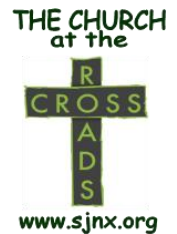


St John's Church, Neville's Cross

FINANCIAL POLICIES AND PROCEDURES



These policies are reviewed and updated annually, usually as part of the annual budget setting process.

1. RESPONSIBILITIES

- a) **PCC:** The PCC has overall responsibility for the stewardship and application of church funds. The PCC has also agreed to take on responsibility for administering the finances of the LOL initiative and the Neville's Cross Community Choir. The legal position is that these groups come under the control of the PCC and are therefore required to abide by these policies.
- b) **Standing committee:** The PCC will delegate authority to the Standing Committee to maintain a strategic oversight of its finances, and to take any urgent decisions relating to financial matters.
- c) **Treasurer:** The PCC will elect a Treasurer each year immediately after the APCM, who will have overall responsibility for day-to-day handling of the church finances and advising the PCC on its financial position. The Treasurer will be an *ex officio* member of the PCC and Standing Committee. The PCC will ensure the Treasurer is suitably equipped to enable this role to be carried out effectively.
- d) **Assistant treasurers:** The PCC may approve the appointment of a number of Assistant Treasurers who may take on responsibilities in relation to book-keeping, maintaining Gift Aid records, counting and banking collections etc.
- e) **Trustees of Church Estate Charity:** The Rector, churchwardens and Treasurer will act as St John's trustees of the Church Estates Charity (other trustees coming from St Margaret's church).

2. BUDGET SETTING

- a) **Annual process:** The PCC will approve an annual budget in November.
- b) **Budgetary considerations:** In setting budgets the PCC will bear in mind:
 - I. **Parish share:** The Parish Share is set by the PCC in response to the Guided Pledge assessment received from the Diocese each year.
 - II. **Mission Giving:** St. John's Church aims to commit an allocation to Mission Giving from donated income (including the associated Gift Aid) and investment income. A percentage will be decided by the PCC and may be up to, but not exceeding 10%.
 - III. **Maintenance requirements:** The PCC has agreed to transfer £5,000 each year to the Building and Organ Maintenance Designated Fund to cover the average costs of maintaining and replacing the church premises and equipment.
 - IV. **Expenses:** The PCC will encourage members of the congregation to claim any expenses they incur on behalf of the church, so it can maintain an accurate understanding of the reality of the costs of running the church. If a member wishes they can give back the amount claimed, as a donation (which may then become eligible for Gift Aid).

3. RESERVES AND INVESTMENT POLICIES

- a) **Restricted funds:** Money received in the form of restricted donations will be kept distinct within our accounts to ensure that money is spent only upon those restricted purposes.
- b) **Designated funds:**
 - i. **Status of designated funds:** The PCC may choose to establish designated reserves, set aside for particular purposes, but it may decide at a subsequent date to “undesignate” those funds and allocate them to the general fund or other purposes.
 - ii. **Cash holdings:** The PCC will agree how much of its reserves should be held in cash to fund cash flow requirements over the coming three to five years, recognising that the rate of interest return on such holdings is likely to be low.
 - iii. **Other investments:** Other reserves should be invested in appropriate financial vehicles, bearing in mind St John’s charitable status, the importance of ethical investment approaches, and the level of liquidity expected to be needed. Suitable vehicles, for example, might include M&G Charifund units, or funds administered by the Charities Aid Foundation and the Central Board of Finance of the Church of England. These investments should be reviewed by the PCC on at least an annual basis.

4. ACCOUNTING AND REPORTING

- a) **Book-keeping:** The Treasurer will be responsible for maintaining accurate records of the church finances.
- b) **Receipt and Payment accounts:** St John’s prepares accounts on a receipt and payment basis.
- c) **Reporting:** The Treasurer will report to the PCC on the church’s financial position at least once a quarter, and more frequently if necessary or requested by the PCC.
- d) **Independent examination:** The APCM will approve the appointment of an independent examiner.
- e) **Approval of annual accounts:** Draft independently examined accounts for each year will be prepared if possible for the February Standing Committee meeting following each year end, with the accounts formally approved for proposal to the APCM at the March PCC meeting. A vote will be held at the APCM to accept the previous year’s accounts. The window for the APCM has been extended by the Diocese to the end of May.
- f) **Diocesan Board of Finance:** This return should be made by June 30th following the APCM.

5. INCOME

- a) **Open collections Counting:** Where possible, these should be counted by two people together. A simple form will be used to record the total amount received in Gift Aid envelopes and the amount in the loose collection, as this should allow us to reclaim Gift Aid under the GASD scheme. The amount in each individual envelope should be noted on the envelope and these should then be passed to the Gift Aid administrator. Once counted, money should be left in a bag with the form in the safe until it is taken to be banked.
- b) **Cash receipts:** If cash is received in the post at the church office or is handed to a member of clergy or a churchwarden for a specific purpose it should be kept securely (in a safe, locked drawer or other secure place) and banked in as soon as possible.

- c) **Banking:** Banknotes and coin should be paid into the Lloyds Bank account and transferred, as appropriate, to the CAFCash account. Cheques can be credited to either account.

6. EXPENDITURE

- 1) **Payment of sums owed:** St John's will always endeavour to pay invoices within the credit period agreed with a supplier, as a matter of good practice. Payment by bank transfer is preferred.

2) Requests for payment within normal budget

- i. **Authorisation:** Commitment to significant items of expenditure should be approved by the Treasurer, Standing Committee or PCC, as appropriate.
- ii. **Invoices:** Where an external supplier is to supply an invoice, it should be requested that invoices be made out to "The Treasurer, St John's Church Nevilles Cross" if possible. Hard copies can be sent to the church address (i.e. c/o Antioch House) or electronic copies can be forwarded to parish.smxg.sjnx@gmail.com (Jane Holmes) and the Treasurer.
- iii. **Reimbursing members of the congregation:** Where a member of the congregation has incurred an expense on behalf of the church and wishes for reimbursement, they should, wherever possible, submit receipts. These can be sent as a photo attachment. Such reimbursements should be sought without delay.
- iv. **Tendering:** Any expenditure in excess of £500 should normally be subject to a tendering process with two quotations for work/supply of goods received. In the case of expenditure in excess of £3,000 three quotations should normally be obtained.
- v. **Conflicts of interest:** If work is to be commissioned from a member of the congregation, a member of their family or from an organisation in which they have a direct financial interest, that person should not be involved in the process of recommending a quotation – although it is entirely acceptable that work should be done by such people if they offer the best option.

3) Requests for payment of unbudgeted items or where annual budget has been exceeded

- i. **Sums up to £100:** may be authorised by the Treasurer together with a churchwarden or the Rector if they consider it a justified expense.
- ii. **Sums up to £500:** may be approved by the Standing Committee or PCC.
- iii. **Sums in excess of £500:** must be approved by the PCC.
- iv. **Revised budgets:** if the annual budget for an area of expenditure looks likely to be exceeded by more than the greater of £100 or 10% of the approved budget, a revised budget should be approved by the PCC.

- v. **Cases of extreme urgency:** if an urgent item of expenditure, for example repair to the building, or a health and safety matter needs to be addressed, the Rector or a churchwarden may authorise any necessary reasonable expenditure regardless of amount, ideally with the agreement of the Treasurer. The Rector or churchwarden must report the authorisation and the reasons for it to PCC members as soon as possible, without waiting for the next PCC meeting.

4) Banking transactions:

- I. **Two signatories:** All cheques or electronic payments must be signed or authorised by at least two signatories approved by the PCC. These signatories will not be members of the same family or household.
- II. **Conflicts of Interest:** Authorised signatories should not normally be involved with the final authorisation of payments to themselves or to family members or to organisations in which they have a financial interest.

7. EMPLOYMENT MATTERS

- a) **Legal employer:** The PCC is the legal employer of all church staff. At present this means the Rector's Secretary, the Children and Youth Worker and the Local Missioner. The PCC will therefore be required to authorise any substantive changes to job descriptions and terms and conditions of employment. The PCC will be informed that annual appraisals have taken place, so it can be assured that legal requirements and good practice is being carried out and would be informed if any disciplinary action is to be undertaken, but for reasons of confidentiality the PCC will not normally see the appraisal documents themselves.
- b) **Line managers:** The Rector is legally the official line manager for employees. Duties can be delegated to volunteers who are Acting Line Managers, with the approval of the PCC. The Acting Line Managers ensure that proper support is given to individuals, that their workload and hours of work are monitored (and are in line with contractual undertakings), that job descriptions remain up to date, approve and monitor holidays taken, and that the staff member receives regular feedback and an annual formal appraisal.
- c) **Overtime:** It is not normally expected that overtime will be paid to staff, but that flexibility will be shown over when hours are worked to allow peaks and troughs to be accommodated. However, where additional hours are required to cope with exceptional and unforeseen needs the line manager should ensure these are authorised in advance.
- d) **Annual salary review:** Staff salaries will be reviewed annually, with any recommended increases normally being made to the PCC in October/November each year so they can be incorporated in budgets and take effect from 1st January of the following year.
- e) **Pensions:** The church operates a pension scheme through NEST (the National Employment Savings Trust), and employees are enrolled as required by the Pensions Act 2008. The church contributes 3% of an employee's basic pay into the scheme.
- f) **Payroll:** The payroll for the employees is administered by the accountants BJ Straughan who calculate the salaries and HMRC and NEST contributions and advise these to the treasurer. The treasurer then advises the employees.

This document was last approved and updated by the PCC on 11th July 2024 and should be reviewed before 30 November 2025.