

GODMANCHESTER BAPTIST CHURCH – FINANCIAL CONTROLS

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Introduction

Godmanchester Baptist Church (GBC) is a registered charity. As such the Leadership Team of GBC is responsible for exercising control of the financial activities of the church. The Charities Commission requires annual returns to be made by each charity and these returns may be perused in some detail to ensure that a high level of confidence in charities in general is maintained.

Treasurer

Control is exercised by the appointment of a Treasurer to oversee the finances of the church and to report regularly to both the Leadership Team and Church Members Meeting. The Treasurer is required to be a member of the Leadership Team and is empowered to enlist the assistance of others, usually but not exclusively church members, to fulfil finance-related roles within the church. Such roles that may be required are:

- ❖ Salaries officer
- ❖ Gift Aid officer
- ❖ Counting and banking team
- ❖ Petty cash

Financial Controls on Bank Accounts

The controls applied by Godmanchester Baptist Church (GBC) require that two signatories sign every cheque or there are two interventions to enact an internet bank transfer. On 1st December 2018 five people are authorised as signatories on the CAF current account (cheque and internet transactions). Signatories are required to be “Members of the Leadership Team or designated Church officers” in accordance with the constitution of the church.

The usual *modus operandi* within GBC would be for the Treasurer to be one of the parties to each transaction, except where it is a payment to the Treasurer. (A signatory will never be one of the people involved in their own reimbursement.) If not involving the Treasurer, at least one signatory to a transaction must be a Leadership Team member or the Administrator.

It is best practice for the signatories to see and check documentation (receipt or invoice) in support of a claim and to sign the reimbursement slip before they make an internet bank transfer.

In order to ensure that the treasurer can maintain effective control over the cash flow situation all approved expenditure over £500 is to be cleared through the treasurer before committing to the expenditure even if the expenditure has been approved in the budget.

It is possible and permissible for the Treasurer to transfer money to other designated GBC savings accounts from the CAF current account by a *single* intervention.

Withdrawal of money from these savings accounts is restricted to transfer into the CAF current account and requires two signatures.

Authorised Persons

Within the leadership structure of GBC there are a number of posts which require a level of financial delegation in order to allow normal day to day functions to continue. Each person filling such a post will have a limited financial delegation in accordance with the following table. Above these limits they should seek prior authorisation from the Treasurer.

Regular budgeted expenditure does not need pre-approval unless over £500 and as to protect cash flow as outlined above.

<u>Position</u>	<u>Unapproved Limit</u>	<u>Caveats</u>
Leadership Team acting together	£2,000.00	Treasurer must be consulted if absent from LT meeting.
Treasurer	£1,000.00	Maximum of £2,000 per calendar month
Pastors / Leadership Team Members	£200.00	Maximum of £400 per team member per month
Administrator	£200.00	Maximum of £400 per calendar month
Church Officers (for-spending outside approved budget)		Should consult the designated LT member for their area, who may approve spending within their own limit.

All approvers must ensure that they keep the above rules in mind when transacting financial activities. The Treasurer will notify authorised persons by use of this document.

When expenditure is planned against received and banked income the limit is applied as the variation between monies received and the planned expenditure. For example in February Soul Survivor tickets are purchased in a transaction approaching £3,000, typically however £2,500 will have been received in booking fees. In this example the approved limit will be considered to be the difference of £500.

Ideally no expenditure above £2000 would be undertaken without the approval of the church meeting, either by inclusion in the budget or by a specific vote being obtained at a church meeting. In urgent and exceptional circumstances the Leadership Team may exceed its limit and the church meeting be notified of any additional expenditure at the next opportunity.

Budgets

A draft budget will be set and approved each year by the Leadership Team and presented for agreement to the church meeting before the end of the financial year. This budget is then finalised after the end of the previous year and ratified at the first church meeting in the year of that budget. Any major (material) changes that must be made to the budget following the close of the last financial year are to be reported to the AGM and the budget re-approved.

Church officers and other post holders with a possible change in need for funds during the next year will be requested to notify the Treasurer in good time for inclusion in the draft budget. Church officers who request items to be included in the budget should be informed by the treasurer of its inclusion or exclusion following budget approval by the church meeting.

Church Officers are responsible to the designated LT member overseeing that area for keeping routine expenditure within budget. If there is any uncertainty that an item of expenditure is included in the budget then the advice of the treasurer must be sought before committing the church to any expenditure. Any items not included in the budget must be

cleared by the treasurer before any commitment to expenditure is made, if not within the approval limit of the LT member responsible for that area.

Any LT member or church officer with responsibility for a budgeted area should be appraised of the budget apportioned to him or her at the beginning of the financial year and on request will be provided with updates in order to ensure that they remain within budgeted limits.

Reserves

In order to ensure that sufficient funds are in place to maintain a working cash flow level and to protect the church against a surprise expenditure event the leadership team agree a reserves policy.

The reserves policy is:-

“GBC will aim to ensure that a cash amount equal to six months of salary payments is available for use at short notice. This figure excludes salaries that are paid from specific sources of funding and where the contract ties the employment to that source of funding”.

Short notice means the full funds can be accessed within 14 days (ignoring any interest penalties this may incur). The type of accounts that may contain the funds include petty cash, current accounts or deposit accounts.

An unnecessarily large reserve ties up capital while a reserve that is too small will create financial stress. The reserves policy must be reviewed at every budget cycle to ensure it is fit for purpose.

Reimbursements

Expenses are different from reimbursements. Reimbursements are generally items bought by an individual on behalf of GBC and for the use of the GBC community - for example bibles, craft materials or kitchen equipment. An expense is generally a cost incurred by an individual, for the individual that is transitory and generally yields no physical benefit - despite the charitable objective benefits that required the expense. Legal requirements on GBC as an employer, such as indemnity insurance, do not fall into these categories. The separate policy document “Policy for Employee and Volunteer Expenses” should be consulted.

It is often convenient, particularly for internet purchases, to spend personal money and subsequently reclaim it from GBC. (See the sections above regarding when pre-approval of the spending is required). Money which is spent from personal funds on behalf of GBC will be reimbursed without undue delay. If there is need for particular urgency, the Treasurer should be made aware of this.

Staff members should only seek reimbursement through expenses paid with salary for mileage and related travel expenses such as parking plus any items that might attract taxation. Items that might attract tax include those where the purchaser becomes the owner and the item may be used for personal benefit not just church activities.

A Reimbursement Claim form should be completed for single claim items or multiple items that are from one fund (for example five art and craft receipts for Littlefoot).

For multiple items from multiple funds a multi-line claim form should be used (for example art and craft for Littlefoot, food stuffs for Foodbank). The form should be accompanied by a receipt and indicate the amount(s) spent. Ensure all bills (which should be originals) and (if applicable) any debit/credit vouchers are numbered and attached to the form which should also show the items numbered accordingly to enable easy identification.

These forms are available from the Church Office.

The employee or volunteer needs to sign the form declaration that items were for the exclusive use of GBC and where they hold no budget authority obtain signed approval from the Leadership Team budget holder or, if not available, by the Administrator or Treasurer.

Pass the form to the church office for processing.

Reimbursements are made by bank transfer wherever possible.

Reimbursements can be arranged by cheque or (if under £30) may be repaid by the administration office or treasurer's petty cash. No money will be paid out of the offering.

Income

Sunday morning offerings are counted immediately after the service by two approved people on a rota basis. If possible one of those counting should take the money to the bank at some point during the week. If that is not possible the counted money should be placed into the church safe by the Treasurer or Administrator. The Bank paying-in book should be returned to the Church Office by the following Sunday at the latest.

Other money may come in to the Church Office from a variety of sources for a variety of reasons. On receipt, all such money should be listed on the 'Record of Receipt of Money' maintained in the office and placed into the safe. The Treasurer will sign the final column of this form when taking responsibility for this income. A separate document outlines the procedure for paying this money into the bank.

In some cases money is received on the premises during an activity and is retained as petty cash. It is expected that the money is counted promptly and the amount recorded in a suitable record. Money collected should be placed into the safe if left on the premises. The amount of money in the petty cash shall be reconciled with the paper accounts on a regular basis.