

**Vestry Policy Manual**  
**Adopted September 21, 2012**

**Table of Contents**

Our Mission:

“To make disciples of Jesus who are growing in faith, caring for others and experiencing community.”

<b>1. Formation and Responsibility given to Vestry</b>	<b>Pg. 03</b>
A. Duties	
B. Membership	
C. Officers	
<b>2. Acceptance of Vestry Member Responsibilities</b>	<b>Pg. 03</b>
A. Spiritual Growth/Promise to God	
B. Promises to our church family/Congregation	
C. Promises to each other	
D. Regarding Conflict	
<b>3. Outcomes and Governing Policies</b>	<b>Pg. 04</b>
<b>4. Desired Outcomes</b>	<b>Pg. 04</b>
A. Growing in Faith	
B. Caring for Others	
C. Experiencing Community	
<b>5. Vestry Self-Governance</b>	<b>Pg. 07</b>
A. Governing Process	
B. Connecting with Congregation Members	
C. Vestry Self-Evaluation and Conflict of Interest	
D. Officer's of the Vestry Responsibility	
E. Committees of the Vestry	
F. Filling Vacancies	
<b>6. Vestry and Senior Pastor Relationship</b>	<b>Pg. 11</b>
A. Manner of Delegating	
B. Vestry Decisions	
C. Senior Pastor's Accountability	
D. Exceeding Senior Pastor's Limitations	
E. Means of Monitoring	
<b>7. Senior Pastor Limitations</b>	<b>Pg. 13</b>
A. Planning	
B. Staff Structure	
C. Financial Guidelines	
D. Financial Planning	
E. Cash Donations	

- F. Asset Protection, Security & Usage
- G. Treatment of Staff
- H. Conflict of Interest for the Senior Pastor
- I. Connecting with Congregation Members

## **1. Formation and Responsibility given to Vestry**

### **A. Duties:**

The Congregation delegates authority to the Vestry per Article 7.4 of the Constitution, to be the governing body of the congregation empowered to administer and to manage all its affairs except those solely reserved for the congregation in Article 7.1 of the Constitution. As such, the Vestry shall:

- concern itself with the theology and mission of the church as outlined in Articles 2.0 and 3.0 of the Constitution, seeing to it that all activities of the church reflect the theology and mission of the church and the Gospel of Jesus Christ;
- review the activities and reports of the pastor and Vestry Committees;
- concern itself with making all policy governing the activities of the church;
- concern itself with planning and vision for the future;
- have authority over the Board of Deacons and all committees of the congregation; and
- appoint such teams and committees as needed to carry out its duties.

### **B. Membership:**

The Vestry shall consist of nine members per Article 6.2 of the Bylaws.

### **C. Officers**

The Officers of the Congregation are the officers of the Vestry and shall consist of a Chair, Vice-Chairperson, Secretary, and Treasurer per Article 5.0 of the Bylaws.

## **2. Acceptance of Vestry Member Responsibilities**

### **Holy Manners for Vestry**

We believe that these promises will enable us to better serve God, our church family and each other. The promises to our church family let every person at Holy Cross know what to expect from us. As a Vestry we are striving to make the following promises a grand reality as God continues to fill us with His Holy Spirit and love.

### **A. Spiritual Growth / Promises to God**

We promise to...

1. actively participate in the worship, Christian growth, and educational activities of HOLY CROSS Lutheran Church.
2. seek to develop our own personal spiritual life through the use of devotions, prayer, Bible study, and the practice of Christian stewardship.
3. seek to grow as Christian leaders by continually striving to increase our understanding of Lutheran theology and the mission and ministry of the Church.
4. devote ourselves to prayerfully seek God's will for the congregation.

### **B. Promises to Our Church Family /Congregation**

We promise to...

1. invest personal energy and skills in the purposes and objectives of the congregation, seeking opportunities where individual skills and abilities can be applied.
2. be open to opinions and concerns which may be expressed to us by members of the congregation. All such information shall remain confidential with the Vestry member

except as we may share this information with the Chair and the Vestry as a whole when deemed appropriate.

### **C. Promises to Each Other**

We promise to...

1. be prepared for all Vestry meetings.
2. attend Vestry meetings regularly and consider that missing two consecutive unexcused meetings serves as our automatic resignation.
3. relate to each other as members of the Body of Christ with openness, integrity, honesty, respect and Christian love.
4. accede to all decisions once they have been fully discussed and resolved by the Vestry. This does not exclude the right of members to hold minority opinions, or to express them within the Vestry setting. However, we should work to change policy rather than hinder actions of the Vestry or staff.
5. make no public reference to individual Vestry member's discussions that are made during Vestry activities.
6. keep confidential all documents and discussions so identified. However, the minutes will always be a public document.
7. know all vestry policies and comply with all that relate to vestry members.

### **D. Regarding Conflict**

We promise to..

1. bring to the Chair's immediate attention any condition or action that we believe exceeds a Senior Pastor Limitation policy. However, Vestry members should refrain from defining the appropriate corrective actions.
2. bring to the Chair's immediate attention any Vestry member who violates any of the vestry policies. Vestry members shall be subject to review and action by the Chair, then the Executive Committee, and finally, the Vestry as a whole.

## **3. Outcomes and Governing Policies**

The Vestry shall maintain written policies of four types:

### **Policies of Outcomes**

Statements setting forth the desired results of the ministry of Holy Cross Lutheran Church.

### **Policies of Vestry Self-Governance**

Statements setting forth the style and rules of the Vestry's own tasks and procedures.

### **Policies of Vestry and Senior Pastor Relationship**

Clarifying statements about delegation to the Senior Pastor and monitoring of the operation of the church.

### **Policies of Senior Pastor Limitations**

Limiting statements, binding the Senior Pastor in the achievement of the desired outcomes of the church.

## **4. Desired Outcomes**

God has called us into a fellowship of believers at Holy Cross, gathered around the Word and Sacraments, in order that the Kingdom of God might expand, and that He might work in our hearts faith toward Him and love toward each other.

Based on God's Word and flowing from our Baptism, we believe it is our mission to make disciples of Jesus who are Growing in Faith, Caring for Others, and Experiencing Community.

Therefore we are striving to see that people actively involved in the ministries of Holy Cross Lutheran Church are becoming and making disciples of Jesus who are Growing in Faith, Caring for Others, and Experiencing Community.

To this end, Holy Cross Lutheran Church has established the following Desired Outcomes of all our ministry efforts and will evaluate those ministries against these Outcomes:

Growing in Faith

Caring for Others

Experiencing Community

## **A. Growing in Faith**

We believe that the Holy Spirit uses God's Word and the Sacraments to form faith and causes it to grow and flourish in the hearts of people so that we can "know and rely on the love God has for us."

**Our Strategy for "Growing in Faith":** So that disciples of all ages and in all vocations "know and rely on the love God has for us" with an ever increasing trust in God we will teach about, encourage participation in and offer opportunities for:

### **1. Worship**

Christians of all ages praise the Triune God, acknowledge the sinful nature of man and the forgiveness of sins through Jesus Christ, and celebrate His presence through the Word and Sacraments. Such worship is culturally relevant, biblically sound, and distinctively Lutheran.

### **2. Bible Study**

We are students of God's Word and the catechism, in order to live as God's children filled with grace and truth at every age in life and in every vocation.

### **3. Faith Practices @ Home**

To make faith real throughout the week we cultivate spiritual habits and attitudes that strengthen our faith and trust in Christ and our witness to others, including:

- **Being in the Word**  
Christians of all ages are regularly reading their Bibles and memorizing key portions of the Bible so as to enrich their connection to God through His Word and to better prepare themselves to share the Christian faith with others.
- **Prayer**  
Christians of all ages pray privately and with family and friends offering our thanks and requests to God, listening for His answers and yielding to His will, as an act of trust in God and love for others while at home, church and wherever we may be.
- **Sharing Jesus**  
Christians of all ages give personal testimony of their trust in God and saving faith in Jesus Christ to friends and family and those God places in our path.

*And so we know and rely on the love God has for us.  
1 John 4:16*

## **B. Caring for Others**

We believe good works are the fruits of faith and are necessary for the care of one's neighbor. Empowered by the Holy Spirit we answer Jesus' call to "Love your neighbor as yourself."

**Our Strategy for "Caring for Others":** So that disciples of all ages and in all vocations can "love their neighbor as themselves," we will teach about, encourage participation in and offer opportunities for:

### **4. Service**

Christians of all ages are active in gift-based service as we use our time and talents, according to our God-given vocations, to care for each other, our family, our local community, our nation, and the world. Such care is characterized by a spirit of compassion, generosity, and mercy.

### **5. Supporting the Church at Large**

Recognizing that the mission of the Church includes and extends beyond Holy Cross, we are committed to supporting Kingdom work locally, nationally and internationally by sharing the unique service and ministry resources relating to our staff, lay leaders and facilities.

### **6. Generosity / Financial Stewardship**

Since all we are and all we have is a gift from God, all Christians manage all of life and life's resources for His purposes and imitate God by giving generously to support His work in and through the church. As such, Holy Cross annually grows toward becoming a tithing congregation and encourages all Christians to do the same.

*Love your neighbor as yourself.  
Mark 12:31*

## **C. Experiencing Community**

We believe that the Christian Church is called to model and foster real community as we connect to one another and "live at peace with everyone."

**Our Strategy for "Experiencing Community":** So that disciples of all ages and in all vocations can "live at peace with everyone," we will teach about, encourage participation in and offer opportunities for:

### **7. Connecting to One Another**

Christians of all ages and in every vocation work for, experience, and celebrate healthy relationships, meaningful friendships and servant leadership characterized by unity, peace, reconciliation, forgiveness and Holy Manners. As such, Holy Cross is committed to fostering:

- **Healthy Relationships**  
Christians of all ages live together in community (home, church, work, etc.) and treat one another with love and respect; and when conflict arises,

address it in a way that leads to reconciliation and unity as described in “Holy Manners for Holy Cross.”

- **Meaningful Friendships**  
People of all ages gather together in a safe and welcoming environment to initiate and renew meaningful relationships as an expression of our unity in Christ.
- **Servant Leadership**  
Christians of all ages develop leadership habits and attitudes that equip them to faithfully serve others as a mentor or friend and strive to pass these on to others.

*If it is possible, as far as it depends on you,  
live at peace with everyone.  
Romans 12:18*

## **5. Vestry Self-Governance**

These vestry self-governance policies define the way that the Vestry will manage itself. These policy-based governance principles are outlined after the Carver Model shown in the appendix. The Vestry policies are to be active and dynamic. These policies are meant to be changed and refined regularly by the Vestry in order to carry out its duties as outlined in Article 6.1 of the bylaws.

### **A. Governing Process**

#### **1. Meetings**

- The Vestry shall ordinarily meet in regular sessions monthly, except in July, December, and one month during lent per Article 6.3 of the Bylaws. The senior pastor, the Chair, or any three members of the Vestry may call special meetings by personally informing each member of the Vestry of the time and place of such meetings at least twenty-four hours in advance.
- The meeting agenda will be set by the Vestry Chair. Standing agenda topics will include the financial review, pastor report, desired outcomes measures and policy review sections.

#### **2. Policy Development**

- **Resolutions**  
The Vestry shall pass resolutions on policies or on actions required by an outside authority such as government, Synod or District on matters relating directly to its responsibilities.
- **Senior Pastor Actions**  
Vestry actions governing the actions of the Senior Pastor shall be done through policy development when possible. Any actions taken or contemplated by the Senior Pastor or any which may be or have been approved through the Senior Pastor will only be considered in light of the appropriate governing policies. The Vestry will not dictate what are appropriate Senior Pastor actions except for compliance with policies.
- **Policy Review**  
Any Vestry member or the Senior Pastor may ask for a review of specific policies. However, never does the responsibility for effective and appropriate policies rest with anyone other than the Vestry.

- **Policy Review Calendar**  
The Vestry shall establish an annual policy review calendar to coordinate the review of every policy at least once a year. The Vestry shall make every effort to coordinate the review calendar with the business cycles of its own work, or staff's work, reviewing appropriate policies just prior to management actions or decisions.
3. **Quorum and Decisions**  
Per Article 6.4 of the bylaws, a majority of voting members of the Vestry shall constitute a quorum. Decisions of the Vestry will be made by a simple majority of those present. The presiding Chair shall only vote in the case of a tied vote.
  4. **Group Action**  
The Vestry shall exercise its governing authority as a whole body. No individual Vestry member may exercise such authority except as instructed by the Vestry.

## **B. Connecting with Congregation Members**

1. **Congregation Meetings**  
As outlined in Article 2.0 of the bylaws, the Vestry shall develop a schedule of no less than two open forum meetings per year, inviting members of the congregation to give input on the Desired Outcome Policies of Holy Cross Lutheran Church or on any other matters which they feel need to be brought to the attention of the Vestry. The Order of Business of any Congregational Meeting shall be determined by the Vestry in keeping with the purpose of that meeting and in accord with the Constitution and Bylaws of the congregation.
2. **Open Vestry Meetings**  
Meetings of the Vestry shall be open to members of the congregation. This, however, does not preclude the right of the Vestry to meet in executive session. Executive session may review or discuss a sensitive matter without disclosure to the congregation.
3. **Congregation concerns and issues**  
Concerns or issues from congregation members should be addressed as follows:
  - Ministry Concerns are to be submitted either in person or in writing, signed, and directed to the appropriate staff member. (A current staff roster and areas of responsibility are available through the church office.) If not resolved, the Senior Pastor is contacted. If still not resolved, concerns are forwarded to the Vestry Chair, for resolution/disposition.
  - Governance Document Concerns should be in writing, signed and submitted to the Chair of the Vestry who will forward such concerns to the full Vestry.
4. **Publishing of Vestry Minutes**  
Minutes of the Vestry meetings shall be made public except when Vestry is in executive session.

## **C. Vestry Self-Evaluation and Conflict of Interest**

1. **Vestry Evaluation**  
In order to discipline itself, the Vestry shall conduct an annual self-evaluation. The self evaluation shall be completed by the full Vestry per the Vestry calendar. The Vestry Chair shall oversee the annual Vestry Self-Evaluation. The Vestry shall evaluate the following areas: (reference evaluation form in Appendix)
  - Openness and communication among its members;
  - Ability to develop and monitor policy;
  - Adherence to policies established;
  - Relationship with the Senior Pastor; and
  - Relationship with the congregation members.
2. **Policy Based Governance Review**
  - At least every three years the Vestry will review the ability of Policy Based



- Governance to provide organizational effectiveness.
3. **Conflict of Interest**
    - The Vestry, through the Secretary, shall insure that Vestry members and Holy Cross paid staff certify that there are no undisclosed conflict of interest with the business of the congregation on an annual basis per the vestry calendar. Any disclosed conflict of interest shall exclude that Vestry or paid staff member from any business decision as part of their duties relating to Holy Cross.
    - All Vestry members must meet the service requirements and limitations as outlined in Article 4.3 of the bylaws.

## **D. Officers of the Vestry Responsibility**

1. **Officers of the Vestry**

As outlined in Article 5.0 of the bylaws, The Officers of the Congregation are the officers of the Vestry and shall consist of a Chair, Vice-Chairperson, Secretary, and Treasurer. Any Vestry member may hold these offices; however, a male member shall hold the office of Vestry Chair. The Officers of the Congregation shall be the legal representatives of the congregation, empowered to sign documents and make contracts relating to Vestry business not specified in the adopted budget. Two signatures are required.
2. **Election of Officers**

The Chair, Vice-Chair, and the Secretary shall be elected annually by the Vestry from the Vestry at large. The Treasurer shall be elected directly by the congregation to serve for a 3-year term.
3. **State Filings**

The Officers of the Congregation are responsible to maintain updated state filings with regard to Articles of Incorporation (5 year review for applicable changes in liability law) and Certificate of Assumed Name (5 year renewal) per the vestry calendar.
4. **Responsibilities of the Officers**

The responsibilities of the officers of the Vestry shall be:

  - **Chair:**
    - Establish the agenda for Vestry meetings in compliance with the policy calendar established by the Vestry and together with the Senior Pastor establish the agenda for congregational meetings.
    - Shall oversee the annual Vestry Self-Evaluation and shall also secure the evaluation tools or appoint others to do so.
    - Preside at all meetings of the Vestry and all congregational meetings.
    - Form the Nominating Committee annually
    - Nominate to the Vestry a slate of not less than 2 candidates to serve on the Finance and Audit Committee
    - Discuss and review corrective actions with individual Vestry members when they violate their responsibilities. When resolution cannot be obtained with an individual Vestry member, or in closed session with the Officers of the Vestry, the Chair shall in closed session of the Vestry conduct a review of the policy and develop recommendations for any necessary corrective actions. If the Vestry member in question is the Chair, then this responsibility falls to the Vice-Chair.
    - Act in all areas of Vestry management left unstated within these policies as long as this action is not in conflict with other Vestry policies.
    - Maintain an accurate Vestry Manual to be distributed on an annual basis per the policy review calendar.
  - **Vice Chair**
    - Preside at all meetings of the Vestry and all congregational meetings at the absence of the Chair or at the direct request of the Chair.
    - Normally chair the nominating committee.

- Discuss and review corrective actions with the Chair when the Chair violates Vestry member or Chair responsibilities.
  - **Secretary**
    - The Secretary shall record the proceedings of the congregation and Vestry meetings, register all members attending the meetings, and submit minutes for adoption at the following regular meeting and provide for publication of all regular meeting minutes. The Secretary shall:
      - Annually request Vestry members for notification of service on other boards and to administer the “No Conflict of interest” program for the Vestry members and staff members who order supplies or procure services.
      - Maintain the roster of Congregation Officials and their terms of office.
      - Maintain a list of active Vestry committees and publish Vestry committee responsibilities.
  - **Treasurer**
    - Arrange for an annual audit/review, rotating between an external 3<sup>rd</sup> party and the internal Finance & Audit committee per the Vestry review calendar.
      - In the event of a personnel change in bookkeeper, a 3<sup>rd</sup> party audit/review is required that year.
    - Arrange for regular meetings of the Finance & Audit Committee as needed.
    - Monitor progress on the implementation of recommendations resulting from the semi-annual audit.
    - Ensure that members of the Vestry receive monthly financial reports of the church ministries as prepared and provided by the church staff.
    - Arrange for the preparation of periodic financial reports to the congregation in connection with the scheduled congregational meetings.
    - Review monthly, quarterly, or annual statements from all financial institutions with which the church does business. Duplicate statements shall be sent from the financial institutions directly to the Treasurer. Original statements need to be sent directly to the bookkeeper to ensure that accounting functions can be completed in a timely manner.
5. **Limitation of the Officers**  
As officers of the Vestry, they shall not assume any part of the management of the congregation. They shall confine their efforts to governing through policies. Their focus shall be on coordinating and assisting the Vestry.

## E. Committees of the Vestry

The Vestry may appoint from time to time committees, but always consistent with the following principles:

- Committee responsibilities shall flow directly from the Vestry’s description of its job. These responsibilities shall be set forth in a formal written charge with an appropriate period for existence, and shall not impinge upon responsibilities delegated to the Senior Pastor or other staff members.
  - Committees shall not do staff work except when working on a topic that is fully within the province of the Vestry and is not delegated in any way to the Senior Pastor or other staff members. Committees shall have no executive or deciding authority except when empowered by the Vestry. At all other times, they shall strive to develop policies.
  - Committees shall not manage any part of the congregation.
1. **Nominating Committee**
- The Nominating Committee shall be appointed annually by the Vestry Chair. The formation, procedure to nominate board members, and service requirements

and limitations are outlined in Articles 4.1, 4.2, and 4.3 of the bylaws.

- The Nominations Committee shall present a slate of candidates in May to the Congregation for election or selection to a 3-year term. Ordinarily there shall be one-third of each of the board members elected or selected annually. One of the members from each board shall be selected by lot from the list of those who were nominated but not elected by vote. The board member-elect shall assume their respective duties on the first Sunday in June. They shall be inducted into office in a public service of the congregation. In the case of a vacancy in office, the Board involved shall nominate a successor per the procedure outlined in Article 4.4 in the bylaws.

## 2. **Finance & Audit Committee**

- The Finance & Audit Committee shall be a standing committee consisting of four (4) congregational members who are currently employed or have experience in a financial services field, including banking, finance, accounting/auditing and insurance. Business owners, governmental employees and others who have experience in these same financial areas should also be considered to serve on this committee.
- The Treasurer shall serve as the committee chair
- Each year, the Vestry Chair shall nominate a slate of not less than 2 candidates to serve with the Treasurer on the committee. The Vestry shall then vote and elect 2 candidates from the slate to serve on the committee for a 2-year term.
- The committee shall assist the Treasurer with his/her responsibilities, including:
  - Arranging for the annual audit.
  - Gathering information to support the development of financial policies of the Vestry.
  - Providing financial policy advice as requested by the staff.
  - Monitoring progress on the implementation of recommendations received from the annual audit.

## 3. **Senior Pastor Review Committee**

- The Vestry shall appoint a committee to coordinate the annual performance review of the Senior Pastor. The committee shall consist of the Chair and at least two (2) other members from the Vestry and the Chair of the Board of Deacons. (reference Senior Pastor Review Template in Appendix)

## 4. **Call Committee**

- Per Article 3.1 of the bylaws, in the event of calling a pastor, the Chair of the Vestry shall appoint a Call Committee of not fewer than seven people. The Call Committee shall seek the guidance of the Circuit Counselor and with input from the congregation shall develop a list of candidates for the office of pastor to be submitted to the District President. From the list of approved candidates received from the District President, the Call Committee shall recommend one or two candidates to the congregation. At a properly called meeting of the congregation, the election shall proceed by ballot, with a two-thirds majority of all voting members present required to affirm the candidate. The affirmation shall, if possible, be made unanimous before the call is extended.
- Per Article 3.2 of the bylaws, for calling persons other than to the office of pastor, the Chair of the Vestry shall appoint a Call Committee of no less than seven people. The Call Committee with input from the congregation shall develop a list of candidates to be submitted to the District President. From the list of approved candidates received from the District President, the Call Committee shall recommend one or two candidates to the congregation. At a properly called meeting of the congregation, the election shall proceed by ballot, with a two-thirds majority of all voting members present required to affirm the

candidate. The affirmation shall, if possible, be made unanimous before the Call is extended.

**5. Budget and Salary Review Committee**

- The Vestry Chair, Treasurer, and the Chair of the Deacons shall meet with the Senior Pastor and Business Manager to review the Senior Pastor's proposed annual budget. They shall review the proposed income calculations and the proposed expenditures, verifying that a balanced budget is being proposed. The Budget and Salary Review Committee will also review all wages and the rationale for wage changes that are being proposed, including the wages for the Senior Pastor and the Business Manager. This committee is responsible to bring a balanced budget recommendation to the Vestry Board for final budget approval.

**F. Filling Vacancies**

Vacancies on the Vestry shall be filled according to the following guidelines:

1. All members of the Vestry shall be notified when a vacancy occurs.
2. Appointments: This policy shall be applied only if the term has at least (3) three months remaining. If less than three (3) months remain, the position shall remain vacant until the next election.
  - The Chair of the Vestry shall establish a list of at least two (2) persons willing to serve who meet or exceed the criteria for Vestry membership including consideration of those who were submitted for election or selection at the most recent election.
  - The Vestry will select the candidate by a majority vote.
  - The appointed candidate shall serve the balance of the vacated term. At the conclusion of the replacement term, the new member will follow existing policy for re-election or selection based upon eligibility limits with the total combined terms not to exceed 6 years; unless a candidate was appointed to fill a vacancy of six months or less.
  - However, the total combined terms can exceed 6 years by up to six months for a candidate who was appointed to fill a vacancy of up to six months.

**6. Vestry and Senior Pastor Relationship**

These policies define the Vestry's responsibility to the Senior Pastor, as well as the responsibility that the Senior Pastor has to the Vestry.

**A. Manner of Delegating**

1. The Congregation delegates' authority to the Vestry per Article 7.4 of the Constitution, to be the governing body of the congregation empowered to administer and to manage all its affairs except those solely reserved for the congregation in Article 7.1 of the Constitution.
2. Except for assignments of its own work (policies) to committees, consultants or officers, the Vestry shall delegate authority only to the Senior Pastor. The Senior Pastor shall be empowered to take all actions and make all administrative decisions that are deemed necessary to implement the Desired Outcomes of Holy Cross Lutheran Church except actions that are in:
  - violation of law, applicable regulations of Synod, orders of courts
  - violation of commonly accepted business and professional ethics
  - violation of Holy Cross Constitution and Bylaws
  - violation of governing policies established by the Vestry

- violation of specific further constraints as stated in the Senior Pastor Limitation Policy.

The Vestry shall address only broad levels of issues in policies of governance, leaving lesser levels to the discretion of the Senior Pastor. The Senior Pastor may develop guidelines, rules, or procedures and may make decisions in any way deemed fitting as long as the policies adopted by the Vestry are observed.

3. The Senior Pastor may in turn delegate his authority to staff members. Any other subordinate party operating with the authority of the congregation shall receive that authority from the Senior Pastor. In the event of a vacancy in the office of Senior Pastor, the Vestry shall designate the person or persons to function in his place. This may include members of the Vestry.
4. When Vestry approval is required by a higher governing policy such as the Congregation's Constitution and Bylaws or law, but not required specifically by Vestry policies:
  - The Senior Pastor shall bring a recommended action to the Vestry
  - The Vestry shall consider the recommended action by reviewing the Limitation Policies as a test for ethics, prudence, and compliance with LCMS doctrine, practice, and other governing documents.

## **B. Vestry Decisions**

1. These are the decisions that the Vestry has left to itself:
  - Establishment of governing policies.
  - Selecting the independent Certified Public Accountants or appointment of a Finance & Audit Committee.
  - Setting the agenda for regular congregation meetings and reviewing of all recommendations prior to any congregation meeting.
  - Approval of the annual budget.

## **C. Senior Pastor's Accountability**

1. The Senior Pastor shall be accountable to the Vestry for:
  - Achieving of the congregation's Desired Outcomes.
  - Complying with the governing policies and limits established in Senior Pastor Limitation Policies.
  - Providing adequate counsel to the Vestry.
  - Relating with integrity, honesty, and straightforwardness to the Vestry.

## **D. Exceeding Senior Pastor's Limitations**

1. **Notice by Senior Pastor**  
The Senior Pastor shall give an immediate notice to the Vestry once a limitation has been recognized to have been exceeded. If the limitation is immediately correctable, the Senior Pastor shall take immediate action within Senior Pastor Limitation Policies and report the results to the Vestry. If the result is not immediately correctable, the Senior Pastor shall share with the Vestry a plan for corrective action.
2. **Notice by Vestry Member**  
Vestry members shall bring to the Chair's immediate attention any condition or action believed to exceed a Senior Pastor Limitation Policy for review and discussion at the next Vestry' meeting or an emergency meeting called by the Chair.

## **E. Means of Monitoring**

In every case of monitoring compliance to policies by the Senior Pastor, the standard for

the Senior Pastor shall be a reasonable interpretation of the Vestry policy being monitored. If there is uncertainty of what is a reasonable interpretation, the Vestry shall clarify the policy with more detail.

The Vestry shall employ these avenues of monitoring by instructing the Senior Pastor to give a report including the appropriate policy, a statement of compliance or noncompliance, and supporting evidence for the statement.

1. Regular and Periodic Monitoring Reports
  - a. The Senior Pastor shall report on actions toward achievement of the Desired Outcomes of Holy Cross. The measures to be reported are defined in the Main Measure appendix.
  - b. The Senior Pastor shall provide financial reports including an income statement (Treasurer's Report), balance sheet (Monthly Comparative Balance Sheet), statement of cash flow (Summary of Cash Activity), Designated Funds balance sheet, and a year to date line item budget statement.
    - o The financial reports shall include a summary report indicating compliance with the financial reserves requirement, and balanced income and spending requirements.
    - o The financial reports shall include explanations for any expense line item that exceeds year-to-date budgeted amount by \$500 and 200%; or by 500%.
  - c. The Senior Pastor shall provide to the Vestry any changes in staff or other organizational changes relating to projects, committees, or task forces.
  - d. The Senior Pastor shall provide to the Vestry a Holy Cross member exit interview summary.
2. Annual Monitoring Reports
  - a. The Senior Pastor shall report yearly on the state of the congregation which will include the effectiveness of the congregation in reaching each of the Desired Outcomes of Holy Cross, the financial condition of the church, and any changes in demographics or economy which might affect the church.
  - b. The Senior Pastor shall provide to the Vestry the current 3-year operational plan.
  - c. The Senior Pastor shall provide the Vestry with a communications plan including a schedule for congregational information meetings.
  - d. The Senior Pastor shall provide congregational strategies for funding.
  - e. The Senior Pastor shall provide the Vestry with a recommended plan for the expenditure, or reserve, of any year-end surplus.
  - f. The Senior Pastor shall produce to the Vestry the audit reports and management letters from the Independent Certified Public Accountant or Finance & Audit Committee.
  - g. The Senior Pastor shall submit to the Vestry a list of authorized check signers for approval.
  - h. The Senior Pastor shall provide to the Vestry a copy of the Human Resource Policies, Employee Handbook, job descriptions, and the Child Protection Policy.
  - i. The Senior Pastor shall report compliance to written policies that address the prevention of and response to abusive behavior and harassment per our Child Protection Policy and Employee Handbook.
  - j. The Senior Pastor shall provide confirmation of completion of staff reviews.
  - k. The Senior Pastor shall disclose to the Vestry his compliance with policies involving:
    - l. Cash Donations
    - m. Asset Protection and Security
    - n. Treatment of Staff
    - o. The Senior Pastor shall provide the Vestry with the current Electronic Data Disaster Recovery Plan.

- p. The Senior Pastor shall provide the Vestry with the current Emergency Response Policy.
- q. The Senior Pastor shall provide the Vestry with the current Procedures Policy Manual.
- r. The Senior Pastor shall provide the Vestry an annual list of groups using Holy Cross.
- s. The Senior Pastor shall provide the Vestry with confirmation of Hazard/Liability insurance to cover facility and equipment loss.
- t. The Senior Pastor shall provide the Vestry with confirmation of bonding for paid and volunteer staff who handle receipts and/or disbursements.

## **7. Senior Pastor Limitations**

These policies define constraints placed on the Senior Pastor's efforts while achieving the Outcome Policies.

The Senior Pastor of Holy Cross shall not act at any time in a manner that is illegal, unethical, or imprudent, or that is inconsistent with the congregation's governing documents.

### **A. Planning**

In setting the direction and action plans of the congregation:

1. The Senior Pastor shall not allow plans that have a neutral or negative impact on the Congregation's Desired Outcome Policies.
2. The Senior Pastor shall not allow the organization to operate with an Operating Plan that has a time frame of less than three years.
3. The Senior Pastor shall not allow the 3-year Operating Plan to be reviewed less than once a year for continued adequacy.
4. The Senior Pastor shall not allow plans that are unresponsive to the changing climate and conditions that affect the congregation.
5. The Senior Pastor shall not allow plans that have a negative financial impact.

### **B. Staff Structure**

In defining or reorganizing the staff structure:

1. The Senior Pastor shall not establish a structure that has a negative or neutral impact on the Desired Outcomes.

### **C. Financial Guidelines**

With respect to operating the congregation in a sound and prudent fiscal manner, the Senior Pastor shall not jeopardize the long-term financial strength of the congregation:

1. The Senior Pastor shall not allow the congregation to operate without a plan for assuring that expenditures will not exceed the total annual projected income and other available funds.
  - The Senior Pastor shall not fail to submit a revised forecast of income and spending anytime congregational consolidated income is below projection by ten percent or more for two consecutive months.
  - The Senior Pastor shall not operate without a process which controls expenditures and can react to changing conditions.
2. The Senior Pastor shall not operate without a process which teaches personal financial stewardship to the membership and which provides strategies for funding the budget for each year.
3. The Senior Pastor shall not allocate the financial resources of the congregation in a way that does not support the Desired Outcomes.

4. The Senior Pastor shall not allow funds to be invested in a manner that compromises a high level of security and return or sufficient liquidity.
5. The Senior Pastor shall not allow deviations from best business practices in the financial record keeping for the congregation.
6. The Senior Pastor shall not allow paid or volunteer staff to function in both the processing of receipts and disbursements. In addition, the Senior Pastor shall not fail to ensure that primary and auxiliary checking account disbursements are reviewed and reconciled monthly by paid or volunteer staff who are not involved in the monthly disbursement function.
7. The Senior Pastor shall not allow the distribution of audit reports without first sharing them with the Vestry.
8. The Senior Pastor shall not access a line of credit on behalf of the congregation without the approval of the Vestry and signatures of at least two Officers of the Congregation. In addition, the Senior Pastor shall not modify or restructure any outstanding debt of the Congregation without approval by the Vestry.
9. The Senior Pastor shall not fail to approve and obtain required signatures on all contracts and agreements related to approved program year operating budget expenditures. Contracts related to non operating budget expenditures require Vestry approval.
10. The Senior Pastor shall not fail to submit a recommended plan to the Vestry for approval, for the expenditure, or reserve, of any year-end surplus.

#### **D. Financial Planning**

With respect to budgeting for all or any remaining part of a fiscal period, the Senior Pastor shall not jeopardize either programmatic or fiscal integrity of the congregation.

1. The Senior Pastor shall not submit an annual budget that:
  - Contains too little detail to reasonably project operating income and expenses.
  - The Senior Pastor shall not submit an annual budget that does not provide for cash flow with reserves equal to at least 5% of expenditures and \$20,000 as On Hand Reserve.
  - Does not show annual growth toward becoming a “first fruits” tithing congregation; growing toward giving 10% of the offerings received to support ministries not conducted by Holy Cross. At least 50% of such offerings shall be given to the Michigan District and Synod.
  - Does not advance the Desired Outcomes.
  - Uses designated funds for any purpose other than that for which they were given.
2. The Senior Pastor shall not operate the congregation without developing a funding strategy at least once per year.

#### **E. Cash Donations**

In soliciting or obtaining donations:

1. The Senior Pastor shall not accept donations which would compromise the values of the congregation.
2. The Senior Pastor shall not accept donations in cash or in kind where there is a difference between the donor’s intent and the intent of the Desired Outcomes.
3. The Senior Pastor shall not fail to maintain a preferred gift list that supports the Desired Outcomes.
4. The Senior Pastor shall not fail to account for a specified gift in the designated fund account.



## **F. Asset Protection, Security & Usage**

In order to effectively utilize and maintain the congregation's facilities and property and to cover the congregation's liability exposure:

1. The Senior Pastor shall not allow the church to operate without regularly assessing and providing timely maintenance to the facilities and property.
2. The Senior Pastor shall not fail to provide hazard insurance to cover facility and equipment losses.
3. The Senior Pastor shall not allow the church to operate without adequate liability insurance. In addition, the Senior Pastor shall not fail to have adequate bonding in place for all paid and volunteer staff who are involved in the processing of receipts and/or disbursements.
4. The Senior Pastor shall not allow the church to operate without adequate building and property security.
5. The Senior Pastor shall not allow the church to operate without written policies that address responding to emergency situations on the Holy Cross campus.
6. The Senior Pastor shall not fail to have a written disaster recovery plan for electronic data processing functions.
7. The Senior Pastor shall not allow the church to operate without written policies that address the prevention of and response to abusive behavior and harassment.
8. The Senior Pastor shall not allow use of facilities by any group, organization, or individual whose teachings or philosophy might conflict with those of Holy Cross.

## **G. Treatment of Staff**

In relating to staff:

1. The Senior Pastor shall not deviate from local, state or federal law or regulations and synodical policies and practices in the fair and equitable engagement and treatment of employees.
2. The Senior Pastor shall not fail to have effective guidelines and screening policies in the engagement of staff.
3. The Senior Pastor shall not set human resource policies that run counter to effective operations.
4. The Senior Pastor shall not fail to publish and distribute human resource policies to employees.
5. The Senior Pastor shall not allow employees to be uninformed of their responsibilities and duties in accomplishing the Desired Outcomes.
6. The Senior Pastor shall not allow the church to function without a written process to resolve employee grievances in a fair and Christian manner.
7. The Senior Pastor shall not allow any staff positions to be undefined or inaccurately reflect the responsibility and tasks given to the position.
8. The Senior Pastor shall not allow any staff positions to exist where resources, or training are inadequate for that position to be successful in meeting the Desired Outcomes.
9. The Senior Pastor shall not fail to implement staff Conflict of Interest procedures.
10. The Senior Pastor shall not fail to provide detailed written annual reviews and development plans for all staff both full and part time.
11. The Senior Pastor shall not fail to communicate administrative decisions to the staff except where personal privacy and confidentiality must be observed.

## **H. Conflict of Interest for the Senior Pastor**

The Senior Pastor has an obligation to identify all conflicts of interest and resolve any that are unacceptable. Therefore:

1. The Senior Pastor shall not allow the Vestry to be uninformed of all of his potential conflicts of interests. This disclosure shall include membership on, a substantial financial interest in, or employment of the Senior Pastor or a relative of the Senior Pastor by any organization doing business with the congregation.
2. The Senior Pastor shall not accept any gifts or favors with a value of more than \$100 from any organization(s) doing or seeking business with the congregation.

## **I. Connecting with Congregation Members**

1. The Senior Pastor shall not fail to regularly schedule congregation information meetings to receive input and share ministry plans.
2. The Senior Pastor shall not fail to provide an opportunity for an exit interview – oral and/or written for members transferring from Holy Cross and to summarize and review this information with Vestry and appropriate Staff.