

Financial Controls Policy and Procedures

Introduction

The aims of this policy are:

- to ensure that the church finances are handled correctly and in accordance with the church's charitable objectives and comply with legal regulations relating to finance;
- to identify and manage the risk of conflicts of interest, loss, theft or fraud;
- to ensure that financial reporting is robust and of sufficient quality;
- to safeguard the assets of the church;

Roles

Roles, in respect of financial matters only, are described below.

➤ PCC

The Parochial Church Council (PCC) has overall responsibility for managing the finances and exercising financial control and is aware of the Charity Commission guidance on Internal Financial Controls for Charities Ref: CC8. The PCC meets 6 times a year and communicates between these times by email if required. The PCC's responsibilities include:

- Setting the annual budget;
- Authorising larger items of expenditure in accordance with the levels of authorisation set out in Annex 1;
- Reviewing expenditure against the budget on a regular basis;
- Appointing the PCC Treasurer and Deputy Treasurer in accordance with the Church Representation Rules.

➤ Treasurer

The Treasurer shall be appointed by PCC and shall have responsibility for:

- Managing the finances on a day to day basis – organising payments of bills (in accordance with the Authorisation Levels at Annex 1) and receipt of income;
- Maintaining financial records and preparing summary accounts, including the annual financial statements;
- Preparing a draft budget, presenting finance reports comparing actual to budgeted figures at every PCC meeting and longer-term forward plans for PCC consideration;
- Facilitating regular giving through provision on the church website of details for setting up giving by individuals within the church including using the Parish Giving Scheme;
- Maintaining records of gift aid donations and gift aid declarations (apart from those held by the Parish Giving Scheme) and making timely Gift Aid claims to HMRC;
- Submitting the draft annual financial statements and working papers to the Independent Examiner, usually in February each year, and providing all requested details to facilitate the completion of the examination;
- Presenting the Financial Statements to the APCM and a Treasurer's Report on the church finances;
- Operating the Sage Payroll software to produce monthly payslips for staff members and online monthly reporting to HMRC.

- See Annex 3 for Financial Timeline.
- **Deputy Treasurer**
 - To support the Treasurer
 - To be aware of all the financial controls and procedures as they relate to St Paul's Kingston.
- **Standing and Finance Committee**

Under the Church Representation Rules the standing committee has power to transact the business of the PCC between PCC meetings, subject to any directions given by the PCC. The committee meets prior to each PCC meeting to consider outstanding issues, church finances, staffing matters and plan the PCC Agenda. The committee advises the Treasurer on any financial matters and may make recommendations to the PCC.
- **The Fabric Committee**

The fabric committee (chaired by the Operations Manager) has authority to approve minor fabric repairs, Quinquennial action points and maintenance costs up to the limit in Annex 1. And to approve and report to the PCC the terms of the annual renewal of the church's insurance. They also consider and recommend to the PCC any major maintenance & improvement works to enhance the church building and its facilities.

The Budget

The key way which the PCC exercises control over expenditure is by setting an annual budget and reviewing expenditure against that budget. The budget is set in November each year and the PCC will receive reports highlighting significant variations against budgets at their meetings.

Unrestricted and Restricted Funds

The church's funds shall be divided into unrestricted funds which include general and designated funds which may be used to support any of the church's charitable purposes, and restricted funds which may only be used to support a particular aspect of the church's charitable purposes.

Financial controls for income and expenses

Receipts

Over 98% of General Fund income is received directly into our bank accounts from standing orders, faster payments and bank transfers. These are identified from the bank statements and are recorded in the relevant Quickbooks ledger account monthly by the Treasurer. Monthly receipt totals from the Parish Giving Scheme, the contactless device and payments for events through Church Suite are identified on the bank statements and their analysis and totals agreed to the downloaded PGS, Sumup or Stripe transaction reports.

Cash receipts are generally modest, usually less than £20 a week, and the risk of loss through fraud is considered low.

The collection box is emptied once a week by the Operations Manager and all donations put into a marked sealed envelope and put into the safe. Miscellaneous collections received, as well as cash

collections from groups such as Rainbows are also put into the safe by a key holder. See Annex 2 for safe key holders.

Bankings are undertaken by an appropriate person independent of the Treasurer as appointed from time to time by the PCC (currently Simon Brayton). All money is counted in the church office with office staff present, and is entered into a password protected receipts analysis spreadsheet and totalled up. A paying-in slip is completed for this amount and the cash and cheques bagged up and taken to the bank regularly, usually once a month. If there is a large amount of cash onsite (over £1000), banking will be done sooner.

The receipts analysis spreadsheet is emailed to the Treasurer monthly and from this the receipts transactions are entered to the Quickbooks ledger and the banking total agreed to the bank statements.

Non-routine Donations

Occasionally gifts, grants and donations from other charities or individuals are received, sometimes for specific purposes. All such donations must be notified to the PCC and should be treated with regard to the Charity Commission guidance contained in Compliance Toolkit: Protecting Charities From Harm - Chapter 2 (<https://www.gov.uk/government/publications/charities-due-diligence-checks-and-monitoring-end-use-of-funds>). In particular:

- Due diligence must be followed to 'Know your Donor' before large donations are accepted.
- Any refund requests of large donations are treated with caution and considered for reporting to the appropriate authorities. Such donations with subsequent refund requests totalling £25k or more must be reported to the Charity Commission.
- Grants and donations from charities or individuals where the use is restricted by the donor must be agreed to by the PCC.
- All Gifts in Kind are considered suitable before being received and are agreed by the PCC.
- The PCC reserves the right to refuse any donation.

Bank Accounts

Mandates for the opening and operation of bank accounts and any changes thereto shall be approved by the PCC. Under no circumstances shall money received for the Church be paid into any other bank account. The church bank statements shall be reconciled monthly against the bank account record maintained in the accounting system and all payments and receipts recorded.

Payments

Most payments are made by faster payments (online via the Coop Bank) following the delivery of goods or supply of services, evidenced by an invoice or pro-forma invoice, which has been authorised by the budget holder responsible for the expenditure as evidenced by their signature or by being attached to an email from them to the Treasurer requesting payment.

Where online payments are not possible, a cheque may be provided. Cheque books are kept by the Treasurer, who on receipt of invoices authorised as above, will draw cheques as required and

arrange for the cheques to be signed by two cheque signatories. The invoices and signed cheques are then passed to the Church Office who posts the cheques, with a reference of the invoice(s) being paid to the suppliers, before returning the invoice to the Treasurer.

A petty cash system is not in place and payments from cash receipts should not be made. All expenditure should be put through the relevant staff members expense claim. Sundry payments made by staff members are reimbursed by faster payments on receipt of signed expense claims as required. Expense claims should be submitted monthly within 10 days of the month end, or in line with when expenditure is incurred, and signed by the staff member and their line manager. To prevent staff being 'out of pocket' an advance of £150 can be given and signed for by staff members; this money will be returned on their final expense claim or pay cheque.

Where occasional expenditure is incurred by non-staff members, a request for payment from the purchaser, supported with shop till receipts, should be given to the Operations Manager for approval before being sent to the Treasurer to make payment. All expenditure should be reclaimed in a timely manner.

- Payments from any of the church bank accounts, by online faster payments or cheque, shall be approved or signed by two church officials authorised at the bank. Authorised officials on the accounts shall normally be the PCC Treasurer, the Vicar, the Operations Manager, the Assistant Curate and the Church Wardens as elected at the most recent Annual Meeting of Parishioners, unless the PCC decides to appoint alternative authorised officials. Authorised officials shall be reviewed annually at the PCC meeting immediately following the APCM.
- Payments made to an authorised official or a member of their family shall not be approved, set up or signed by that official but by two alternative authorised officials.
- Payments of staff salaries shall not be approved by other paid staff members.
- Authorised officials should be given supporting evidence of payments to be made before being asked to set up or approve payments.
- SAGE Software is used for running the payroll. Staff are paid by faster payments on the 25th of the month using the net pay figure from that month's payroll reports.

Church events organised by non-staff members

The proposed timing and nature of church events arranged by non-staff member need to be agreed with the Operations Manager. The following applies to finances for such events:

- Booking fee to be paid from church bank account if possible otherwise to be paid by organiser and reclaimed promptly.
- Other costs e.g. food, speaker's expenses etc. to be paid from church bank account if possible otherwise to be paid by organiser and reclaimed promptly.
- Sign-ups for the event to be made via ChurchSuite and the charges paid by card, or by bank transfers to the church bank account with a suitable reference.
- An event account to be produced and final expense claims supported by invoices or till receipts to be submitted to the Operations Manager within a week of the event. Account and claims to then be passed to the Treasurer for payment.

Recording Payments:

Once a payment is made, the Treasurer will mark the invoice 'PAID' and enter the date and number of the cheque (if applicable) on the invoice. All paid invoices are filed in the alphabetical section of the "PAID INVOICES" file for the current year. The Treasurer uses the paid invoices, cheque book stubs and bank statements to ensure all payments including direct debits are correctly posted to the Quickbooks ledger and bank reconciliations are carried out monthly.

Exceptions:

The above are the normal payment procedures. However, it is recognised that there will be occasions when a payment is required when even a 'pro-forma' invoice is not available. Whatever documentation can be provided to support the payment should be made available to the cheque signatories/faster payment approvers at the time they sign the cheque or approve the faster payment. This should include the name of the supplier, a description of the item to be purchased and its cost. An invoice or receipt should be requested from the supplier when the payment is made and when received, be stapled to and filed with the original documentation. It is expected that a hard copy of the supporting documentation for each payment will be filed on the "Paid Invoices" file.

Accounting records

Accounts records shall be maintained on a suitable accounting software package (currently Quickbooks) in accordance with the requirements of the Charities Act 2011 or any succeeding legislation.

Treasurer Notes giving details of all the accounting software used, how these programmes are accessed and their monthly routines are maintained by the Treasurer with a copy kept by the Operations Manager.

Reserves policy

As a Charity St Paul's PCC aims to use incoming finances to fund activities in keeping with our charitable purposes.

It is PCC policy to aim to maintain a balance on its General Fund which is sufficient to enable payments to be made when they become due and to enable current activities to continue in the short term, should funding fall or significant unforeseen expenditure be required. The PCC aims to have balances equivalent to 3 months' of budgeted General Fund expenditure. The PCC keeps both this policy and its implementation under regular scrutiny.

Mission Giving

It is usual for St Paul's to tithe its income (i.e. give away ten percent to charities at home and abroad). The PCC elects a Mission Link group, often with some non-PCC members, annually after the APCM. The purpose of this group is to maintain the link between St Paul's and its mission partners locally, nationally, and overseas; ensuring that members of St Paul's are informed about

our mission partners and engaged with them in prayer, two-way communication and practical and financial support.

The Mission Link group meets before the November PCC meeting each year to discuss the distribution of the tithe of 10% of unrestricted funds income to be allocated to our partners. This recommendation is presented to the PCC at the November meeting for approval. The Treasurer will arrange to make payments of the tithe and the Church office communicates with all selected mission partners by letter once the allocation of funds is agreed. In January each year the Treasurer will review the total giving for the year and inform the Mission Link group of any additional amount due from the tithe so that this can be distributed accordingly.

Parish Support Fund

St Paul's places a high priority on meeting its Parish Support Fund pledge to cover the cost of ministry paid by Southwark Diocese for our Parish, and to support that cost in other less financially well-off Parishes in the Diocese. The PCC has committed to giving the full cost of ministry for our parish plus at least 10% of our general fund income and 10% of the St Paul's Community Hall Trust's income to the Parish Support Fund annually. This was agreed in the PCC meeting on the 16th July 2019.

Hall Trustees

The St Paul's Community Hall Trust is a separate charity whose trustees are appointed by the PCC, other than the Incumbent who is *ex officio* chair of the Trust. The PCC has determined that the Church Wardens shall become trustees in consequence of their office, this was agreed in the PCC meeting on the 22nd May 2019. Once the trustees are appointed, the PCC has no direct control over the operation of the Trust. However the Hall Trustees do often cooperate with the PCC to support projects and community work at St Paul's by the giving of grants. The PCC has requested that its Finance Reports note the bank balance held by the Trust. To facilitate communication of these matters the PCC Treasurer and the Hall Trust Treasurer should liaise as required.

Annex 1: Authorisation levels of expenditure

Payments may be made, or contracts entered into, on the authority of the relevant Church Officers as follows, provided the annual budget is not exceeded:

Who	Approval amount for individual payments
Budget holders (staff members or ministry leaders as per the below table)	<£250
Budget holder and a member of the Standing and Finance Committee	£250-£500
Budget holder and two members of the Standing and Finance Committee	£500-£1000
Fabric Committee (minor works, day to day maintenance and long-term contracts), agreement should be by majority.	<£1500
Standing and Finance Committee, agreement should be by majority.	<£1500
PCC	£1500+

Exceptions

- Where emergency repairs must be carried out to avoid further damage to property, the Operations Manager and two members of the Standing & Finance Committee may undertake expenditure in excess of the above limits. In these cases, PCC will be notified by email within 24 hours of the emergency action having been taken.
- Payments related to payroll can be made in accordance with the employment contract, in line with salaries agreed by PCC.

Expenditure and acceptable authorisations:

Expenditure	Authorised by
Vicar's expenses	Church Warden
Other Clergy expenses	Vicar
Staff Expenses	Line manager
Sundry catering & cleaning supplies	Operations Manager
Photocopier costs & office stationery items	Operations Manager
Diocesan fees	Operations Manager
Fabric repairs	Fabric Committee
Regular maintenance & servicing costs	Operations Manager
Resources for Children's Ministry	Assistant Pastor: Children or Pastor: Families, Youth & Children
Resources for Youth Ministry	Assistant Pastor: Youth or Pastor: Families, Youth & Children
Community and Outreach expenses	Vicar / Community Pastor / Operations Manager
Pastoral Work	Vicar / Pastoral team
Publicity Costs	Vicar / Operations Manager
Subscriptions	Vicar / Operations Manager
Music, sound, AV & IT costs	Vicar / Operations Manager / Rik Simpson

Flowers	Operations Manager
Mission giving	PCC after recommendation from Mission Link
NIC & PAYE payments to HMRC	Treasurer
Insurance renewal	Fabric Committee
Payroll	Treasurer
Parish Support Fund Pledge	PCC

Annex 2: Current Safe Key Holders

Safe key holders (as of 16 March 2023) are as follows:

Name	Position
Adam Rylett	Vicar
Fiona de Quidt	Assistant Minister
Carolyn Madanat	Curate
Caroline Dennis	Operations Manager
Elena Boothman	Administrator
Casey Buchner	Assistant Pastor: Children
Ellie Hughes	Community Pastor
Ben Hislop	Assistant Pastor: Youth
Derek Strathearn	Treasurer
Gareth Buchner	Church Warden
	Church Warden

This list is maintained by the Operations Manager and an up to date list is available on ChurchSuite.

Annex 3: Financial Timeline

Month	Meeting	Report	Actions
January	PCC	Finance Report	Vision & Stewardship Sermons Gift Aid claim
February			Draft Financial Statements to Examiner
March	PCC	Finance Report	Financial Statements and Annual Report approved by PCC
April	APCM	Treasurer's Report	Financial Report & Annual Report adopted Payroll year end reporting to HMRC Gift Aid claim
May	PCC	Finance Report	Treasurer, deputy treasurer and sub committees appointed. P60's distributed to staff.
June			Thank you letters sent to regular givers
July	PCC	Finance Report	PSF Pledge agreed
August			
September	PCC	Finance Report	Charity Commission Annual return and Financial Statements uploaded Gift Day decision for November
October			Gift Aid claim
November	PCC	Finance Report Draft Budget	Mission Giving Allowance Agreed Next Year's Budget agreed
December			VAT claim on repairs to DCMS