the Church Reserve.

- 5.7.2 Ministers will receive an annual benefit statement which will indicate their Individual Member Balance in the Supernumerary Fund and also an indication of the Church minimum benefit (at current benefit rates) they will receive from the Supernumerary Fund at retirement and in the event of death, to enable them to arrange their personal finances.
- 5.7.3 Amendments to the rules of the Supernumerary Fund shall be made as and when necessary by the Board of Trustees and submitted to the Registrar of Pension Funds for approval.
- 5.7.4 The Rules of the Supernumerary Fund are available on request from the Methodist Connexional Office.
- 5.7.5 In terms of the rules the Church representatives of the Supernumerary Fund shall include the Ministerial General Treasurer and the Lay General Treasurer ex officio.
- 5.7.6 The 2010 Connexional Executive appointed Mrs B R Mkwanazi, Mr G W Trimble and Rev I M Abrahams as Church representatives of the Supernumerary Fund for five years (2011-2015).
- 5.7.7 The 2010 Connexional Executive noted the election by members and pensioners of Revs J Borman, J P Scholtz, J B Freemantle, R A J Olivier and O van Niekerk as Elected Trustees of the Supernumerary Fund for five years (2011-2015).

## **5.8 Lay Staff Pension Fund and Provident Fund Trustees**

- 5.8.1 The 2001 Connexional Executive appointed the Ministerial General Treasurer and the Lay General Treasurer as ex officio Church representatives of the Lay Staff Pension Fund.
- 5.8.2 The 2010 Connexional Executive appointed Mrs B R Mkwanazi, Mr G W Trimble and Rev I M Abrahams as Church representatives of the Lay Staff Pension Fund for three years (2011-2013).
- 5.8.3 The 2010 Connexional Executive noted the election by members and pensioners of Mesdames H A Fleming, M Hildyard, B E Jubber, B Moyo-Bango and Mr B D Wynn as Member-Elected Trustees of the Lay Staff Pension Fund for three years (2011-2013).
- 5.8.4 The 2001 Connexional Executive appointed the Ministerial General Treasurer and the Lay General Treasurer as ex officio Church representatives of the Provident Fund.

5.8.5 The 2010 Connexional Executive appointed Mrs B R Mkwazazi, Mr G W Trimble and Rev I M Abrahams as Church representatives of the Provident Fund for three years (2011-2013).

5.8.6 The 2010 Connexional Executive noted the election by members of Mesdames H A Fleming, M Hildyard, B E Jubber, B Moyo-Bango and Mr B D Wynn as Member-Elected Trustees of the Provident Fund for three years (2011-2013).

#### 5.9 **Property Protection Fund**

(See Laws and Discipline, para 8.84.3, para 8.84.4 and 8.84.5)

5.9.1 Circuits may recover from Ministers the premium on that portion of the Ministers' furniture which is insured for more than R165 000.

5.9.2 The minimum Sum Insured on any manse building is R500 000.

#### 5.10 **Ministerial Students' Fund**

5.10.1 Contributions to the Ministerial Students' Fund  
(See Laws and Discipline, para 8.87.3)

5.10.2 Ordained Ministers are invited to contribute a voluntary amount to the Ministerial Students' Fund for deduction from their stipend payment by the Connexional Office.

5.10.3 Donations from Districts to the Ministerial Students' Fund

The following donations were received from the Districts:

	<b>ACTUAL 2008 R</b>	<b>ACTUAL 2009 R</b>
Cape	136 235	172 008
Grahamstown	90 376	64 295
Queenstown	31 105	19 152
Kimberley, Namibia & Bloemfontein	35 448	32 626
Northern Free State and Lesotho	58 800	58 729
Natal Coastal	101 425	108 831
Natal West	107 633	93 400
Central	232 378	176 395
Highveld and Swaziland	290 272	91 421
Limpopo	67 586	66 991
Mocambique	0	0
Clarkebury	90 000	41 000
Miscellaneous	39 042	74 210
<b>TOTAL</b>	<b>1 280 300</b>	<b>999 058</b>

5.10.4 Books for Probationers  
(See Laws and Discipline, para 8.88).

5.10.4.1 The Book Room is authorised to pay an amount to be determined by the Department of Education for Ministry for each Probationer Minister for books for study purposes. Such books must be approved by the Director of EMMU or, in the case of Probationers at Seminary, by the President of the Seminary.

5.10.4.2 The special grant to students for the purchase of extra copies of important but expensive books for the library at John Wesley College is no longer paid.

5.10.4.3 Ministerial Students' Fund Cost of Ministerial Training  
(See Laws and Discipline, para 8.91.1)

The cost of Seminary Training to be met by any Minister who does not complete 5 years of ordained service to the Church is R33 000 for the study year 2011.

The cost of In Circuit Training for Probationers to be met by any Minister who does not complete 5 years of ordained service to the Church is R15 000 for the study year 2011.

The cost of Ministerial Training to be paid by Ministers in respect of 2011 is 30% of the Seminary Training Cost per Seminarian for 2011 and/or 30% of the In Circuit Training per Probationer for 2011, as follows:

<u>Portion</u>	<u>Training Cost</u>	<u>Minister's 30%</u>
Prob. at Seminary	R 33 000	R 9 900
Prob. In Circuit	R 15 000	R 4 500

**5.11 Removals**  
(See Laws and Discipline, para 8.93)

5.11.1 Where travel is by private transport, the reimbursement from 1<sup>st</sup> June 2009 shall be R2-00 per kilometre.

**5.12 Loans**

5.12.1 Building Loan Interest Rate  
(See Laws and Discipline, para 8.94.1)  
The Connexional interest rate on building loans will be an appropriate rate as determined by the General Treasurers from time to time.

5.12.2 Outside Housing Loans  
(See Laws and Discipline, para 8.94.3.2)

The formal agreement with First National Bank to make property housing loans available to Ministers and full-time employees of the Church has terminated. However, they and all the banks are willing to assist with housing loans but preferential interest rates and options will be negotiable between the bank and each applicant.

**5.13 Investment of Funds**

(See Laws and Discipline, para 8.95)

The interest rate on money invested at call will be an appropriate rate as determined by the General Treasurers from time to time.

**5.14 Banking Accounts**

(See Laws and Discipline, para 8.96)

The Connexional Office conducts a number of bank accounts all of which have been approved by the MCO Executive Committee.

**5.15 Northern Districts Finance Committee**

(See Laws and Discipline, para 8.101)

The following are members of the Committee:

The Bishops of the Central, the Highveld & Swaziland, and the Limpopo Districts, together with one Minister and two lay members from each of those Districts and a Secretary and a Treasurer.

**5.16 Bursaries for Tertiary Education for the Children of Ministers and Laity**

An amount of R30 000 is allocated for bursaries for Ministers' children from the Circuit Assessment Account. Such bursaries are:

School R2 000  
Tertiary R7 500

per annum tenable for a maximum of 4 years at an approved tertiary education institution.

**5.17 Bursary Fund Levy**

(See General Regulations, para 1.10.2)

The Bursary Fund levy on Circuits is R350 per annum per Minister for 2011.

**5.18 Connexional Bursary Secretary**

Mr John Schorn  
P O Box 75476, Gardenview, 2047  
Tel : 011 6150729  
Fax: 011 6162805

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**CONNEXIONAL TRUST PROPERTIES**

**(Yearbook, Chapter 13)**

**The following paragraphs should be read in conjunction with the 11<sup>th</sup> Edition of the Laws and Discipline, Chapter 9, pages 118ff.**

- 9.41 The District Trust Properties Committee must refer all schemes, contracts, purchases and sale agreements etc. in excess of R1 million to the Connexional Trust Properties Committee for approval.
- 9.50 No building contract exceeding R150 000 in value may be entered into without the District Trust Properties Committee’s approval.
- 9.52 A Registered Architect, or an approved Building Design Consultant, is to be appointed where expenditure is between R70 000 and R250 000. A Registered Architect and a Registered Engineer must be appointed where expenditure exceeds R250 000. When Societies wish to owner-build, the permission of the District Trust Properties Committee must be obtained.
- 9.53 At least two tenders are required for schemes where expenditure will exceed R150 000. . “Contractors All Risks and Public Liability Insurance” must be arranged for all erections, alterations, additions or renovations to buildings.
- 9.57 An organ costing more than R75 000 shall require the approval of the Quarterly Meeting and the District Trust Properties Committee before being purchased. Organs costing less than R75 000 and other Church furnishings may be purchased without District Trust Properties Committee approval, provided that no debt is incurred.

**CONNEXIONAL TRUST PROPERTIES COMMITTEE**

Delete paragraph 9.60.8 which is replaced by Laws and Discipline, paragraph 9.13:  
“There shall be a Connexional Trust Properties Committee convened by the Presiding Bishop’s Office.”

## **Appendix 1**

### **POLICY ON EFFECTIVE FINANCIAL MANAGEMENT**

#### **THIS POLICY IS MANDATED FOR ALL SOCIETIES, CIRCUITS, INSTITUTIONS, ORGANISATIONS, TRUSTS, CONNEXIONAL AND DISTRICT UNITS**

**(Approved by the Connexional Executive Committee - August 2001)**

#### **PREAMBLE**

1 CORINTHIANS 4:2 states "It is required of stewards that they be found trustworthy." We are required to be accountable to God and to each other for the proper care of money and possessions that God has entrusted to us. No aspect of Church involvement has greater potential for creating doubt, suspicion or disunity than money. So we need to be wise in leadership by offering full disclosure to as many people as possible and comply with standards of good governance and accountability.

Please note the requirement for each Institution, Organisation, Trust and Unit to also complete annually an Institutional Competency Assessment (to check if viable, ethical and effectual) and submit such to Synods, Connexional Executive or the Board of Mission Meeting.

#### **OBJECTIVES**

The main objectives are to provide:

1. A clear statement of the financial affairs of the Society, Circuit, Unit, Organisation, Institution, Trust or Fund;
2. Regular and prompt quarterly and audited Annual Financial Statements;
3. Simple accounting records which can be taken over by new people without difficulty when Treasurers or Officials move; and
4. Management information to facilitate decision-making by the respective Executive Committees as well as the Synod, Methodist Connexional Office and the Connexional Executive.

#### **REQUIREMENTS RELATING TO FINANCIAL REPORTING**

In accordance with the regulations it is required that the respective Executive Committees of Societies, Circuits, Units, Organisations, Institutions and Trusts adequately manage all their funds, keep proper accounts of income and expenditure and submit them to their respective Executive Committee.

L & D par. 7.21 states that it is the duty of the Circuit Stewards to manage all the Circuit funds on behalf of the Quarterly Meeting, keep proper accounts of income and expenditure and submit them to the Quarterly Meeting. The Circuit Treasurer, where appointed, shall operate under the direction of the Circuit Stewards. Superintendent Ministers must ensure that Circuit Stewards do exercise this management duty.

The year end of all Societies, Circuits, Units, Organisations, Institutions and Trusts is the 31<sup>st</sup> December. Financial Statements, Schedules 4c and 4s shall be audited. A registered Accountant (registered with the Public Accountants and Auditors Board) can both prepare and audit Financial Statements. Financial Statements prepared by a person other than a registered Accountant must be audited by a person with an accounting qualification, whose qualifications shall be stated in the audited Annual Financial Statements. Where the services of qualified persons are not available, there should be consultation with the Methodist Connexional Office so that the accounts are handled by a firm of Accountants or the Centralised Accounting Organisation.

The audited Annual Financial Statements are submitted, in the case of a **Society** to the Church Council for approval, and in the case of a **Circuit** to the Circuit Quarterly Meeting, and thereafter to the Synod, via the District Treasurer. The District Treasurer will then submit a copy to the Methodist Connexional Office within two weeks of Synod. All income and all expenditure of whatever nature must be accounted for in the books of the Circuit/Society and shown in the Annual Financial Statements so that there is proper accountability to our members, Synod and the Connexion. Similarly monies may not be hidden in various bank and other accounts. All account balances must be disclosed in the audited Financial Statements. A serious view will be taken of any attempts to withhold full and honest disclosure of all income and expenditure (including stipends, allowances and gifts to Ministers) as well as bank, savings and investment balances at year end.

The audited Annual Financial Statements of **District** Units, Organisations, Institutions and Trusts are required to be submitted first to their respective District (Controlling) Executive Committee and then the District Treasurer for reporting to and inclusion in the Synod Blue Book and for consideration by the Synod. Thereafter the District Treasurer will submit all audited Financial Statements to the Methodist Connexional Office.

The audited Annual Financial Statements of **Connexional** Units, Organisations, Institutions and Trusts are required to be submitted first to their respective Connexional (Controlling) Executive Committee and then to the Methodist Connexional Office for consideration by the Connexional Executive Committee. These requirements also apply to special funds collected, invested and expended such as Building, Rona or Special Effort funds.

The MCSA wishes to retain its Tax Exempt status in terms of the Income Tax Act. In terms of the Tax Act all Public Benefit Organisations (PBO's), (which includes religious organisations) are required annually to submit a consolidated Financial

Report to S A Revenue Services reflecting accurate details of all Circuit and Society Income and Expenditure. This statutory requirement highlights the **crucial and urgent necessity to ensure that Circuits are structured into viable units which are effectively managed and comply with good governance** in terms of our Laws & Discipline but also the laws of the Land.

### **CONTROL AND MANAGEMENT OF FINANCES IN ACCORDANCE WITH GENERALLY ACCEPTABLE ACCOUNTING STANDARDS**

1. All money collected is immediately banked.
2. Receipts are issued for money collected and handed from one person to another, prior to banking. If it is not feasible to issue receipts, proper records are to be kept to substantiate the source of all money received with at least two persons signing such record.
3. All payments should be made by cheque and every payment must be authorised by the Unit Leader or relevant responsible person. Salary registers must be authorised by the Unit Leader or relevant person, other than the person responsible for the actual payment thereof.
4. Cheques, payable to the supplier of goods or services, must be signed by two authorised signatories one of which must be the Unit Leader or a relevant responsible person. Cash cheques may NOT BE ISSUED. DO NOT SIGN BLANK CHEQUES. Cheque books must be kept in a safe place to prevent unauthorised access thereto. Stolen/lost unused cheques must be reported to the Bank & SAPS immediately. A 'stop payment' must be placed on these cheques with the bank.
5. Invoices must be obtained to substantiate payments made.
6. All vouchers, receipts, invoices, receipt records, bank deposits, paid cheques and bank statements together with cash book and other bookkeeping records are given to the auditor.
7. Each expense must be allocated, in the financial records, to the relevant budget item it relates to.
8. For any large items of expenditure, eg. repairs or printing, three quotes must be obtained prior to going ahead with the work. The most reasonably priced quote must be accepted and authorised by the Unit Leader or person responsible.
9. Extra staff may not be taken on if not budgeted for.
10. The issue and use of Credit cards is strongly discouraged. In designated instances credit cards may be authorised by the MCO provided their use is only related to budgeted items or emergencies.
11. Accounting data, in respect of Connexional Units must be sent timeously to the Methodist Connexional Office in Durban according to the agreed deadlines.

12. In accordance with paragraph 1.15 of the General Regulations, no loan from Circuit or Connexional Funds may be made to any private person or body.
13. Electronic payments are only permissible where dual control of authorisation on a payment instruction is a requirement of the banking system and separate confidential password codes are used.
14. No unbudgeted item of expenditure shall be purchased or commitment made to purchase without the prior approval of the appropriate Connexional authority. The General Treasurers must be consulted when appropriate.
15. It is essential that Lay persons with business and accounting skill and knowledge are represented on Executive Committees or Boards to assist management.

## **BUDGETING**

1. Accurate and realistic annual budgets for all income, expenditure and capital expenditure should be compiled. The prior year's budget, and actual data should be used as a guide to determine what budget is required for the following year. Refrain from simply adding a percentage to the previous year's actual figures but calculate accurately and be able to justify each budget item.
2. Budgets should be submitted to and approved by the controlling Executive Committee by previously agreed deadline dates.
3. Capital Expenditure must be budgeted for. The purchase of Capital Expenditure such as vehicles, equipment, furniture and properties where necessary must be regarded as an expense in the budget.
4. Any Grants normally received, which are part of the budgeted income, must be confirmed with the relevant sponsor prior to preparation and approval of the budget.
5. Expected Ministerial Stipends and allowances for the budget if relevant, must be verified with the General Treasurers.
6. Student expenses, if relevant, must be calculated on the number of students expected for that year.
7. If students are housed while studying, careful consideration must be taken as to whether there is sufficient accommodation for them to avoid unbudgeted for acquisition or renting of properties.
8. Where necessary inflation increases must be budgeted for, i.e. municipal electricity, postage, telephone costs.
9. Travel expenses need to be calculated on the basis of the number and destination of any trips required for the purpose of the administration of the unit

or organisation.

10. The budget exercise should result in an excess income or breakeven situation for the year but definitely not an excess of Expenditure over Income.

### **COMPARISON OF BUDGET TO ACTUAL INCOME AND EXPENSES**

1. A Financial Statement shall be prepared by the relevant Accountant/Treasurer on a quarterly (or monthly) basis, as agreed, by a specified deadline.
2. The Financial Statement shall show the full Budget for the year, the Budget apportioned on a year to date basis for the period involved, the Actual Income/Expenditure on a year to date basis for the period involved and the variance between the Budget and Actual year to date figures.
3. Any details required by the responsible person with regard to this report shall be supplied timeously by the Accountant/Treasurer.
4. Any major variances may be highlighted by the Accountant/Treasurer for the attention of the relevant responsible person.
5. The Financial Statement described above and details of major variances must be referred to the relevant body for discussion and approval.
6. Should a major variance occur, an explanation will be expected from the Unit Leader/responsible person at the Leaders Meeting or relevant Executive Committee.
7. At the year end, 31<sup>st</sup> December, the Annual Financial Statements including Balance Sheets shall be prepared, audited and approved by the Leaders Meeting or relevant body in accordance with the previously agreed deadline date.

### **OVERSEAS TRAVEL/OUT OF COUNTRY**

- 1 Any out of country travel on official and authorised MCSA business should be part of the budget and shall not cause annual expenditure to exceed annual income;
- 2 Such trip must be approved by the Presiding Bishop in the case of Connexional Units or the Controlling Executive Committee in all other cases and an itinerary should be handed to him/the Committee;
- 3 As part of the expenses of the trip an Out of Pocket Allowance should be paid for incidental expenses. This allowance is intended to cover meals, bus, train and taxi fares, tips and similar incidental costs. It is assumed that the relevant Unit of the MCSA or overseas host would pay for airfares, accommodation, conference registration and related expenses. The Out of Pocket Allowance will depend on circumstances, eg. accommodation may be provided by the host. The maximum such allowance is \$75 per day for which prior motivation

to and approval by the Presiding Bishop in the case of Connexional Units or the Controlling Executive Committee is required. If this amount is actually exceeded, vouchers will be provided to account for such expenditure;

- 4 On return from the trip a brief report needs to be presented to the Presiding Bishop or Controlling Executive Committee giving observations and recommendations arising from the trip and giving account of;
  - a) Traveller's cheques, foreign currency and Out of Pocket Allowance issued to the individual for the trip;
  - b) Details of expenses actually incurred on the trip together with supporting vouchers where possible;
  - c) Unused Travellers cheques and foreign currency not spent. These need to be immediately banked back into the Unit or Organisation's bank account.
- 5 A copy of the report specified in 4 above needs to be sent to the Lay General Treasurer.

### **CASH RESOURCE MANAGEMENT**

1. Any surplus funds held by any Society, Circuit, Institution, Organisation, Trust or Unit which will not be required in the near future should be either transferred into a Bank Call account or preferably transferred to the General Treasurers for investment.
2. All Bank account balances, be they Call or Current, must be reported to the relevant authority on a weekly basis or whenever appropriate.
3. Quarterly administration grants to Units need only be paid if cash resources will not be sufficient for the forthcoming quarter. A partial quarterly grant need only be paid if cash resources are left over from the previous quarter.
4. Continually look for ways of saving on costs and avoiding unnecessary expenses.
5. Carefully monitor all expenses.
6. Ensure that all budgeted income is received.

### **CAPITAL INCOME AND EXPENSE MANAGEMENT**

1. Any proceeds from the sale of properties administered by a Unit may not be used for the normal day to day "running" expenses, unless this had been specifically provided for and approved in the budget or forms part of Jubilee 2008.
2. Careful planning is required for the purchase of capital items of equipment, furniture and vehicles in view of the magnitude of such purchases and the

possible impact on Circuit Assessments.

3. Careful forward planning needs to be done, where necessary, regarding the acquisition or development of properties.

**CONTRACTUAL OBLIGATIONS**

In terms of Chapter 9 of the Laws and Disciplines of the Methodist Church of Southern Africa no contract for the purchase, exchange, lease or disposal of movable or immovable properties may be exercised by anyone other than the Presiding Bishop or Secretary of Conference acting on behalf of the Presiding Bishop.

**BANK OVERDRAFTS**

No bank overdraft may be operated on or applied for without first obtaining permission from the MCO. Overdrafts will only be approved if the facility is for a short time and there is matching collateral to support the overdraft e.g. 32 days notice deposit. Please do not operate overdrafts without approval.

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## Appendix 2

### INSTITUTIONAL COMPETENCY ASSESSMENT

THIS QUESTIONNAIRE IS MANDATORY AND IS TO BE COMPLETED AND SUBMITTED ANNUALLY BY ALL CONNEXIONAL AND DISTRICT ORGANISATIONS, UNITS, TRUSTS, FUNDS, INSTITUTIONS, SCHOOLS, CHILDREN'S HOMES, HOMES FOR THE AGED (REFERRED TO AS "INSTITUTIONS")

(Approved by the Connexional Executive Committee - August 2001)

#### PREAMBLE

1. To ensure that the above Institutions are viable, ethical and effectual it is required that the undermentioned assessment be completed by 30 April each year.
2. All "Institutions" are referred to the Methodist Church of Southern Africa Policy on Effective Financial Management which must be adhered to.
3. It is the responsibility of the leader of each "Institution" to ensure that this assessment is completed by the Board or Executive Committee by 30 April each year and **submitted together with the audited Annual Financial Statement** for the previous year to:
  - i) The Connexional Executive (attention Lay General Treasurer) - in the case of all Connexional "Institutions" which are required to report to the Connexional Executive;
  - ii) The Connexional Board of Ministries (attention Lay General Treasurer) - in respect of all Connexional Units;
  - iii) District Synods (attention District Treasurer) - in the case of all "Institutions" in such District which are required to report to Synod.

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NAME OF ORGANISATION, UNIT, INSTITUTION, HOME

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**Answer  
Yes or No**

#### **Management**

Does the Board/Executive Committee operate under its own constitution?

▪ If Yes, attach copy of Constitution.

Does the Board/Executive Committee have a sufficient diversity of age, talent, skills, experience, gender, ethnic and racial groups and have geographic representation?

Does the Board/Executive Committee meet at least quarterly with agendas received prior to the meeting and minutes distributed after the meeting?

Do Board/Executive Committee members receive all appropriate information necessary for guidance and decision making?

Does the Board/Executive Committee review the organization's past performance and future plans annually?

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Does the Board/Executive Committee have a formal method of appraising the performance of the executive director?

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**Answer  
Yes or No**

**Plan**

Does the Board/Executive Committee have a current strategic plan which includes:

- Values, vision and purpose statement?
- Identification of the internal and external weaknesses?
- 90 day, 1 year and 2 year goals?

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Are the 90 days goals reviewed by the board every 90 days and new 90 days goals established?

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**Financial**

Does it have a current 2 year funding plan?

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Is there a trustee committee in place that regularly monitors investor performance of funds?

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Do we have a yearly independent financial audit?

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Are we complying with the Policy on Effective Financial Management for Connexional and District Departments, organisations, institutions, trusts and funds as set out by MCSA?

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Are we staying within the SARS requirements?

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Are all donations receipted in a timely fashion?

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Are accounts being paid within 30 days?

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**Staff**

Are all essential tasks identified and assigned to staff?

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Are staff records in place including employment contracts?

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Are appropriate disciplinary, grievance procedures in place and are they being observed?

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Do the staff have up-dated job descriptions?

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Do the staff have at least yearly performance evaluations?

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Is the Executive Director, Unit Leader, Chairman, President etc.[still] suited for the job?

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- Does he/she have a clear vision and enthusiasm for the work of the organisation?

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- Is he/she staying on task with strategic thinking/planning; fund development, staff management/development; financial controls; board relations?

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**Technology/Systems**

Are there systems in place which assist staff, the organisation and help to maximize effectiveness?

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**Governance**

Have all necessary registration documents been attended to?

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Have the registrations and lodgings been made to ensure incorporation of Section

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21 Company?  
Has the constitution been recently reviewed?

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**Answer  
Yes or No**

**Reporting**

In accordance with Methodist Church of Southern Africa policy for all "Institutions" which are required to report to Synod:

Are arrangements in place, to ensure the inclusion in the blue book for Synod, the following?:

- A narrative report, signed by the authorised representative of the institution concerned, indicating the caring, missional and pastoral goals achieved during the past year, how funds were effectively used, plans and needs for the future, the Strengths, Weaknesses, Opportunities and Threats of the institution, and the names on the management committee, which should include people with management, accounting and other appropriate skills. Is this in place?
- In certain instances Government regulations or healthy trading practices require that business plans be drawn up. Where appropriate, are such business plans in place?  
If so, are they submitted to Synod?
- Are audited annual financial statements, reflecting income from all sources, all expenditure, excess income over expenditure and a balance sheet of assets and liabilities and funds at year-end submitted to Synod?

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**Ethics**

Is there at least 75% attendance at each board meeting?

Does a board member meet with the executive director monthly to review how he/she is doing professionally?

- Spiritually [Is he/she growing spiritually or pursuing growth]?
- Financially [Is their salary placing undue pressure/burden on their family]?
- Maritally [How often is he/she away from home? How does his/her spouse feel about their job?]
- Physically [Is their life style putting them at risk]?
- Has the board determined what is unethical, imprudent and immoral and set corresponding policy?
- Are financial/contractual obligations being met in a timely fashion?

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**Risk Areas**

Are there any potential or real areas of litigation?

Are there any other risk areas that need to be noted?

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NAME OF PERSON COMPLETING THIS REPORT	.....
DESIGNATION OF PERSON COMPLETING THIS REPORT	.....
TELEPHONE NUMBER	.....
SIGNATURE OF AUTHORISED OFFICIAL	.....
DATE	.....

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