



St. John the Evangelist and Clayton Brook Community Church

Financial Controls Policy

1. Introduction

The purpose of this document is to define the financial controls used by the Parochial Church Council (PCC) and how they relate to all areas of the church.

The financial records will be kept so that the PCC can:

- a) Meet its legal and other obligations, e.g. Charities Act 2011, HMRC, Common Law etc.
- b) Enable the trustees to be in proper financial control of the PCC.
- c) Enable the PCC to meet the contractual obligations and requirements of funders.

2. Arrangements for accounting and recording

The PCC will keep proper books of accounts, which will include a cashbook analysing all the transactions in the PCC's bank account and a summary of cash and cheque receipts. The PCC will keep adequate records to enable them to complete the Charity Annual Return questions, for example, those in respect of large donations and overseas transactions.

The financial year will end on 31 December each year.

Accounts will be prepared after each financial year within three months of the year-end and presented to the next Annual General Meeting (AGM). The annual report and accounts will be filed with the Charity Commission within the statutory 10 month deadline.

The AGM will appoint an appropriately qualified independent examiner to examine the accounts for presentation to the next AGM.

The PCC will approve an income and expenditure budget at the beginning of each financial year.

A report comparing actual income and expenditure with the budget will be presented to the PCC at each of the six planned regular PCC meetings throughout the year.

3. Banking

The PCC has two bank accounts. These are held with TSB and RBS. Money is also held in the CBF Church of England Deposit Fund with CCLA Investment Management by the Blackburn Diocesan Board of Finance on behalf of the PCC.

The bank mandate (list of people who can sign cheques and access online banking on the PCC's behalf) will be approved and minuted by the PCC.

The PCC will not use any other bank or financial institution or use overdraft facilities or take out a loan without the agreement of the trustees.

4. Cheque signatures and bank cards

Each cheque will be signed by at least two people.

A cheque must not be signed by the person to whom it is payable.

Debit cards will not be used and if issued by the banks they will be immediately destroyed.

5. Online banking

At least two people will have access to the online bank account system at any one time.

RBS do not permit dual authorisation on their online banking system so additional safeguards will be put in place when carrying out online banking transactions:

- Appropriate due diligence must be undertaken to ensure that any payment requests are genuine before processing any online payments.
- Online payments must not be made to any person or organisation where the bank account name does not match with the account number and sort code.
- Those with access to the online banking system must never make a payment to themselves.
- Each user with access to online banking will regularly review the recent transactions and raise any suspicious activity with the other users.
- Frequent reviews will be undertaken each month to reconcile payments to the accounts and invoices when preparing the monthly cashbook.
- Summaries of all online banking payments will be stored as part of the accounting records. These should include the name of the payee, the payment date, and a reference number to the invoice.

Each user should ensure that they keep their customer number, security number and password secure at all times. Online banking card readers and cards should also be stored securely. Cards should be cancelled as soon as one person is no longer eligible to use them.

6. Receipts (income)

All monies received will be recorded promptly in the cash analysis book and banked on a frequent basis (at least once per month).

Offertory cash must be counted by at least two individuals ~~and banked by a different individual not involved in the counting.~~

7. Payments (expenditure)

The aim is to ensure that all expenditure can be demonstrated to be the PCC's business and is properly authorised.

The Treasurer will be responsible for holding the cheque book (unused and partly used cheque books) which should be kept under lock and key.

Blank cheques will NEVER be signed.

The relevant payee's name will always be inserted on the cheque before signature and the cheque stub will always be properly completed. Supporting documentation will always be presented to the signatory when a request is made to approve a cheque or online transaction.

No cheques should be signed or online transaction approved without original documentation (see below).

Online banking transactions should be processed in accordance with section 5 above.

8. Payment documentation

Every payment from the PCC's bank accounts will be evidenced by an original invoice or expense claim form (with supporting receipts). That original invoice will be retained by the PCC and filed with the accounting records. The cheque signatory or person processing the online transaction should ensure that it is referenced with:

- Cheque/transaction number
- Date cheque drawn/date of transaction
- Amount of cheque/transaction

Cash payments should be avoided as far as possible, and invoices/expenses should never be paid directly from incoming cash. Where cash payments are unavoidable, clear records should be kept to ensure that these are correctly accounted for and to avoid netting off income and expenditure.

Wages and salaries will be paid by BACS or Standing Order. All employees will be paid within the PAYE National Insurance regulations.

All staff appointments/departures will be authorised by the PCC, minuting the dates and salary level. Similarly, all changes in hours and variable payments such as overtime, etc, will be authorised by the PCC.

The PCC will, if asked, reimburse expenditure paid for personally by clergy, trustees and volunteers, providing:

- An appropriately authorised expense claim form is submitted.
- The expense claim form must be authorised by either the vicar or one of the churchwardens.
- Expenditure is evidenced by original receipts.
- Car mileage is based on the rates specified by HMRC's Mileage Allowance Payments.
- No cheque signatory signs for the payment of expenses to themselves/those with access to the online banking system must never make a payment to themselves.

9. Expenditure approval

Any expenditure not anticipated in the annual budget approved by the PCC must be approved before payment can be made.

Amounts up to £50 can be approved by the Coordinator groups.

Amounts under £100 can be approved by the Vicar or Churchwarden(s).

Amounts above £100 must be approved by the PCC or Standing Committee.

The Standing Committee has delegated authority to approve expenditure in between PCC meetings to ensure efficient decision making where the level of urgency is high and there is a significant time period until the next PCC meeting. In doing so, the Standing Committee should have due regard to the current financial position and agrees to carry out the appropriate due diligence.

In particular:

- Any expenditure from general reserves that will result in an increased deficit should only be approved if deemed essential by the Standing Committee.
- It is recommended that at least 2 quotes should be obtained for any expenditure above £500, where possible. Where there is a significant difference in the prices quoted for the same work, the Standing Committee should consider obtaining an additional quote.
- When deciding which quote to proceed with, the Standing Committee will have due regard to the price difference, availability/urgency of need, and the perceived value for money.
- Standing Committee decisions will be made by a majority vote, and the Vicar (as chair) will have the casting vote.

Any such expenditure approvals should be reported back to the PCC at the next PCC meeting following the decision.

Formatted: Font: 12 pt

Formatted: Font: 12 pt

Formatted: Normal, Indent: Left: 0.75 cm, No bullets or numbering

Formatted: Font: 12 pt

Formatted: List Paragraph, Bulleted + Level: 1 + Aligned at: 0.75 cm + Indent at: 1.39 cm

10. Financial Reserves

The PCC recognises that as good stewards we need to balance setting aside a level of reserves that is sufficient to meet any unexpected fall in income/increase in expenditure against ensuring that the income we receive is put to good use within the Parish. In light of this, the PCC's policy is to target reserves equal to approximately three months running costs. This will be reviewed on an annual basis as part of the PCC's annual budgeting process, or sooner if the financial update shows a significant deterioration in the level of reserves held.

The PCC currently has restricted funds available to cover the maintenance of both church buildings:

- The St John's reordering fund which consists mainly of the proceeds of the Parish Hall plus other donations received towards the reordering of St John's church building; and,
- The Clayton Brook Fabric Fund which consists of rental income received from hire of the church hall.

Both of these funds will be used to cover any one off maintenance work required for the respective church buildings in order to maintain adequate reserves.

Formatted: Font: 12 pt

Formatted: Font: 12 pt

Formatted: Font: 12 pt

Formatted: Font: 12 pt

Formatted: Font: 12 pt, Not Bold

Formatted: Indent: Left: 0.75 cm, Space After: 6 pt, Line spacing: single

Formatted: Font: (Default) +Body (Calibri), 12 pt, Font color: Auto

11. Approval and Review

Approved by:	PCC
Document Author:	Chris Woolham (Treasurer)
Document Owner:	PCC
Date of Approval:	13 March 2023
Review Date:	11 March 2024

This document will be reviewed on an annual basis by the PCC.

12. Revision History

Version No.	Revision Date	Summary of Changes
1.0	Jan 2023	Initial version.
1.1	Feb 2024	Updated Receipts policy to reflect the current banking practice. Updated Expenditure Approval policy to provide more clarity on expenditure approval. Added a new Financial Reserves policy.