

HKPCC: CONTROL OF FINANCIAL AFFAIRS

INTRODUCTION

The following requirements are designed to enable the PCC to efficiently manage its financial affairs whilst avoiding fraud, excessive payment for bought in goods and services, double or premature payment of invoices, etc.

GOVERNANCE

The PCC as a body is accountable for ensuring its financial affairs are properly managed, in accordance with its Christian and charitable objectives, and in compliance with associated legislation. Each member of the PCC has responsibility for ensuring the PCC's resources are being used accordingly.

The treasurer to the PCC is responsible for the day to day administration of the PCC's finances and for reporting regularly to the PCC on financial performance, highlighting any areas of concern. A fully qualified accountant is contracted to advise and help with this work. A computer accounting software package is used for recording all transactions and generating finance reports.

The PCC appoints members to the Finance Committee to strategically advise on budgets, investments, managing financial risk, etc. It normally meets twice a year.

Following the financial year's end, which is 31 December, the PCC is responsible for producing an Annual Report and Statement of Accounts in compliance with the requirements recommended by the Charity Commission and Church of England.

The PCC appoints an independent examiner to review each Annual Report and Statement of Accounts after it has been approved by the PCC. Following inclusion of any agreed amendments, the examiner signs their report and it is appended to the documentation. The complete document is made available to parishioners and presented at the Annual Parochial Church Meeting. It is subsequently lodged with the Charity Commission as a record available to the general public.

BANKING

The PCC holds two online CAF bank accounts, one for the Friends of Horsted Keynes Church (FOHKC) and the second for all other Church activities. This is because the FOHKC operate semi-autonomously from the Church and so have different authorised signatories to their accounts. The signatories to both accounts must be formally approved by the PCC before they are accepted by the bank. The permission of two authorised signatories is required to release money from either account. To maximise security this requirement is normally enforced by the online banking system. The treasurer holds cheque books for both accounts for use in exceptional circumstances. Cheques also require two of the authorised signatories to sign. All PCC income is deposited in one or other of the two accounts.

A deposit account is held with Redwood bank for additional cash that may be needed at short notice. Transfers out of this account can only be made to the Church CAF bank account and may be initiated by the treasurer to the PCC or the accountant acting alone.

INVESTMENTS

The Finance Committee is tasked with providing advice/recommendations to the PCC on investments. The treasurer is responsible for implementing any associated decisions made by the PCC and monitoring the performance of the portfolio.

INCOME

Income is controlled against the budget targets agreed by the PCC for the year. The budget is normally approved by the PCC by the December of the preceding calendar/financial year. Projects likely to exceed £10,000 are separately controlled through individual accounting funds set up for the purpose.

Donors are encouraged to gift aid their donations, provided that they are UK tax payers, as this enhances the value of their donation by 25%. The Treasurer is responsible for keeping detailed records

of each gift-aided donation to support refunds claimed from the HMRC and, when requested by a donor, confirming the value of the donations made by them.

Unless expressly agreed otherwise by a donor, the value of their donation(s) is treated as strictly confidential by the treasurer and the two or three people assisting the treasurer administer the gift(s).

LOOSE CASH DONATIONS: Income received as cash is an important source of funds but is potentially open to fraudulent handling and so requires special control measures. Wherever possible at least two people shall count cash takings and agree and record the value before handing them to the treasurer for banking. Additionally, the total of loose cash donations to the PCC taken at church services are recorded in the service record book kept in the sacristy by a person counting the money. The treasurer is responsible for banking all cash and, where necessary, bringing to the attention of the counters of cash any discrepancy found in their record to agree resolution.

NON-LOOSE CASH DONATIONS: Regular donations to the church bank account may be gifted through the Planned Giving Scheme (preferred), using the special form available at the back of the church or from the treasurer, or by the donor setting up a Standing Order. For standing orders and provided the donor is a UK taxpayer, an HKPCC Gift Aid declaration form, available from the treasurer, should be signed by the donor to enable the gift aid element to be recovered from the HMRC. Signed forms are retained by the treasurer.

One-off donations to HKPCC may be made by cheque, charity voucher, card machine or cash. Cash and cheques may be gift aided by placing the money into the appropriate coloured bespoke envelope and completing the declaration form on the envelope. White envelopes are available for donating to general expenditure, blue for Parish and Parishoner and orange for PCC nominated charity collections.

EXPENDITURE

Expenditure is controlled against the budget agreed by the PCC for the year. The budget is normally agreed by December in the preceding year. Projects likely to exceed £10,000 are separately controlled through individual accounting funds set up for the purpose.

If there is a need to spend money that has not been approved through the budget process, a request justifying the expense must be prepared with the treasurer and submitted to the PCC for approval. In emergencies two members of the standing committee, one of whom should normally be the treasurer, may agree the expenditure needed to contain the cause of the emergency.

For supplies and services under the value of £250 established sources should be used provided they continue to offer good value for money. Unless the PCC has approved the reason(s) for exception, contracts above £250 shall be let after assessing offers from at least two and preferably three contractors. The best value for money tender may be accepted by the treasurer and one other member of the PCC, normally by issuing the PCC's standard letter of engagement. Bespoke contracts over £1,000 shall also be signed by a church warden. Standard utilities, including deliverers of oil and gas, shall also be contracted on a competitive basis. Often a minimum of two-year contract is required to get the best deal for these services.

Payments for services shall be supported by invoices and requests for re-imbusement of expenses by receipts. Only in exceptional circumstances may expenses be reimbursed from cash taken at an event and then only if the value is below £50. Notification of cash payments made, supported by evidence justifying the claims, must be submitted to the treasurer at the same time as the cash proceeds for the event are passed to the treasurer for banking. Under no circumstances is anybody to be paid in cash for their time in carrying out work for the HKPCC. Apart from anything else this is illegal because the PCC is not registered as an employer. Instead the supplier should invoice for their services.

All requests for payment must be submitted to the PCC treasurer or FOHKC treasurer, as appropriate. Either treasurer may request assurance from the person in charge of the work that the services invoiced have been fully and satisfactorily completed before arranging payment. Typically, that assurance can be given by the person in charge signing the invoice or by sending a confirmatory email to the treasurer.