



ChristChurch
Roxeth

FINANCIAL CONTROLS POLICY

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Finance Team
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Introduction

In order to ensure that the financial position of the PCC of Christ Church Roxeth (CCR) is adequately safeguarded, and that the PCC can ensure that it meets its responsibilities it is necessary that a system of financial controls, checks and balances is operated. These are important to safeguard the separate interests of the members of CCR, the PCC, and those involved in the day to day financial matters of the church.

The fundamental principles of financial control include:

- Supervision through regular reporting of the actual financial position to the PCC
- Preparation of budgets and monitoring of the actual position against that budget
- Separation of duties
- Processes to ensure that assets are safeguarded and liabilities cannot be incurred that the PCC could not afford to discharge

This policy, which was approved by the PCC on 27th January 2024, sets out these controls. If anyone involved in their application has questions to the rationale, meaning or application of the controls they should refer to the Treasurer or a member of the Finance Team.

General Supervision

Key Roles

The PCC is to appoint a suitable member of the congregation as Treasurer who will be invited to attend the PCC meetings if not already a member of the PCC (see Terms of Reference – Appendix 1). At Christ Church Roxeth, the Treasurer is supported by the following team members:

- Administrator - day to day handling of financial processes and uploading of invoices into the finance database
- Assistant Treasurer - oversight of all accounts in the Finance Co-ordinator system, banking of cash/cheques and management of expenses
- Book Keeper - reconciliation of bank statements and banking sheets, recording of all transactions in Finance Coordinator and Donations Coordinator
- Gift Aid Officer - processing of Gift Aid claims using the Donations Coordinator system, processing of standing orders, and administration of the Parish Giving Scheme

The PCC shall appoint a Finance Team to include the Treasurer, Assistant Treasurer and such other members of the church that have suitable and relevant skills to assist the PCC in the discharge of their duties (Terms of Reference – Appendix 2).

The Treasurer shall review the financial position of the PCC on a monthly basis to assess if there are any indications that the position is greater than 10% of that expected e.g. higher or lower revenue, or unanticipated increases in expenditure. The Treasurer shall report the financial position to the PCC at each meeting.

The Treasurer will report any matters of immediate concern to the Standing Committee and they will decide if the PCC need to be informed outside the normal meeting timetable.

Preparation of Budget and Annual Accounts

The Treasurer (with assistance from the Finance Team) will work with Leadership Team members to prepare a draft budget for each financial year in time for initial consideration at a PCC meeting to be held not later than November in the year prior to the start of the financial year in question.

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The PCC will consider that draft and set the budget for each financial year not later than the 21st December prior to the start of that year. See the section on budgets below. A summary of the budget will be made available to the congregation once approved by the PCC.

Annual accounts to be prepared in accordance with relevant legislation and accounting standards and made available to anyone who requests them. These accounts are to include a report by an Independent Examiner, as required by law. If the report is other than 'clean' this must be brought to the attention of the PCC as a matter of priority by the Treasurer.

Income

It is important that there are adequate safeguards over our income, especially that which is received as cash. This is for the benefit of both the PCC and those involved in the handling of the cash. It is also important that confidentiality is maintained as to the identity of givers and the value of their gifts.

The Book Keeper will record for all income direct to accounts:

- the source of income (i.e. the person from whom it comes);
- the nature of the income (i.e. general gift, gift for specific purposes, refund of loan, rental income or other); and be supported by documentation as far as possible.
- If restricted income it should state the purpose and the accounting system should be such to ensure it is monitored and only spent for that purpose.
- If any donor has expressed a specific purpose for which a donation is to be used, this is clearly identified in the accounting records.

Cash

Cash received as collection money to be counted by two unrelated counters after the service (see Church Services section below). When not being counted, the money must be locked in a safe location. All cash is to be banked promptly by the Treasurer or person delegated by the Treasurer. If the cash amount is significant, the Treasurer or person delegated should be accompanied to the bank by one other.

The value of the cash and cheques is to be recorded by the counters and subsequently checked with the bank details. Any "non-bankable" items (e.g. CAF vouchers, cheques in foreign currency) will be recorded on the counters sheet and passed to the Book Keeper for processing.

The Treasurer will monitor the level of giving from cash to assess consistency.

Cheques

All cheques received shall be banked and a copy of the paying-in slip retained for reconciliation with the bank account.

Standing Orders and Bank Transfers

The Book Keeper shall ensure that all expected standing orders and similar revenue that is paid direct to the bank is received into the bank account and is recorded.

Gift Aid

The Gift Aid Officer will prepare and submit tax reclaims to HMRC at least quarterly using information from the bank statements and the Treasurer.

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The Treasurer to monitor giving to ensure all giving is as tax efficient as possible. The Gift Aid Officer, Assistant Treasurer or Treasurer will identify donors who have not made a Gift Aid declaration and discuss this with the individual if appropriate. New donors will be encouraged to join the Parish Giving Scheme.

Other Income

The Treasurer is to monitor the level of giving through the bank to identify key revenue streams and to alert Finance Team if there is a risk that revenue may drop e.g. due to a large donor leaving the congregation.

Income from church activities should be recorded and kept in the PCC account. Income should be received by cheque or paid electronically wherever possible. Any cash income must be passed to the Assistant Treasurer as soon as possible for counting, recording and banking.

Church Services

At the end of the church service the following actions shall be taken:

- record what is given on the day, detailing any specific purposes for which the income is received
- detail whether the receipt is a loan or a gift or in respect of sales (e.g. of books, CDs etc)
- Gift Aid envelopes should be opened, the cash/cheque removed and the envelope retained with the amount of money recorded on the envelope
- Cash is counted and signed for by two responsible individuals – one who counts and records and a second who counterchecks the first person's count. Both persons should perform this task together; the counting should normally be performed by the service warden and the steward
- cash sheets are completed
- cash sheets should be scanned and retained with the other accounting records for 6 years.

Controls over ordering of goods and services

The majority of our expenditure is pre-authorised, for example payroll costs for existing staff, contracted utilities, diocese payments. These amounts do not require further authorisation controls.

The expenditure needing further authorisation controls is discretionary expenditure within budget and unbudgeted or over-budget expenditure. No goods or services should be ordered unless the following procedures are followed:

Discretionary expenditure within budget procedure

Budget holders to be allocated budgeted cost areas and annual budgets after the Budget is agreed before the start of the new financial year. Budget holders to be provided with their current spend to date during the year. Authorisation is required for individual orders within budget as follows:

- Up to the Budget Limit: authorisation by the budget holder
- All authorised invoices should be passed to the Assistant Treasurer for payment
- Treasurer to be made aware of all spend by the budget holder in a timely manner.

The Treasurer or Churchwarden shall have authority to sign off budgeted expenditure up to £1,000 where the budget holder is not available.

Unbudgeted or over budget expenditure procedure

Control over unbudgeted or over budget expenditure is especially important. Authorisation is required for all unbudgeted payments by the Treasurer and the Standing Committee.

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If there is any doubt about the status of an item of expenditure, the budget holder should consult the Treasurer. Virement within a budget is permitted with the agreement of the Treasurer.

If the cost of any planned events is expected to be £2,000 or more, a summary of expected income and costs should be reviewed by the Standing Committee before it is agreed that the event will go ahead.

Processing of goods and invoices

Actual ordering of goods or services may be delegated to a member of staff or other member of the church if correct authorization has been received in accordance with above procedures.

All requests for goods or services to be made in the name of PCC, with group names added as necessary.

On receipt of the invoice, the value needs to be agreed by the budget holder and confirmation that the item has been received in good order.

The invoice is to be recorded and a cheque or bank instruction for payment drawn up. Invoice and payment to be approved by agreed bank signatories.

Where payment by cash is essential any significant amounts (in excess of £100) should not only be supported by a third party purchase invoice but written confirmation should also be sought from the recipient confirming they have received the funds in cash.

Payment should be made in accordance with agreed terms unless there is a dispute.

Actual meter readings should be taken for utility bills such as electricity on a regular basis and certainly at the end of the financial year.

When preparing accounts for PCC the value of outstanding commitments above £1000, with expected dates, should be reported in addition to actual liabilities.

The Treasurer is to monitor the level of cash and commitment to assess cash flow and ensure adequate cash is held in the main current account and other activity accounts to permit prompt payment of invoices once due but that money not required for payments is put on deposit.

The Treasurer is to monitor cash level to identify possible cash flow issues and alert the Finance Team if there is a risk that cash flow may become an issue. Restricted and Unrestricted funds need to be reviewed separately.

Bank Accounts

Most of the assets of the church are held in bank accounts and good control over these assets is necessary. All monies collected should be banked in their entirety (and not used in part to pay expenses).

Required control

All bank accounts are only to be opened by minuted agreement of the PCC. These are to always include the "PCC of Christ Church Roxeth" in their name.

All bank accounts require the signatories/authorisers to be from among the Churchwardens, The Treasurer, the Assistant Treasurer or other persons agreed annually by the PCC.

Any paper monthly statements for bank accounts should be sent direct to the Church Office.

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Bank reconciliations will be prepared monthly by the Treasurer or the Book Keeper for all accounts as soon as possible and no more than a month later.

Bank reconciliations for all main accounts will be reviewed monthly by the Treasurer.

Cash as petty cash

Payments from petty cash should be supported by vouchers signed by the budget holder and an approved staff member.

All groups may keep cash up to £100 unless agreed by the Finance Team and all cash should be counted and reconciled monthly.

Church Associated Activities

The PCC has overall responsibility for each of the various PCC supported activities and their finances must be controlled in the same way as the main church finances.

Insurance

An annual review of the adequacy of the insurance policies should be carried out by the Premises Team.

Insurance should cover all the church activities and the adequacy review should cover both range and extent of cover.

Pay and Employment

No new employments are to be created formally or informally without the express agreement of the PCC.

Changes in pay rates are to be agreed by the PCC. A salaries file is to be kept in the office containing notices of coding. Copies of payslips are stored electronically. All pay must be paid out of one of the PCC accounts.

Expenses may be repaid for pre-agreed types of expense on submission of a written claim supported by invoices. Mileage will be repaid at the rate recommended by the Finance Team provided that the journey was incurred on church business.

Where pay is based on hours worked written details of time worked must be passed to the Treasurer by the budget holder or other responsible person (named). Payroll calculations to be reviewed by the Treasurer and handled by the Payroll Service Provider. Payments and returns to be confirmed by the Treasurer. Pay to be recorded in the on-line database finance system.

Loans

No loan agreements should be entered into without full backing of the PCC although the identity of the lender may remain confidential. If the PCC decide to accept a loan from an individual the PCC should advise the individual that they may wish to seek independent legal advice.

The loan agreement must be in writing and the agreement should cover:

- a) The nature and timing of return on the money;
- b) A repayment schedule including dates, amounts and interest, if applicable;
- c) How problems will be resolved.

Other

All financial records are to be backed up regularly.

Appendix 1

Treasurer – Role Outline

The key functions to be carried out by the Treasurer (with the support of other team members):

1. Prepare annual accounts in accordance with relevant legislation and accounting standards, making use of external expertise where required.
2. To bring any problems noted by the Independent Examiner to the immediate attention of the PCC.
3. To attend Finance Team and PCC meetings and provide a regular report on the church's financial position, bringing any matters of concern regarding church finances to the attention of the PCC or Standing Committee.
4. To lead the preparation of the draft budget for each financial year.
5. To review all bank cheques received.
6. To monitor the level of giving from cash to assess consistency.
7. To monitor giving to ensure all giving is as tax efficient as possible.
8. To monitor the level of giving through the bank to identify key revenue streams and alert Finance Team if there is a risk that revenue may drop.
9. To monitor level of cash flow and ensure adequate cash is held in the main current account, and other activity accounts, to permit prompt payment of invoices, once due, but that money not required for payments, is put on deposit.
10. To monitor cash levels to identify possible cash flow issues and alert Finance Team if there is a risk that cash flow may become an issue.
11. To monitor the above looking at restricted and unrestricted funds separately.
12. To work with church groups' management committees to prepare a cash flow forecast for the forthcoming year.
13. To monitor budgets and advise budget holders.
14. To oversee the work done by the service wardens and stewards in counting money.
15. To be a cheque signatory on main PCC accounts.
16. To arrange for transportation of cash and cheque collections to the bank.
17. To ensure adequate supplies of banking materials.
18. To review payroll calculations and deductions.
19. To advise Finance Team and PCC with regard to salary reviews.
20. To ensure the mission tithe is paid monthly, where appropriate.
21. To deal with financial queries from the Diocese.
22. To have an awareness and oversight of the items defined in the Diocese of London Treasurer checklist (included as Annex A).

Appendix 2

Finance Team

Membership

The Finance Team will be chaired by one of the Churchwardens. The membership will comprise the Vicar and Churchwardens ex officio, together with the Treasurer, the Assistant Treasurer, the Gift Aid Officer and the Book Keeper. Other additional church members with relevant expertise can be co-opted onto the committee as approved by the PCC.

Terms of Reference

The Finance Team's terms of reference are:

- To support and advise the Treasurer in carrying out the duties contained in the Treasurer's job description.
- To receive and consider regular monitoring reports on the church's financial situation.
- To approve the independent examiner's terms of reference and to receive any reports from the independent examiner.
- To advise the PCC on how best to raise the consciousness of the congregation about committed giving and how to present the financial needs of the church to the congregation at appropriate times.
- To seek ways of increasing income, including tax claims, grant applications and property lettings and rentals.
- To consider loan applications where necessary.
- Manage the contracts relating to the church's residential properties in conjunction with the Premises Team as appropriate.

ANNEX A

This annex is an extract from the Diocese of London New Treasurer Checklist and provides the elements that the Treasurer needs to be aware of and have oversight.



New Treasurer Checklist

Accounting Records

1. Computer accounting package details
 - a. Back up held
 - b. Date of last back up
2. Details of all funds (general, designated, restricted and endowment)
3. Previous Annual Reports and Accounts (accounts are always calendar year)
4. Reporting bases:
 - a. Receipts & Payments or Accruals?
 - b. Independent Examination or Audit (plus contact details of Examiner/Auditor)
5. Charity Commission registration number (if parish income is over £100,000)
6. Last set of accounts provided to Diocese and, if relevant, Charity Commission
7. Complete financial records for 6 years

Bank Accounts

1. Details of all bank accounts
2. List of all signatories (minimum 3)
3. Payment authorisation process (minimum of two bank reviewers)
4. Lists of internal spending and authorisation limits

Budgets & PCC Reporting

1. Last set of reports given to PCC, Standing Committee and Finance Team
2. Date budget set by
3. Current year's budget
4. Up to date income and expenditure against budget

Common Fund

1. This year's Common Fund offer
2. Payment plan for this year's offer
3. Any shortfalls in current year's payments
4. Any arrears in previous ten years' payments
5. Next year's offer (to be set during June)
6. Payment process for Common Fund

Fees Occasional Duty and Statutory Fees

1. Current Statutory Fees Table (the set fees for Baptisms, Weddings & Funerals)
2. Current church policy for extra charges (e.g. heating, organist, verger, bells, choir, etc.)
3. Last payment to LDF (Diocese of London) and template for future payments

Christ Church Roxeth Financial Controls Policy

4. Diocesan Policies on payment of visiting clergy (including the amounts reimbursed)

Finance Policies

1. Financial Controls Policy (this document)
2. Financial Risk Assessment
3. Reserves Policy
4. Employment Policy
5. Expenses Policy
6. Legacy Policy
7. Investment Policy

Insurance

1. Church insurer
 - a. What is insured
 - b. Policy number(s)
 - c. Contract in date
 - d. Payment arrangements
 - e. Renewal Arrangements
2. Person in charge of insurance
3. Any previous claims

Licences, Leases & Tenancies

1. Long term:
 - a. Addresses of properties
 - b. Rental income
 - c. Contract renewal dates
 - d. LDF contact (LDF must agree all property contracts)
 - e. Correct insurance in place
2. Halls and other short-term rentals:
 - a. Rental policies and agreements
 - b. Appropriate safeguarding policies
 - c. Appropriate licencing (including copyright licences for all music [CCLI/PRS])
 - d. Church buildings cannot be let without a licence from the Archdeacon

Regular Giving (Stewardship) and Gift Aid

1. People in charge of recording and encouraging regular giving (stewardship)
2. Regular giving collection methods (e.g. envelope, standing order, Parish Giving Scheme etc.)
3. Records kept and up-to-date (six years)
4. Names of responsible and authorised persons recorded with HMRC
5. Person in charge of claiming Gift Aid & GASDS
6. Date of last Gift Aid & GASDS claim
7. Details of contactless card payment terminal
8. Records of all donations from PCC Members and connected persons (legal requirement)

Staff

1. Employment policy
2. Names and roles of all paid staff
3. Annual remuneration of all staff
4. Expenses policy
5. Payroll administrator (possibly a payroll agency)
6. Pension provision (including workplace pension entitlement)
7. Employer's Liability Insurance Certificate (usually included with Church's main insurance)