



## **The King's Church, Prestwood**

Policy Documents  
Finance Policy

KCP Finance Policy 23<sup>rd</sup> September 2019

Date of next review September 2021

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## **Appendices:**

1. Gift aid declaration form
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The following additional policies are relevant to this Finance policy:

KCP Risk Management Policy

KCP Conflict of Interest policy

## **1. Financial strategy**

1.1 The financial strategy and policies are developed to ensure that the resources entrusted to the Kings Church Prestwood are used in the Charity's best interest, and that these resources are managed responsibly. This includes ensuring that appropriate financial controls are in place and that financial risks are managed.

1.2 Finance is one important element of enabling us to fulfil the vision and mission of the church. In all our financial planning, we recognised that resources are God given, and that giving is part of the spiritual life of the Church. Our financial strategy will be developed annually and used to plan and develop a costed programme and develop a budget that will fund activities to support our agreed priorities in a given year.

1.3 As well as annual financial planning, our financial strategy will include long term financial goals. All financial planning will be supported by good systems such as financial monitoring, good governance and transparency around use of our resources.

1.4 The current financial strategy was last reviewed in 2018

Key areas included in this strategy are

- Start with the culture and values.- Create culture of thankfulness, generosity and a culture of honour
- Develop a costed plan for 1 year April 2018 19.
- Strengthen our financial governance and processes
- Review impact of reduction in Lead Elders hours on priority activities and programmes

This strategy will next be updated by January 2021.

## **2. Key roles and responsibilities**

### **2.1 Role of the Trustees**

The role of trustees includes protecting and safeguarding the assets of their charity: acting with reasonable care and skill: and ensure the charity is accountable. The Trustees are ultimately responsible for the finances of the church, and responsibilities can be delegated to others to effectively manage on their behalf. The Trust Deed enables responsibilities to be delegated to the Treasurer and Lead Elder role.

### **2.2 Role of the Lead Elder and other Elders.**

Elders ensure spiritual oversight of the church to enable the church to achieve its mission and vision, as described by the KCP vision and mission statement. The Elders are responsible for our policy on giving which is part of discipleship. The Lead Elder role is a key member of the leadership team and is responsible for overseeing the different aspects of the church's life to ensure a balanced outworking of its vision and mission. The Lead Elder will be responsible for agreed delegated budgets, and for ensuring effective budget management of these delegated budgets.

### **2.3 Role of FLAG**

The primary function of the Functional Leads and Administration Group (FLAG) is to coordinate the development, planning and organisation of a programme of activities which

enable the King's Church Prestwood to achieve our vision and mission of "showing God's love and sharing the life of Jesus in our community". The FLAG group comprises people with lead functional roles within the church, and those with administrative gifting and skills. FLAG takes responsibility for planning and organising the charities activities, and as such are well placed to input to the annual budget setting process, and to support monitoring of agreed budget areas such as venue hire, events, refreshments, licences.

## 2.4 Role of the Treasurer

The role of treasurer is to manage the accounts and payroll of the Kings Church Prestwood. The role broadly covers the following areas

- Budget reporting
- Offerings and tithes including weekly banking of offering
- Book keeping eg filing of account statement, filing information on transactions on line ( Monthly)
- Payments and expenses ( eg bank payments, bills, expenses claims etc) inc updating transactions on line
- Employee- ensure salary, income tax and NIC is paid and logged monthly (P11/ inland revenue), and update sage payroll ( monthly)
- Employee payment and payslip inc completion of P35 employer annual return
- Charity commission and year end tasks –return of audited accounts and repayment of tax ( annual)

## **3. Finance Policy.**

### 3.1 Investments

As indicated in the trust deed, the Charity can invest through various investment schemes. Any investment will be made by the treasurer, as agreed with the trustees.

### 3.2 Gifts

There is a specific authorisation form – (KCP – Gifting authorisation form rev1.doc) which needs to be agreed prior to a gift being made. It needs to be clear that the recipient will be liable for any taxes due. Any regular gifts will need to be agreed with the trustees to ensure these do not result in employment or other liabilities. The forms are to be kept and audited to ensure each expense is identified and accounted for.

### 3.3 Bank Accounts

The charity has both a current and a deposit account (Barclays Bank). The accounts are operated to ensure that interest can be maximised without any undue risk of charges. There is no overdraft facility and two signatories are required. Money can be transferred between current and deposit accounts and accounts viewed on line by the Treasurer.

### 3.4 Accounts

The accounting spreadsheets are submitted for checking and independent examination, a full audit is not required due to the size of the charity.

### 3.5 Audits

The accounts will be presented each year to be independently inspected, a full audit is not required due to the current size of the charity.

### 3.6 Treasurers File

A file will be kept by the treasurer which details; contacts and procedures to be followed by the treasurer.

### 3.7 Accounts – Records

A file, for each financial year, is kept by the treasurer which contains the accounts information for that year – these records are kept for 7 years then destroyed.

## **4. Expenses Policy**

### 4.1 Expenses –overview

Procedure for claiming expenses from The King's Church, Prestwood -In general, individuals are encouraged to claim for any legitimate expenses incurred in the work of the church. This means the trustees can fully understand the true costs associated with the running of the church. If people want to donate towards any expenses incurred, this can be done by donating to the church's general fund which allows Gift Aid to be claimed on the donation. Expenses are primarily for the purchase of smaller items or services that are bought for use in church or by the church such as; refreshments, hire of halls, stamps, envelopes, etc. For larger items or expenses, it is possible for the church to pay directly – this can be done by contacting the Treasurer and he/she will arrange for a direct payment on presentation of an authorised payment form. For smaller amounts, we encourage individuals to pay and reclaim, as with commercial companies, so there is a greater level of accountability. We would encourage all those spending on behalf of the church to be diligent, accountable and honest. The expenses process is for individuals who are purchasing approved items for and on behalf of the church.

### 4.2 Prior Authorisation

Before an expense is committed or paid for, on behalf of the church, it must be authorised. The elders have the authority to authorise up to £1,000 - above this level it must be referred to the Trustees for approval (KCP – Expenses authorisation rev1.doc). Where possible the expense should have been budgeted for. For small, repeat, regular expenses for consumables; authorisation can be agreed with the treasurer on an on-going basis.

### 4.3 Expenses Claim Form

An expense claim form should be filled out for each claim. This can be sent to you via email after printing off it should be filled in, receipts attached and signed by the claimant. Where possible the details of each item purchased should be clearly identified.

The forms are kept and inspected to ensure each expense is identified and accounted for.

### 4. 4 Payment of Expenses Claim

Any claim will be processed as quickly as possible and paid promptly from the church's current account.

## **5.Purchasing Policy (needs to be updated )**

### **6.1 Principles:**

Decisions about purchasing should be made against a known allocation.

Purchases must not be made against a zero budget or where the expenditure would mean the budget was exceeded without prior permission.

### **6.2 Guideline Procedure:**

The treasurer will hold a budget sheet and expenditure from the beginning and during the financial year for that given budget area.

The treasurer will make necessary purchases and record on the budget sheet.

The purchases will be aggregated so that expenditure against the budget is known at all times.

All receipts for expenditure once recorded against the budget must be passed to the treasurer within two months for reimbursement.

The co-ordinator may authorise another purchaser if they wish, by signing the receipt prior to recording and reimbursement in the normal way.

## **6.Reserves Policy**

7.1 The purpose of KCP holding reserves is to ensure that there are sufficient resources to cover essential running cost for the charity in order to ensure continuity of essential activities which the church supports for a given period. The reserves policy will also reflect any liability arising from statutory responsibility to any employees in the event of the charity closing, or other financial risk that the charity faces.

7.2 The definition of reserves used in this policy refers to resources that are part of the charities unrestricted funds ie funds that are freely available to spend on any of our charity's purposes. Whilst restricted funds fall outside the definition of reserves, such funds may be considered if they can be used to reduce the need for reserves in a particular areas of the charity's work.

7.3 Deciding the level of reserves that we hold will be agreed annually as part of our financial planning processes. Holding excessive reserves can unnecessarily limit the amount spent on our activities and affect the potential benefits. If reserves are too low, we will increase the risk our activities will be interrupted in the event of financial difficulties or unmanaged closure of the Trust.

7.4 The current reserve has been set at a minimum of 6 months essential running costs plus financial liabilities arising from a contingency for covering staff sickness absence ( ie cost of paying another person to undertake essential activities), and some contingency for any short term fluctuation in giving. For 19/20 this figure is £45k

7.5 Additional designated funds can also be set aside to fund a major project that could not be met from future income, however this funding will be excluded from reserves. Funds for this purpose will be agreed by the Elders and Trustees as part of the annual financial planning process, and following discussion about any proposals with the church.

7.6 The reserves policy will be monitored and reviewed annually as part of the budget setting process, and in the light of any changing funding or financial climate. Financial risks will also be reviewed regularly as part of our normal risk assessment process.

7.7 Church members will be made aware of the amount and reasons for any reserves being held, to ensure transparency and confidence that the church's finances are being properly managed.