



St. Michael & All Angels

CHURCH IN THE PARK | LIVING, LOVING, SERVING

The Parish of St Michael and All Angels, Hughenden

Finance Policy

The following policy was agreed at the Parochial Church Council (PCC) meeting held on 6 July 2023.

Key principles

1. The PCC is the body that oversees and controls the church's money. The members of the PCC, appointed under the Church Representation Rules, are also the trustees of the PCC as a charity (Charity Commission number 1193227) and are stewards of the funds entrusted to them. They will strive for absolute transparency and accountability at all times in the management and handling of PCC finances.
2. All Christians are called to be generous according to their means. Members of our congregation are encouraged to give to their local church, to help keep their heart and prayers rooted with their brothers and sisters in Christ.
3. Prayer for God's wisdom is at the heart of our financial decisions, in particular in finding income to meet the church's needs, in determining the budgets for those needs and in handling our finances.
4. The annual setting of budgets will be based on the vision for the church and the priorities that are determined from that, in addition to considering the views of PCC members and working group leaders. The financial objective should be to operate annual expenditure within income, with any excess transferred to the PCC's reserves.
5. This policy, and compliance with it, will be reviewed every two years or sooner if an amendment is required.

Financial administration

6. **Appointments.**
 - a. The Treasurer will be appointed in accordance with the [Parish Representation Rules](#).
 - b. The PCC's Standing Committee, which is appointed in accordance with the [Parish Representation Rules](#), will have day-to-day oversight of financial matters. This includes a remit to develop a report on the current financial position for presentation at each PCC meeting
 - c. An Assistant Treasurer will be appointed to collate congregation collections, pay cash into the bank, receive payments for funerals / weddings (unless paid by bank transfer) and provide records of such occurrences to the Treasurer.

7. **Financial year.** The PCC's financial year runs from 1st January to 31st December. The Treasurer and Standing Committee will prepare a proposed annual budget for the PCC to review and approve no later than the final PCC meeting of the preceding year.

8. **Annual financial statements.** After the end of the financial year, the accounts for that year will be finalised and audited. The financial statements and auditor's report will be presented to the Annual Parochial Church Meeting, which usually takes place in April. Rule M5(1) of the [Parish Representation Rules](#) provides further detail of the annual reporting requirements.

9. **Regular financial updates.** At each PCC meeting, the Treasurer should present an Income & Expenditure report along with their summary of the financial year to date and projected forecast.

Congregational giving

10. **Collections at services.** Collections may be made during services and donors are encouraged to use gift aid envelopes if their personal circumstances allow. Regular donors are requested to set up bank standing orders to ease the administrative burden of their giving.

11. **Cash donations.** The sidespersons must count and record the money, before storing it in the safe. The Assistant Treasurer must bank the money as soon as possible, certainly within 7 days of the donation. All money must be paid into the bank; none should be used to pay, or part pay, expenses. Regarding recording:

a. The sidespersons must:

- i. Record what is given on which day and at which service;
- ii. Retain any gift aid envelopes, for the assistant treasurer to open and record;
- iii. Count the money and sign the record.

b. Cash sheets must be agreed with the bank paying in slips; and

c. Cash sheets and paying in slips must be retained, along with the other accounting records, for 7 years.

12. **Electronic giving.** The PCC has the ability to receive debit/credit card donations, for preset amounts using the in-church electronic donations box or for any amount through the Virgin Money Giving portal, via the church website.

13. **Use of donations.** Money will be used for general funds, unless specified at the time of donation. Where the donation is made for a specific purpose, the record should state that purpose and the money should only be used for such.

14. **Confidentiality.** Only the Treasurer shall have access to donors' giving details.

15. **Retiring or special offerings.** At the vicar's discretion, retiring or special offerings may be taken at funerals, in response to national or international appeals, for visiting speakers, etc. In such cases, these are separate to PCC funds and the PCC will not retain any of the money.

Expenditure

16. **Employees and supporting staff.** The organist, verger and administrator are employees of the PCC. Their remuneration will be reviewed annually and may be subject to income tax, national insurance and pension contributions according to the prevailing rates and thresholds. Payments for services to individuals who are not on the PCC's payroll should be carefully

considered to ensure that the PCC does not become liable for an additional tax, national insurance or pension liability.

17. **Expenses.** People conducting business on behalf of the church or PCC may claim expenses for costs incurred, such as travel or training; where outside of the normal, they must be agreed in advance. The vicar's expenses signed off must be reviewed and approved by a churchwarden; others' expenses must be reviewed and approved by the vicar and a churchwarden. Any expenses paid to or on behalf of a trustee or a connected person must meet the following criteria, to help ensure there is complete accountability and that the trustees are seen not to have obtained an inappropriate benefit:

- a. It is supported by documentation for all elements of the expense, which should be 'third party' documentation wherever possible;
- b. Explanation of the purpose of the expenditure is detailed including who was involved (e.g. if a group is travelling, details of who is in the party – especially if there are close relatives of the trustee);
- c. The payment should be authorised by a responsible official other than the trustee in question; and
- d. No cheque should be signed or payment authorised by that particular trustee.

18. **Prior approval.** Ordinarily, no PCC money should be spent without prior approval, whether budgeted for in the annual budget or by approval of the PCC. The Standing Committee may approve emergency payments of up to £2,000.

19. **Discretionary or hardship support.** Any requests for assistance with someone's basic needs will be considered jointly by the vicar (or associate minister, if the vicar is unavailable) and at least one churchwarden. Basic needs could include: accommodation costs (mortgage or rent), utility bills (electricity, gas, water or council tax), transportation to or from a place of employment, children's school expenses or funeral expenses. Any support would only be provided on a short-term, interim basis and would be limited to £1,000. Needs that may not be met include, but are not limited to: needs of individuals who are wanted by the police or for paying fines as a result of breaking the law, penalties relating to late payments or irresponsible actions, business ventures or business debts, or gambling debts.

Prevention of fraud

20. **Regular review of records.** At each Standing Committee meeting, the Committee must review the transaction log and bank account reconciliation sheet(s) for all transactions since the last meeting.

21. **Preferences.** Payment by bank transfer should be used wherever possible. Large cash payments should be avoided.

22. **Cheques.** Where payment by cheque is necessary:

- a. No cheques should be signed in blank, i.e. without all details being completed prior to being signed.
- b. Persons authorised to sign cheques should ask to see supporting evidence (eg invoices, till receipts etc.) which they should initial before signing the cheque. The signatory should be satisfied that the proposed payment is a valid expense of the charity.
- c. Cheque books should be securely kept preferably locked away when not in use, so that none is accessible by any but those that have signing authority.

d. All cheque stubs should be completed with the name of the payee and also a cross reference to a document which clearly explains the purpose of the payment.

e. The accounting records of the bank accounts should contain the details of not only the purpose of the cheque but also the payee details, the date issued and the cheque number. Cheques should not be paid to 'cash' unless essential (see below in relation to cash payments).

23. **Documentation.** Documentation for payments must be held in all cases. Wherever possible, third party documentary evidence of the expense must be held (e.g. a supplier invoice) which has clear internal authorisation for the payment recorded on it plus, if paid by cheque, a reference to the cheque number of the cheque used to make payment. Where third party documentation is not available (such as 'gift' payments), an internal record must be made detailing the reason for the payment. The form should then be 'receipted' by the individual receiving the funds signing the form to confirm their receipt of the monies. All such documentation must be stored in a clear order and retained for 7 years.

24. **Information security.** Passwords and anti-virus software must be used on any computer system processing the church's financial information. Passwords must be securely stored and shared with an authorised person, such as an auditor, only if absolutely necessary. Regular back-ups of the data should be taken and securely stored.

Bank accounts

25. **Overview.** The PCC has a main bank account for 'running income and expenditure', a deposit account and an account to receive income via the electronic donations system. Any changes to bank accounts, such as changes of signatories, requires an approved PCC resolution. Any new bank accounts must be in the name of the PCC and not in the name of one of the trustees, staff or volunteers.

26. **Regular reconciliation.** Each bank account held must have its income and expenditure recorded in accounting records, with that information reconciled to the bank statements monthly.

27. **Electronic payment authorisation.** As part of their routine duties, the Treasurer may make electronic bank payments of up to £1,000 in a single transaction. Payments over £1,000 must receive additional approval, recorded by exchange of emails, from one of the following:

a. Vicar, Churchwarden, Chair of the Standing Committee.

28. **Cheque payment signatories.** Two of the following must sign any cheque payments (one signatory and one countersignatory):

a. Main account and electronic donations account: Treasurer, Assistant Treasurer, Vicar, Churchwardens, Chair of the Standing Committee.

b. Deposit account: Vicar, Chair of the Standing Committee, Churchwarden.

29. **Internal funds.** The Treasurer must maintain separate internal funds to segregate money for 'reserved' purposes. These are: organ, financial inclusivity (see below), buildings & amenities, altar furnishings.

Considerations for trustees

30. Trustees should be aware that under UK charity law and principles, remuneration and benefits to trustees are only permitted in very narrow circumstances. In most cases, specific legal authority is needed. "Benefit" includes any property, goods, or services which have a monetary value. This principle does not forbid the reimbursement of reasonable out of pocket expenses, nor expenses incurred as a necessary part of fulfilling the trustees

functions in the charity. 'Expenses' does not include a payment to a person for their time in acting as a trustee.

31. In this context the rules apply not only to the trustees themselves but also their spouses, close relatives, business partners or sometimes others closely connected to them or their businesses.
32. Particular situations that can arise in churches where care is required:
 - a. Where a trustee or their business provides a service to the church.
 - b. Where the spouses or children of trustees are employed or considered for employment or sponsorship by the church.
 - c. Where gifts in recognition of personal esteem, or additional financial support are given to the church to give to a trustee.
33. The Charity Commission's guide CC11 "Payment of Charity Trustees" should be read by all trustees so that amounts are not paid which inadvertently breach these principles.

General points

34. **Gift Days.** Gift Days can be useful means of making up a revenue deficit or to raise money for specific causes. The PCC will decide annually if it wishes to hold a Gift Day and what it wants to allocate the money to. Of note is that if the Gift Day is focussed on raising money for external charities, the church cannot claim the gift aid on the money donated.
35. **Stewardship.** Each year, the PCC will decide if it wishes to include a place in the church's programme to highlight Christian Stewardship and, in particular, ask congregation members to review their giving in the light of budgets.
36. **Mission.** The Mission Support Group will oversee the allocation of financial support to external causes, in accordance with the annual budget as agreed by the PCC. The PCC will target a Mission allocation equivalent to 10% of forecast planned giving income (excluding legacies, grants and tax rebates).
37. **Hiring out of rooms or facilities.** The Standing Committee will determine a fee structure for the hiring out of Church House and other facilities, and present that to the PCC for endorsement.
38. **Church House and Cottage.** Church House and Cottage is owned by a separate charitable trust: "The Church Hall Hughenden", Charity Commission number 203042.
39. **Financial Inclusivity Fund.** The PCC will hold a fund to enable all of the congregation, whatever their economic position, to attend more expensive events, such as a church weekend away. Congregation members should ask the vicar or event organiser if they would like to receive such support.
40. **Tax legislation.** The PCC will comply with relevant legislation relating to VAT, PAYE, national insurance, National Living Wage and the provision of competent, external, financial advice. The PCC will seek to reclaim VAT where possible in accordance with prevailing Government rules (see http://www.lpwscheme.org.uk/eligibility_checklist.html).
41. **Gift Aid.** The PCC will seek to claim Gift Aid annually in accordance with prevailing Government rules.
42. **Insurance.** The PCC will hold a comprehensive insurance policy that covers church and Church House activities; the Church Wardens will be responsible for this.

43. **Contractors and settling of invoices.** Where the PCC has the need to appoint an external contractor, three quotations should be received prior to a contract being agreed. The church should pay invoices promptly, generally within 10 working days, as a sign of Christian witness to suppliers.
44. **Audit and compliance.** An honorary auditor will be sought and appointed, to enable the PCC to comply with all legal requirements for submission of data, such as by the Charity Commission, HMRC, Oxford Diocese, etc.
45. **External funding.** Should the PCC foresee the need to seek external funding for a major project, it will determine at the outset whether it wishes to seek money from external sources such as trusts, members of the local community, visitors, the National Lottery, etc.
46. **Reserves.**
- a. **Context.** The PCC has a need to balance giving generously in line with the church's mission, sustaining the church through financially challenging times, assuring the ability to pay unforeseen bills (such as for emergency building repairs) and funding projects to grow the church into its second millennium of supporting Hughenden parish. We also anticipate major construction projects will emerge during 2024-2029, following the discernment of the church's Vision and to help us meet the Church of England's goal to be carbon neutral by 2030.
- b. **Policy.** Our normal policy is to prudently hold enough savings to pay one typical year's worth of outgoing costs. However, we recognise major external donors to construction projects would expect to see the recipients also contributing strongly. Therefore, we will aim to grow our reserves as much as possible until the outcome of the Vision discernment is clear and the estimated costs of any projects or constructions are known.