

Finance Policy

9-OCT-24

Emmanuel Baptist Church Swanage

Authored by: Adam Garnish / Richard Penny



Introduction

This is the Finance Policy for Emmanuel Baptist Church (EBC) Swanage.

Overview

The aims of this Finance Policy are to:

- protect the assets of EBC;
- maximise the protection of the Trustees against risk of financial crime;
- ensure that financial reporting is robust and of sufficient quality;
- ensure that the Trustees comply with charity law and regulations relating to finance.

Issue Status and History

Status

| | |
|------------------------|----------------|
| Policy | Finance Policy |
| Number | EBC-09 |
| Primary Responsibility | Leadership |
| Issued | October 2024 |
| Status | Issued |
| Review Period | 5 years |
| Next Review Date | November 2029 |

History

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|---------------|--|
| November 2022 | Created based on documents from other Baptist churches |
| Issued | Leaders Meeting 13 th Dec 2022 |
| October 2024 | Revised process with respect to large tenders |

Finance policy

Signed on behalf of the Leadership:

Ian Snell

 Recoverable Signature

X Ian Snell

Ian Snell
Trustee
Signed by: 9bcb2fc3-128b-4236-828a-d0b2e4ebacb9

as agreed at a meeting on Date:

8th October 2024

Abbreviations

EBC – Emmanuel Baptist Church

CMM – Church members meeting

QB – Quickbooks accounting software

NWB – National Westminster Bank

Organization and responsibilities

The trustee with overall responsibility for implementing our policy is:

Richard Penny (Treasurer)

They will ensure that the standards set out in this policy are implemented and maintained

The Trustees have day-to-day responsibility for implementing our policy. They should ensure the reviews required in this Policy are undertaken by the Finance Team at least annually. This should include the effectiveness of the Policy, as well as an assessment of whether the controls are practical and relevant to, and appropriate for, EBC and not too onerous or disproportionate.

Records

All personal information held is stored securely and can only be accessed by those working in the Finance Team. Financial records, including Annual Accounts, will be kept for 7 tax years, after which they will be disposed of securely.

Income

We encourage the use of direct bank transfers for all donations and other income streams. This mechanism provides an automatic link to our accounting software and is traceable and auditable.

Where cash is received at the premises, two people are involved in handling, counting, and recording the money received. This cash is stored in a locked cash box or safe until banked. Records kept provide the ability to trace all income back to the donor and time of donation. All cash and cheque income is recorded in the cash book.

Events

Records are maintained for all activities and fundraising events, in sufficient detail to identify gross receipts or takings and costs incurred.

Gift Aid

Records are kept to ensure complete and accurate returns are made, maximising the value of donations to the charity.

Legacies

EBC may receive gifts from deceased members who have left legacies for the church from their estate. In some cases the deceased person will have left instructions, either in a will or in a letter, regarding use of the legacy and the church is obligated to use the gift for that purpose.

In other cases no instructions have been given and the church will need to decide how the legacy will be used. In these circumstances:

- a. Wherever financially viable within the bigger picture of church finances, the legacy will be applied to an aspect of church activity that the deceased person was associated with, or had a particular affinity with.
- b. Where the amount of the legacy is for a sum of up to £1,000, the appropriate use of the gift will be considered and decided by the Trustees. The use of the legacy may be applied immediately and the details reported at the next CMM.
- c. Where the amount of the legacy is for a sum in excess of £1,000, the appropriate use of the gift will be considered by the Trustees. However, before applying the gift, the decision regarding its use will be reported to the next CMM for ratification.

Legacies to which the Church is entitled are recorded in accounting records. Adequate correspondence files are maintained.

Trading

Invoices are raised for all goods and services provided using QB.

Cash received is reconciled to invoices raised/outstanding.

Overdue invoices are followed up each month.

Banking

Cheques and cash receipts are promptly recorded, banked and reconciled.

Funds are banked gross without deduction for costs or expenses.

Records of cash and cheques received are reconciled with bank paying-in slips or counter foils through QB

Transfers or other direct payments into the bank are identified and verified against supporting paperwork.

Reserves

It is the policy of EBC to maintain reserves at a level consistent with safeguarding the Church against unexpected significant items of expenditure, in order to safeguard the employment of its staff, and to provide working capital to smooth over peaks and troughs in short term cash flow. The reserve figure defines our cash at hand less 3 months expenditure and will be reported to the Trustees monthly and at each CMM.

Expenditure

EBC maintains financial control of its activities in the following main ways:

1. By comparing monthly spend against 12 monthly moving averages,
2. By identifying and reporting one off large expense items
3. By providing monthly financial movements report to the Trustees
4. By providing annualised financial movements to the CMM.
5. By clear segregation of duties to prevent any single person from being able to control substantial resources or obtaining unauthorised access to account information.
6. By delegating expenditure within defined limits to individuals and groups.
7. By retaining authority for certain items for decision by Trustees or CMM.

The authorising of expenditure (prior to commitment where applicable) should be undertaken as follows:

Level 1: Any expenditure, up to £500, to be authorised by the cost centre owner, the Treasurer, the Minister, or the responsible Trustee.

Level 2: Any expenditure, between £500 and £5,000, to be authorised by the Trustees.

Level 3: Any expenditure over £5,000, to be authorised by the CMM.

All applications for expenditure above £500 must be supported by three quotes. When this is not possible, this must be explained and agreed by the trustees or CMM.

All expenditure to be authorised must include VAT where applicable.

When the final cost cannot be determined a contingency should be requested and agreed by the trustees or CMM as appropriate. If timescales do not allow for agreement by the trustees or CMM, use of the contingency shall be authorised by the treasurer and cost centre owner (or authorised deputy).

Designated and Restricted Funds

Monies given for specific purpose must be spent as the donor has specified. One off and occasional donations will be accounted for by the Designated account.

Where designated monies are given regularly, a separate fund may be set up to ring fence and monitor the monies. These funds will appear in the reports provided to the Trustees and CMM.

These include

- Agape Fund – monies given to be distributed to needy individuals known to the church family. These funds are distributed by the pastoral lead and the minister.
- World Mission Fund – 10 percent of our undesignated donations and rental income are reserved for other mission-based organisations both locally and around the world. These funds are distributed by the World Mission Team.
- Building Fund – monies given for the purpose of funding major project spend on our main premises

New funds will be set up and removed with the approval of the CMM. Definition of the fund will be detailed in the CMM minutes.

Personal Gifts

Gifts may be given to individuals through the church to afford anonymity to the donor. EBC will not collect the gift aid on such gifts. Where gifts are made to funds, or to where the recipient of the gift is not determined by the giver, gift aid may be collected for taxpayers.

Payments

Payments for expense items which occur regularly within each cost centre are authorised by the cost centre owner. Additional spending outside this must be authorised prior to commitment in line with the expenditure authority levels above.

Invoices are checked against orders to confirm receipt of the goods or services received.

Non-invoiced payments (e.g., gifts/donations) should be requested/authorised in writing or by email.

Payments will preferably be made by bank transfer. Where this is not possible, cheques may be used.

Payments are recorded in the Accounts, including the nature of the payment and the payee.

Payments can only be made by the treasurer (or authorised deputy).

Email authorisation is required for all electronic payments.

Payments In Cash are to be minimized and approval should be sought from the treasurer

No petty cash float is kept.

Payment of Wages and Salaries

Salaries are determined by the Trustees. Payroll services are outsourced to IWL Services who calculate tax, NI and pension contributions. Each month statutory deductions are paid to HMRC as required, and pension contributions are paid to the pensions provider.

Deadlines for year-end returns to HMRC are met.

Minimum wage legislation is adhered to.

Only authorised or required deductions are made from pay.

Legal obligations in relation to pension scheme arrangements are met.

Salary projections are checked at the start of each year by the Trustees to ensure accuracy.

Rates of remuneration will only usually be increased within the Baptist Union recommended increase levels, ensuring that no individual has authority to set their own remuneration.

Payment and reimbursements of expenses

Expense claims are authorised by the relevant cost centre owner or a Trustee (not the claimant themselves), and checked for accuracy before payment.

Expense claims contain a self-declaration that the claim is accurate and incurred in connection with the business of EBC.

Reimbursement is made by bank transfer.

Mileage is paid at the government stated rate

Cost Centres

Expense reporting is presented by cost centre. Each of these has a trustee owner who authorises payments. Cost Centres include: Staff, Manse, Youth Manse, Property, Catering, Admin/Finance, Local Ministry, World Mission, and sundries.

Fixed Assets

A list or register should be maintained of all assets (above £1000). This record should show the cost (or value) of the asset and provide sufficient details to enable an asset and its location to be identified.

Fixed assets are inspected at regular intervals by the Trustees to ensure that they exist, remain in good repair and are being put to appropriate use.

The disposal or scrapping of fixed assets should be authorised by the Trustees and recorded in the accounts.

The adequacy of insurance cover is reviewed annually.

Banking

All monies are held in the NWB Current and Deposit Account.

Bank reconciliations are prepared monthly for both accounts, and any discrepancies resolved.

The opening or closing of accounts should be authorised by the CMM.

The costs and benefits of the current and deposit accounts held are regularly reviewed to ensure bank charges and/or rate of interest are competitive and that the credit rating of the deposit taking institution is acceptable.

Electronic Banking

Bank statements are retained as part of the accounting records.

All PCs with access to online banking facilities are kept secure with up to date anti-virus, spyware, and firewall software.

All passwords and PINs are kept secret.

Signatories to Bank Accounts

The following are signatories for Bank Accounts held with NWB:

Treasurer, Finance Assistant, one (additional) Trustee.

Signatories are reviewed annually to ensure they are relevant and appropriate.