

Financial Rules

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Introduction

Godmanchester Baptist Church (GBC) is a registered charity (CIO). The Leadership Team of GBC are charity trustees and are responsible for exercising control of the financial activities of the church. The Charity 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 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
- ❖ Book keeper

The Treasurer is not responsible for deciding what GBC spends money on – this task belongs to the Church Membership delegated to the collective Leadership Team through the agreed budget and according to the spending limits. The Treasurer is responsible for confirming that GBC has the required liquidity (money in the bank) to allow any money scheduled to be spent and that the decision to spend has been made in accordance with the standing governance processes and current legislation. In the event of disagreement on liquidity or process between Leadership Team and the Treasurer the escalation must be resolved by the Church Membership.

Financial Controls on Bank Accounts

The controls applied by Godmanchester Baptist Church (GBC) require that two signatories sign every cheque or that there are two interventions to enact an internet bank transfer. Signatories are required to be “Members of the Leadership Team or designated Church officers” in accordance with the constitution of the Church. A signatory will never be one of the people involved in their own reimbursement.

GBC uses the ExpensePlus software package for financial management. This includes a transparent process for making reimbursements, paying invoices received or claiming expenses.

A claim is initiated by the person incurring the expense or requiring an invoice paid.

An invoice, receipt or pro forma (for example as a quote) must be presented in support of a claim. If a pro-forma is used the final invoice should be input once it is provided.

The claim is authorised by the budget holder, their backup or the Treasurer. The systems is designed to prevent the person submitting the claim from authorising it.

At least one signatory to a bank transaction must be a Leadership Team member or the Church Administrator.

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 (as permitted by the CAF account configuration).

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

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 preapproval however any other expenditure authorisation expires after 30 days.

| <u>Position</u> | <u>Unapproved Limit</u> | <u>Caveats</u> |
|--|-------------------------|--|
| Leadership Team acting unanimously | £5,000 | Treasurer must be consulted if absent from LT meeting. |
| Treasurer | £1,000 | Maximum of £2,500 per calendar month |
| Pastors / Leadership Team Members | £500 | Maximum of £1,000 per team member per month |
| Church Administrator | £250 | Maximum of £500 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. |

These amounts can be reduced at any time without consultation of Church Meeting, but restoration requires repeat authorisation.

A budget is set annually for each fund and account for expected expenditure, for example utility bills, and approved as part of the standard budget approval process. The Leadership Team can only make a commitment to expenditure over £5,000 with approval of a church meeting. This includes expenditure of £5,000 as a repeating commitment over a multi budget period of time, for example a lease agreement, or when income is not guaranteed and there is a possibility of expenditure reaching this level.

This limit does not apply when

1. The amount is planned expenditure against received income, for example church weekend bookings. In this case the approval amount is the difference between income received and the scheduled expenditure amount (for example, £4,000 received, £6,000 expenditure, the sign off limit amount is £2,000).
2. A grant is received for a specific purpose, for example a £20,000 grant for a new roof.

The expenditure limits for restricted funds (e.g. Foodbank) are:

- Leadership Team member: £500
- Treasurer: £1,000
- Restricted fund management subcommittee: £2,500
 - o when in unanimous agreement of at least 3 people plus the treasurer for expenditure in line with charitable objectives of the fund and that is not a repeating commitment.
- Leadership Team: up to £5,000
- Church meeting: above £5,000



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Significant projects, for example major building work, should be authorised at project level and not individual item level.

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.

Ideally no expenditure above £5,000 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, if not available within the Expense Plus software, on request will be provided with updates in order to ensure that they remain within budgeted limits.

Reserves and Cash Management

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 an amount equal to three months' worth of General Fund expenses or £60,000, whichever is greater, is kept as a reserve buffer. This figure includes designated funds but excludes restricted funds and salaries that are paid from specific sources of funding and where the contract ties the employment to that source of funding.

At least 50% of our reserve buffer will be kept available for use at short notice within instant access accounts.

It is Important that balances deposited with any institution remain below the FSCS Financial Compensation Scheme limit (Currently £85,000). Therefore, to spread the risk it is likely that our reserves will need to be deposited in more than one institution.

These funds may be deposited in accounts with maturities of up to one year providing that:

- They are with a Bank or Building Society regulated by the Financial Conduct Authority (FCA) and covered by the Financial Services Compensation Scheme (FSCS)
- No more than 20% of our total available funds are deposited with a fixed maturity.”

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. The reserves amount is a rounded figure based on six months of expected staffing levels, that is in sympathy with the process and should not chase an exact moving figure - for example, changing the amount inside a budget year due to staff hiring changes.

Reimbursements

At all times it is preferred that invoices are obtained and paid directly by the church rather than through the reimbursement process.

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 (the separate policy document "Policy for Employee and Volunteer Expenses" should be consulted). Legal requirements on GBC as an employer, such as indemnity insurance, do not fall into these categories.

It is often convenient, particularly for smaller or 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, generally within two weeks. If there is need for particular urgency, the Treasurer or Church Administrator should be made aware of this.

Staff members should only seek reimbursement through expenses paid with salary for 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.

All reimbursement claims should be made via the ExpensePlus software portal. A new claim must be made per receipt, but where one receipt has many line items (even in different funds) then one claim should be used.

The claim must be accompanied by a receipt and indicate the amount(s) spent – these can be a scan or photo. All bills or receipts should be originals although debit/credit vouchers are sometimes acceptable. Order confirmations are not usually acceptable as a receipt/invoice and should only be used as a pro forma or prior to receiving a final invoice.

A user login for ExpensePlus is available via the Church office. If you do not have access to a computer or scanner the office can process your claim - you may need to complete a paper reimbursement form to facilitate this.

The budget holder will authorise the reimbursement confirming budget authority was obtained or, if not available, the Church Administrator or Treasurer will complete authorisation.

Reimbursements are made by bank transfer wherever possible.

In order to protect the integrity of budgets and sign off levels reimbursement claims must be made within one month of the expenditure being made.

Reimbursements may be repaid by the administration office or treasurer's petty cash. No money will be paid out of the offering.



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Income

Sunday morning offerings are counted immediately after the service by two approved people on a rota basis and the counted money placed into the church safe.

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 or counted and placed into a FastBank envelope and placed into the safe. 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. This money must be counted and recorded into ExpensePlus via the petty cash management screen. 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 recorded balance in ExpensePlus on a regular basis.

Adopted: November 2023

Next Review Date: October 2024