

## Finance handbook 2023

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## **Introduction and Context**

In association with the decision by both ecclesiastical parishes to combine to form a Joint Church Council, a project was undertaken in 2022/23 to restructure the accounts of SKC Church.

During that period:

- the accounting records of the parishes were migrated to My Fund Accounting Online (the system we call “OLAF”, by which it will be referred hereafter);
- the accounts of the parishes were merged to create SKC Church (with effect from 1/1/23);
- the accounts of the Suffolk Coastal Debt Centre and At the Crossroads were, at the same time, demerged into separate “groups” in OLAF but capable of consolidation at the ‘organisation” level;
- new bank accounts were opened with CAF Bank and the old accounts (including those at CCLA) were rationalised;
- a full set of policies and procedures was approved by the Joint PCCs (if before 31/12/22) or the JCC (if thereafter).

## **Accounting policies**

SKC Church is a Charity registered with Charity Commission (reg. number 1171576). As such it is required by law to comply with serial Charities Acts and other appropriate regulations.

The charity's Governing Documents are the Church Representation Rules of the Church of England, as updated from time to time. Its Trustees are the members of the Joint Church Council (elected or *ex officio*) at any particular point in time. Day-to-day management of the Charity is delegated to the Standing Committee which is scheduled to meet twice every month.

The charity's year-end is December 31<sup>st</sup> in each year.

Given the size of the charity, its accounts are maintained on a "receipts and payments" basis (sometimes called "cash accounting") rather than on an "accruals" basis. Again, given its size, the accounts are not required to be audited but rather simply to be independently examined.

In order to enable different aspects of Church life to be accounted for separately, the accounts are split into three "Groups" within the accounting system, OLAF: SKC Church, Suffolk Coastal Debt Centre and At the Crossroads. The three are capable of full consolidation at the Organisation but can be administered entirely separately. The bank accounts follow the same structure.

A strict regime of responsibilities and dual authorisations is in place in order to reduce the risk of fraud.

## Roles and responsibilities

Historically, the Treasurer did more or less everything to do with finance but, recognising that this is not a safe practice we have created a Finance team, with the following role definitions, in order to be clear who had accountability for which aspects of the Finance brief.

<b>Function</b>	<b>T</b>	<b>B</b>	<b>A</b>	<b>C</b>
1. Oversee financial strategy	Y			
2. Oversee financial policies	Y			
3. Manage Budget process	Y			
4. Oversee procurement	*			
5. Report to JCC	Y			
6. Interface with Bank	*			
7. Authorise Bank payments	*		Y	
8. Maintain static data		Y		
9. Import Bank Statements		Y		
10. Record other transactions		Y		
11. Reconcile bank statements monthly		Y		
12. Check transactions with approvals		Y		
13. Identify & report suspicious transactions		Y		
14. Implement budget		Y		
15. Produce monthly reports for JCC, SC		Y		
16. Receive Parish Giving Reports		Y		
17. Gift Aid		*		
18. Produce cash sheet for bookkeeper				Y
19. Bank cash				Y

### Key:

T = Treasurer (one for the Benefice, potentially with a Deputy)

B = Bookkeeper (one each for the Benefice, the Debt Centre and the Shop)

A = Authorised signatory at bank (different for each account)

C = Cash handler

### Notes on roles:

1. *Oversee financial strategy*: work with Incumbent and JCC to determine the financial strategy of SKC Church (i.e. setting a target level of surplus/deficit, maximising giving, managing grants and fundraising, agreeing broad priorities for mission and ministry)

2. *Oversee financial policies*: work with Incumbent and JCC to maintain budget and approval process, discretions and authorisation etc.
3. *Manage Budget process*: manage the annual process of eliciting expenditure bids and collating them into a budget that is sustainably fundable from giving and fundraising
4. *\*Oversee procurement*: work with interested parties to optimise the committed expenditures of SKC Church on, for example, utilities, insurance etc.. On a temporary basis, this will be carried out by the JCC Secretary.
5. *Report to JCC*: at each (bi-monthly) JCC meeting submit and present a report to the JCC of SKC Church's finances in absolute terms and against budget
6. *\*Interface with Bank*: working with the Bookkeeper, to be the main channel for communication with the bank and other financial partners of SKC Church (e.g. CCLA). On a temporary basis, the role of primary bank contact will be carried out by the JCC Secretary.
7. *Authorise Bank payments*: working together as a team to ensure the timely set up and authorisation of bank transactions. On a temporary basis the (external) Treasurer will not have authority over bank payments.
8. *Maintain static data*: working in conjunction with the Treasurer, to maintain within OLAF the structure of funds and nominals (and other information) that is necessary for the system accurately to be able to represent the financial activity of SKC Church
9. *Import Bank Statements*: to receive and upload electronic bank statements into OLAF
10. *Record other transactions*: to ensure that all transactions are accurately recorded and posted to the correct funds and nominals with OLAF
11. *Reconcile bank statements monthly*: to conduct a reconciliation at least once a month between OLAF and each bank account and present evidence of the reconciliation to the Treasurer
12. *Check transactions with approvals*: for each transaction to ensure that, where required, the transaction has been approved in accordance with the financial policies of SKC Church
13. *Identify and report suspicious transactions*: where a transaction has not been approved appropriately (including attempted fraud) to highlight this and work with the Treasurer to understand the circumstances and take necessary action as a result
14. *Implement budget*: to create within OLAF a set of budget numbers arising from the annual Budget process
15. *Produce monthly reports for JCC and Standing Committee*: to generate from within OLAF reports, as agreed with the Treasurer, for distribution to BL

members and/or the JCC as appropriate to provide a clear picture of the finances of SKC Church

16. *Receive Parish Giving Reports:* to receive from the Parish Giving Scheme the monthly reports (one for each parish) and maintain the confidentiality of the report contents
17. *Gift Aid:* the Bookkeeper will create a report on a frequency to be agreed that will enable the Gift Aid Secretary to apply for tax relief on giving
18. *Produce cash composition sheet for bookkeeper:* working to a template provided by the Treasurer and the Bookkeeper, to ensure the completion of a sheet providing information about the sources and fund destination of all cash deposits made
19. *Bank cash:* to pay sums of cash into HSBC bank to credit the SKC Church account(s) with CAF Bank alongside the production of the cash composition sheet above

## **Bank Accounts**

Following restructuring of SKC Church's bank accounts, the following accounts will exist:

### **CAF Bank Accounts**

00035739 – SKC Church Current Account (OLAF code 6500)

00035740 – Suffolk Coastal Debt Centre Current Account (OLAF code 6503)

00035741 – At the Crossroads Current Account (OLAF code 6506)

00100837 – SKC Church Deposit Account (OLAF code 6509)

### **CCLA Accounts** (CCLA Investment Management)

633190001D – SKC Church CBF Church of England Deposit Fund (OLAF code 6508)

633190001J – SKC Church Kelsale Bell Investment Fund (OLAF code 6507)

The primary contact for all these accounts is the Charity's Secretary, Rob Potter.

### **Authorised Bank signatories**

The JCC (Joint PCC) approved the following list of Bank signatories in Autumn 2022. All signing is electronic, with dual authorization. None of the accounts has a chequebook.

#### **00035739 – SKC Church Current Account and**

#### **00100837 – SKC Church Deposit Account**

Signatories:                Rev. David Preece  
                                  Rev. Nic Stuchfield  
                                  Carol Cotton  
                                  Roger Hedley-Lewis  
                                  Cheryl Payne  
                                  Arthur Robin Potter  
                                  Nigel Pite

#### **633190001D & J - CCLA accounts**

Signatories:                Rev. David Preece  
                                  Rev. Nic Stuchfield  
                                  Arthur Robin Potter  
                                  David Ian Kenneth May

#### **00035740 – Suffolk Coastal Debt Centre Current Account**

Signatories:                Rev. Nic Stuchfield  
                                  Doug Fletcher  
                                  Rev. David Preece

#### **00035741 – At the Crossroads Current Account**

Signatories:                Doug Fletcher  
                                  Katherine Dunnett  
                                  Rev. Nic Stuchfield  
                                  Rev. David Preece

It had been anticipated that a permanent Treasurer would be an existing member of the Church and that s/he would automatically become a signatory to all the accounts. However, in the event of appointing an external candidate this might not apply.



## **Funds and fundholders**

Under Charity Law, Funds (the term used to determine how the charity's funds might be spent in keeping with donor wishes) can take any of four forms:

- Unrestricted
- Designated
- Restricted
- Endowment

Each Charity has one Unrestricted (or “General”) Fund, the assets of which can be used for any valid object of the Charity.

Designated Funds are funds which are so designated by the Governing Body of the charity (the JCC) to be spent in accordance with its resolutions. However, in charity law, they are effectively unrestricted as any historic decisions can be revised and the assets reallocated. The JCC can decide to transfer these funds to the General Fund should the need arise.

Restricted Funds are funds the assets of which have been given by donors for a specific restricted purpose and the funds are therefore only to be used for that purpose (without reversion to the donor to request their release).

Endowment Funds are specialised Restricted funds that only the returns (interest and dividends) from the funds may be spent, the principal remaining unspent. SKC has no endowments.

Although individual funds may be in deficit during the financial year, it is expected that all funds will have zero or positive balances at each year-end, if necessary, by making good the deficit from the General Fund. In exceptional circumstances a year-end fund deficit could be justified but would require specific explanation.

<b>SKC Funds</b>	<b>D</b>	<b>R</b>	<b>Owner</b>
<b>General fund</b>	U		Treasurer
<b>Church Charitable Giving</b>	Y		Dave P
<b>Community Fridge</b>	Y	Y	Marion HL
<b>Debt Centre - SCDC</b>		Y	Nic S
<b>Debt Centre - Relief Fund</b>		Y	Nic S
<b>Events - Specific Events</b>	Y	Y	Carol C
<b>Fabric</b>	Y	Y	Roger HL
<b>Flowers</b>	Y	To close	
<b>Hall</b>	Y	Y	Roger HL
<b>Hand Bells</b>		Y	Treasurer
<b>Mission/Outreach</b>	Y		Dave P/Tom B
<b>Busy Bees</b>		Y	Lou B
<b>Reserve (General)</b>	Y		Treasurer
<b>@ the Crossroads Reserve</b>	Y		Doug F
<b>Shop Trading</b>	Y		Doug F
<b>Tower Bells (Sax)</b>		Y	Treasurer
<b>Training</b>	Y		Dave P
<b>Incumbent's Welfare</b>	Y	Y	Dave P
<b>Youth &amp; Children</b>	Y	Y	Lou B
<b>Carlton Fabric</b>		Y	Cheryl P
<b>Carlton Porch</b>		Y	Cheryl P
<b>Carlton Window</b>		Y	Cheryl P
<b>Churchyard</b>		Y	Cheryl P
<b>Kelsale Bell</b>		Y	Cheryl P
<b>Kelsale Fabric</b>		Y	Cheryl P
<b>Kelsale Flower</b>		Y	Cheryl P
<b>Kelsale Organ</b>		Y	Cheryl P
<b>Kelsale Re-ordering</b>		Y	Cheryl P
<b>Tree</b>		Y	Cheryl P

## **Budgets**

In Autumn 2022, SKC Church created a set of budgets for 2023. This was the first time such a process had been carried out.

### **Process followed**

Those responsible for key areas of expenditure were invited to submit their budget requests (using the form shown below) for the 2023 financial year, giving details of their proposed expenditure. Budget bids were submitted to the (Acting) Treasurer who then compiled the bids alongside a forecast for income (giving and other) for the forthcoming year. The pack was discussed, in the first instance, by Standing Committee, revised and then submitted to the 28<sup>th</sup> September J/PCC meeting.

### **2024 Budget timetable**

Invitation for bids distributed:	Thursday, August 31 <sup>st</sup>
First closing date for submissions:	<b>Saturday, September 23<sup>rd</sup></b>
Closing date for submissions:	Saturday, October 14 <sup>th</sup>
Standing Committee discussions:	Tuesday, October 17 <sup>th</sup> , November 7 <sup>th</sup>
JCC decision:	Wednesday, November 15 <sup>th</sup>

### **Areas of expenditure to be covered (Responsible Church Member)**

Parish Share (Treasurer)

Church Charitable Giving (Dave/Treasurer)

Incumbent's Discretionary Welfare Fund (Dave/Treasurer)

Mission and outreach (Dave/Tom)

Youth and Children's work (Lou)

Suffolk Coastal Debt Centre (Nic)

At the Crossroads (Doug/Katherine)

Special Events (Carol)

Fabric for Churches (maintenance) (Rob/Roger)

Fabric for Churches (projects) (Rob/Roger)

Fabric for other buildings (Rob/Roger)

Training (Dave)

Sunday Service Costs (Treasurer)

Other operating costs (Treasurer)

Ministry costs (Treasurer)

Miscellaneous & Contingency (Treasurer)

#### Further Explanatory Notes

1. The Responsible Church Member is the person who co-ordinates all aspects of the expenditure concerned **across the Benefice**. It is their responsibility to consider all elements of the brief: for example, Youth and Children includes not just Sunday morning activities but also Open the Book, Messy Church, Busy Bees, any Youth-related activity such as Youth Alpha etc.. It is their job to communicate and co-ordinate with other interested parties running these aspects of the churches' activity.
2. Responsible Church Members may submit one document for their area of responsibility or multiple individual ones for the sub-elements. The Activity Leader is likely to be the person running the activity (i.e. Doug for Open the Book, within Youth and Children) but could be the Responsible Church Member.
3. Year-to-date expenditure figures will be made available to Responsible Church Members in advance of the process.
4. The Brief description needs to be sufficient to enable JCC members to know what is requested, otherwise the submission may not be approved.
5. Under "Expected forms of Finance", Responsible Church Members are asked to be as realistic as possible: options include Grant Funding (e.g. for capital projects, the Debt Centre), Sales (e.g. for @tC), specific giving (e.g. for special events) or general funds. The Responsible Church Member is responsible for actually sourcing the funding where it is not from general funds, working with the Activity Leader, where appropriate. However, expenditure funded from general funds will obviously be rationed!

The 2023 process for 2024 may well need to be adjusted in the light of experience in the current year and it is likely that the submission process will be by Google Form.

Wednesday, 3 August 2022

## Budget Submission document

Name of expenditure item:

Brief description of expenditure:

Benefits expected from expenditure:

Aspects of the Diocese's Growing in God strategy explicitly supported:

Total cost for 2023:

If a Project, total spend across all years:

One-off expenditure or ongoing

Expected forms of Finance (amounts/proportions):

Distribution across year:

Responsible Church Member

### **Committed expenditure**

Committed Expenditure is those items of expenditure that we are committed to spend: for example, Parish Share, monthly utility bills, insurance premia, the Debt Centre Manager’s salary and pension etc..

The Treasurer has authority to initiate these expenditures up to a value of £10,000 (set so as to exceed the monthly Parish Share amount) without reference to others. However, these items must be budgeted and the budgets should be approved by JCC before the beginning of the financial year concerned.

The 2023 Committed Expenditures below have been extracted from the approved budgetary totals and were approved by Standing Committee in December 2022.

The following items of committed expenditure are all payable monthly. To qualify expenditure must be budgeted (expenditure above 110% of the annual budget must be re-authorised). It must also be of a recurring nature.

<b>Nature of Expenditure</b>	<b>Fund</b>	<b>Supplier</b>	<b>Annual budget</b>
Parish Share	General	Eds & Ips	£73,900
Youth work	Y&C	Urban Saints	£252
DCM Salary	Debt Centre	L Knight	£11,400
DCM Pension	Debt Centre	Aviva	£912
CAP Subscriptions	Debt Centre	CAP	£4,080
Electricity (K)	General	EDF Energy	£1,710
Electricity (S)	General	Opus Energy	£1,600
Gas (S)	General	B Gas Trading	£900
Wi-fi data	General	BT	£840
Church Suite	General	Church Suite	£546
OLAF	General	Data Devts	£324

## Authorities and Discretions

The table below sets out the discretions approved in November 2022: that is, amounts that the fundholders concerned can spend *on their own authority*. With a budgeting process now in place, in 2023 we are able make a distinction between budgeted and unbudgeted expenditure, with greater discretion over the former. In the table, the first (lower) number in each cell is therefore for unbudgeted spending.

In their capacity as Standing Committee members, those other than the Incumbent and the Treasurer only have discretion to spend modest sums of money from the General Fund. However, every Designated or Restricted Fund will have one or more Fund-holders (who may or may not be members of SC) and so in a number of cases SC members and others will have higher levels of discretion to spend money in their own specialist areas (e.g. Tom in Mission and Outreach, Nic in the Debt Centre).

In order to ensure that the church achieves good value for money, it is expected that any items (or series of items) costing in excess of £1,000 would require at least 2 quotes for approval. Quotes may be requested for smaller expenditures at the discretion of the Treasurer.

<b>Role-holder</b>	<b>General Fund</b>	<b>Committed Expenditure</b>	<b>Designated Fund</b>	<b>Restricted Fund</b>
<b>Incumbent</b>	£200/£1,000	n/a	£200/£1,000	£500/£2,500
<b>Treasurer</b>	£200/£1,000	£10,000	£200/£1,000	£500/£2,500
<b>BL member</b>	£100/£500	n/a	Nil	Nil
<b>Fund-holder</b>	n/a	n/a	£100/£500	£500/£2,500
<b>Book-keeper</b>	Nil	Nil	Nil	Nil

Note that the Book-keeper has no spending discretion at all. There is here a very important principle of the division of responsibility: the Treasurer can authorise spending, the Book-keeper cannot. The Book-keeper records spending and monitors amounts spent against budgets, discretions and approvals. That significantly reduces the danger of fraud, which, surprisingly, is often experienced by PCCs.

### **CAF Bank Debit cards**

At the time of opening the accounts with CAF Bank, a total of four debit cards were set up to facilitate making payments from the accounts, as follows:

**00035739 – SKC Church Current Account and**

Rev. Nic Stuchfield  
Arthur Robin Potter

**00035740 – Suffolk Coastal Debt Centre Current Account**

Laura Knight

**00035741 – At the Crossroads Current Account**

Doug Fletcher

Each card is limited to an expenditure of £1,000.

Each card is to be used only where it is necessary to use a debit card to pay for goods and services on behalf of SKC Church or the Debt Centre or At the Crossroads (as applicable). Debit card transactions appear in the bank account and associated statements on the day that the transaction is made.

Members of the Church with authority or discretion to incur expenditure may request an appropriate cardholder to make payments for goods or services where this is the most efficient means of payment.

Cardholders are required to account for their usage of the card at least once per month, if not more frequently, by email to [treasurer@skc.church](mailto:treasurer@skc.church).



## **Expenditure authorisation**

There will of course be times when there is a need for expenditure in excess of the individual discretions set out in the section above. As a result, there needs to be an authorisation process which is consistent, transparent and accountable.

In each such instance, the following process will be followed:

The proposer of the expenditure (usually a Fund-holder of the fund concerned) will complete a short form below (soon to be replaced by an online Google form), giving details of the expenditure.

Where the expenditure sought **is budgeted and less than £5,000**, either the Incumbent or the Treasurer may countersign the request if they think it is appropriate. The proposer must not go “signature shopping” (i.e. if the Treasurer says “no”, the proposer then asks the Incumbent hoping for a “yes”)!

For such requests between £5,000 and £10,000, the countersignatures of both will be required. For requests above £10,000, full approval by the JCC is required.

Only in exceptional circumstances will unbudgeted expenditure be approved through this process. Such expenditure in excess of £1,000 will require approval by either Standing Committee or the full JCC.

Bank payments will not be authorised without the appropriate authorisation.

In all cases, the amount concerned is to be the full cost of the project or activity (insofar as it is known at that point) under consideration. It is not permitted to break-up an expenditure into smaller amounts, even if the project has multiple component elements.

[Once approved according to the above procedures, the approval form must be uploaded to the JCC Finance area of the SKC website so all JCC members can see exactly how much was approved, for what purposes and by whom. A report of all such approvals (one line per approval) will be provided to each JCC meeting as part of the Financial Report. – To be modified upon implementation of the Google Form for Authorisation.]

This policy will be reviewed again by JCC in June 2023 and modified as necessary.

## **Expenditure Approval Form**

Describe in a single sentence the nature of the Expenditure sought:

What benefits are expected to arise from the expenditure (where possible frame under Growing in God headings)?

What is the expected total cost, as currently understood?

Have at least two quotes been sought?<sup>1</sup> If so, please provide details and reasoning.

To which Fund will the expenditure be charged?

Is the expenditure within budget (yes/no/in part)?

Date of application:

Start date for expenditure:

End date for expenditure:<sup>2</sup>

Proposer/Fund holder:

Incumbent's authorisation:

Treasurer's authorisation:

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<sup>1</sup> Where any single item costs £1,000 or more, the expectation will be that two quotes will be provided. For smaller expenditures, the Treasurer may use his/her discretion to request two quotes. Where the accepted quote is not the lowest cost, the reasoning will be required.

<sup>2</sup> Where the expenditure stretches over multiple financial years, the advice of the Treasurer will be required regarding budget carry over and allocation between years.

## **Invoice processing**

Once an item of expenditure has been approved, the purchase can be made and this may result in an invoice for payment.

SKC Church has adopted an invoice handling process that can be accessed from the SKC Church website (via the Finance Forms link at the bottom right of the Home page). This is the only method available for getting invoices paid and no other process (including handing the invoice to a member of the Treasury team) is allowed. Bank Authorisers may only initiate invoice payments through this process.

To initiate payment, the person submitting the invoice will need to input:

- His/her name
- The name of the Supplier
- The invoice date
- The invoice amount
- The Bank details of the supplier:
  - Account name
  - Account sort code
  - Account number
- The nature of the goods/services bought
- The fund from which the invoice is to be paid
- Whether or not the payment is budgeted and
- Who authorised the purchase

In addition, the submitter should scan the invoice and attach it to the Google Form in the place provided.

All this information is added to a control sheet available to members of the Treasury team, which will lead to the payment being authorised and initiated. The invoice entry on the control sheet will be enriched to provide book-keeping information for accounting purposes.

The submission of an invoice payable to the submitter is strictly forbidden.

Generally speaking, bank payment initiation and authorisation will take place at the end of the week, usually on Friday.

## **Expense processing**

Where a member of the Church has legitimately incurred expenses on behalf of the Church, s/he may initiate a request for reimbursement.

SKC Church has adopted an expense handling process that can be accessed from the SKC website (via the Finance Forms link at the bottom right of the Home page). This is the only method for expense reimbursement and no other process (including handing of an expense claim or receipt to a member of the Treasury team) is allowed. Bank Authorisers may only initiate expense reimbursements through this process.

To initiate reimbursement, the person submitting the invoice will need to input:

- His/her email address
- The nature of the reclaim (for expenses or mileage)
- The fund from which the invoice is to be paid
- The nature of the goods/services bought
- The date of purchase (or the last date for multiple occurrences)
- The amount of the expenses to be reimbursed
- The Bank details of the claimant (if not already provided)
- The claimant's phone number
- Any comments

The claimant need not submit receipts with the claim but is required to retain receipts for future inspection if required. Expense claims in excess of £50 are likely to require an invoice, where applicable.

All this information is added to a control sheet available to members of the Treasury team, which will lead to the payment being authorised and initiated. The expense reclaim entry on the control sheet will be enriched to provide book-keeping information for accounting purposes.

Authorisation of one's own expense claim is strictly forbidden. Where this might happen, the authorisation must be made by the Treasurer, unless it is the Treasurer who is claiming in which case it must be authorised by the Priest-in-Charge.

Generally speaking, bank payment initiation and authorisation will take place at the end of the week, usually on Friday.

## **Parish Giving Scheme**

SKC Church (more accurately both parishes individually) joined the Parish Giving Scheme (“PGS”) in August 2022 and PGS is the preferred vehicle for Church members to give regularly to the Church.

PGS calculates all giving received in a calendar month and pays the Church, usually around the 10<sup>th</sup> of the month an aggregate sum for each parish to the main SKC Church current account. Approximately two weeks later, PGS disburses the Gift Aid recovered by it on behalf of all eligible donors to the same bank account.

The Church book-keeper is the person designated to receive PGS payout reports, which are to be treated in strictest confidence. [The switch to the book-keeper has not yet taken place: the legacy parish Treasurers currently receive these reports. May 2023]

PGS therefore provides considerable efficiencies in giving and book-keeping as well as ensuring that donors have the highest realistic levels of anonymity.

## **Gift Aid reclaim**

Although the vast majority of Gift Aid tax relief is now processed automatically through PGS, there is still a need for the reclaim of Gift Aid.

At the moment (April 2023), historic Gift Aid reclaims are still being made. However, in the future, Gift Aid will be claimed once per year, shortly after the commencement of the new tax year for the following donations:

- Individual gifts from Gift Aid givers
- Regular giving from Gift Aid givers outside PGS
- Monies received as gifts through the Card readers under the Small Donation Scheme
- Monies received as offering through loose plate collections under the Small Donation Scheme

Small Donation Scheme Gift Aid tax relief is limited in total (per venue, per year) as well to donations of £30 or less on each separate occasion.

The Gift Aid administrator (currently Jill Sedge) adheres strictly to these restrictions.

## **Liquidity policy**

SKC Church has total assets in excess of £200,000 and annual income and expenditure of around half that amount. As a result, there is a need to find an optimal balance between liquidity to enable the payment of sums due in a timely fashion, income maximisation so as to be able to steward the Church's resources as well as possible and security, to avoid capital loss in the event of a failure of a financial counterparty.

The following policy guidelines will be followed, subject to Standing Committee override:

- The SKC Church current account at CAF Bank should have a balance between £10,000 and £25,000;
- Total assets across all four CAF Bank accounts should not exceed the Deposit Guarantee Scheme limit (currently £85,000);
- Where possible assets held at CAF Bank should be in interest-bearing accounts;
- Assets in excess of the Deposit Guarantee Scheme limit should be transferred to the CCLA Deposit Fund (although this fund is not guaranteed, diversifying our investments reduces our risk and the Fund has recently be rated AAA).

As a general rule, liquidity should be reviewed at or shortly after each month end but more frequent review may be advisable if the circumstances require it.

Interest earned on balances in interest-bearing accounts will be credited to the General Fund, regardless of the fund composition of the balance in each such account.

The exception to this is SKC Church's investment on behalf of the Kelsale Bell Fund in the CCLA Investment Fund, the full gains and losses of which accrue to the Bell Fund.

## **Month-end procedure**

The process that follows relates to the Accounts in the “Church” Group in OLAF (for the Shop and Debt Centre, see below). After the end of the calendar month, the book-keeper will create a CSV file of the months’ transactions in each bank account and compare it with the Bank Statement provided (online) by the bank. Assuming they match (as they ought to), then the book-keeper will import transactions into OLAF enriching the information by adding Funds / Nominals to each transaction using data provided in, inter alia, the Expenses / Invoices worksheets.

Upon completing the import and checking to the account balance in OLAF against that on the bank statement, the book-keeper will create a report of the transactions covered by the statement and send it to the Treasurer for sign-off. The purpose of this is to ensure that the Funds / Nominals have been correctly input. The Treasurer will identify repairs or confirm back to the Book-keeper that the report is correct.

Once any repairs have been made, the Book-keeper will carry out the bank reconciliation on each account. After the satisfactory completion of the reconciliation, the Book-keeper will generate the month-end management accounts as set out in the next section and distribute them to Standing Committee.

For non-JCC months, the Treasurer will create a bullet point commentary for the month’s accounts. For months in which there is a JCC meeting, the commentary will be longer (but ideally no more than one A4 page) and will cover the two months since the previous such report so JCC members can see a complete and contiguous set of reports. Ideally, the Management Accounts and Commentary will be completed at least one week before the date of the JCC meeting, to enable timely distribution.

Management Accounts for the Shop and Debt Centre will be produced monthly by their book-keepers with commentaries only when requested by Standing Committee.

The SKC Church website will always display the last two months’ Church Management Accounts and Commentary and the most recent month produced for both the Shop and the Debt Centre.



## Reporting & Management Accounts

Each month, as soon as practical after the previous month end, Church Management Accounting Reports should be produced by the book-keeper.

For SKC Church (the Church's "Group" within OLAF), the following reports will form the core reporting pack (the footnotes provide detail for the Book-keeper's benefit):

1. Statement of Financial Activity (SOFA)<sup>1</sup>
2. Balance Sheet *or* Statement of Assets and Liabilities (by fund)<sup>2,3</sup>
3. Analysis of income and expenditure<sup>4</sup>
4. Fund statement of change (year-to-date)<sup>5</sup>
5. Combined nominal account budgets analysis (year-to-date)<sup>6</sup>

These five reports will be aggregated into a single pdf document by the book-keeper to the Treasurer who will review them and, if appropriate approve them to be sent to all members of the Standing Committee.

The Treasurer will provide a commentary to accompany the Management Accounts report in written form on each month-end before a JCC meeting or in bullet point form in the intervening months for the Standing Committee.

For the Shop and the Debt Centre, only a shortened form of Management Accounts is required most months (unless requested by Standing Committee) or at year-end. Reports 1 and 3 above will generally be sufficient.

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<sup>1</sup> Reports -> SOFA -> SOFA with separate Designated column -> Date range (year-to-date as applicable), tick boxes 1, 2 & 4

<sup>2</sup> Reports -> Balance Sheet -> Date range (as applicable)

<sup>3</sup> Reports -> Statement of Assets & Liabilities -> By Fund -> Date range (as applicable), select All Funds

<sup>4</sup> Reports -> SOFA -> Analysis of Income & Expenditure -> Date range (year-to-date as applicable), tick both boxes

<sup>5</sup> Reports -> Funds -> Statement of changes -> Date range (year-to-date as applicable), select All Funds

<sup>6</sup> Reports -> Budgets -> Analysis of a group of Budgets -> Date as appropriate, Mixed codes & Funds, select All Budgets

## **Year-end procedure**

In many respects the Year-end procedure follows the Month-end procedure above.

However, once the reconciliations have been completed and the reports produced, Standing Committee and JCC will discuss and approve the Accounts. Given that JCC meets in January and March and not in February, it is extremely important to produce annual reports (even if only “Flash” reports) in time for discussion at the January JCC. It may therefore be necessary for the JCC to delegate approval of the final reports to Standing Committee. In any event, the reports should be finalised no later than the first Standing Committee meeting in February.

After approval, the accounting package can be sent to the Independent Examiner for their scrutiny. This will require the Independent Examiner user account in OLAF to be made live as well as providing electronic copies of all bank statements and other necessary accounting information (e.g. a copy of the Invoices and Expenses Google workbook).

Once the Independent Examination is complete, the Statutory Accounts (as they will be by that point) will be combined with the Report written by the Treasurer for the year (and agreed by JCC at its March meeting) and can be circulated to those on the Electoral Rolls in time for the Annual Meeting.

Once approved at the Annual Meeting, the Report and Accounts should be sent to the Diocese with the Annual Parish Return for SKC Church and submitted to Charity Commission. This task is carried out by the Secretary of the JCC, who is also responsible for maintaining the list of Charity Trustees (i.e. JCC members) at Charity Commission. Only at that point can the Year-end process in OLAF be carried out.