

## Financial Ministry Team

# Budget Modification Process

Adopted at the December 2011 Finance Ministry Team meeting

The following policy applies to situations where a budget owner finds it necessary to expend an amount greater than their annual approved budget amount for a particular discretionary budget item(s).

It is important to note that the request to expend more than the approved budget amount must occur prior to spending over the approved amount.

Discretionary budget items as defined below and deemed as controllable expenditures.

Every budget owner is responsible for their budget and must be accountable for any over expenditures.

- Budget owners must obtain approval for any over spending of the discretionary portion of their budget (i.e. Expense allowances) in writing to the FMT before it happens.
- The Finance Ministry Team will review each request on a case by case basis.
- If not approved by the Finance Ministry Team, any budget over expenditure will become the personal responsibility of the budget owner.

---

### *Discretionary Expenditures*

#### **Definition**

Discretionary expenses are expenses that a budget owner can eliminate or postpone without disrupting the church's operations or missions in the short run. Examples of discretionary expenses include advertising, preventive maintenance, expense accounts. Also called flexible expenditure or managed cost.

### *Mandatory Expenditures*

#### **Definition**

Mandatory expenses are expenses necessary to operate a church or to avoid bankruptcy. Examples of mandatory expenses include rent or mortgage payments, monthly utilities, salary payments to employees and tax payments. These expenses cannot easily be cut out of a budget to save money, as stopping mortgage, tax or utility payments may have severe legal consequences.