

HCC Financial Controls Policy



Introduction

1. This policy covers a range of financial duties and responsibilities that HCC takes seriously. All trustees have an absolute right to examine and review all financial and other records of the church, at any reasonable time, wherever they are held.
2. HCC has congregations in Huntingdon and March (Fenland Community Church - FCC). The Thrive Youth Work project is also part of HCC.

Trustees' Duties

3. Trustees of the church have the following principal responsibilities:
 - a. To ensure that the charity keeps proper records; that annual accounts and reports are produced, and that they conform to current Charity Commission regulations, and the church's governing document.
 - b. Accounts should be formally approved at an annual meeting and all existing trustees provided with a set of accounts annually. Any new trustees should be provided with a set of the latest accounts.
 - c. Trustees are responsible for being aware of the Money Laundering Regulations, conflicts of interest and the definition of "connected" persons. Appropriate policies should be in place and regularly reviewed. All conflicts of interest are to be declared at the outset of any business meeting.
4. To enable the trustees to carry out these responsibilities, the financial procedures detailed below must be followed at all times by all trustees, staff and volunteers. Any irregularities must be reported immediately to an individual's line manager or a trustee.
5. A copy of this policy and procedures document will be given to all trustees on appointment, and to all relevant staff and volunteers.
6. The policy and procedures will be reviewed annually by the trustees and revised as required.

Employees' and Volunteers' Duties

7. To follow the procedures laid down and immediately report any irregularities to their manager or a trustee.

Financial Procedures

8. Organisational Information

- a. The HCC Financial Year runs from 1st January to 31st December.

- b. Bank Accounts are currently held with HSBC and Barclays (for HCC Huntingdon) and Lloyds (for FCC).
- c. The Independent Examiner is Carole Cowgill FCA, 4 Penny Meadow, Ipswich, Suffolk, IP9 2UU

9. **Bank Accounts**

- a. All bank accounts must be in the name of the relevant church; no account may ever be opened in the name of an individual or individuals.
- b. New accounts may only be opened by a decision of the trustees, which must be minuted.
- c. Changes to bank mandates may only be made by a decision of the Trustees, which must be minuted.
- d. All bank transfers (ie payments) must be authorised as described below. The person making the transfer is responsible for examining all payment documentation (purchase invoice etc) prior to authorising an internet bank transfer.

10. **Petty Cash**

- a. Cash which is the property of the church should be stored in a locked cash box, which is located overnight in a cabinet in the church office.
- b. The amount of cash held should be kept to a minimum, and should not exceed £200.
- c. Petty cash expenditure must be authorised by the Finance Manager, or any other management-grade staff, within the authorisation limits below. However, the HCC Huntingdon Administrator or FCC Leader may self-authorise payments of up to £25 from the petty cash.
- d. All cash collected in a meeting or at other events is to be handled in either of 2 ways:
 - i. It should be counted in the presence of two people, the total written down and signed for by two people immediately after the event, before being placed in the petty cash box. For events in Huntingdon held outside 83a, once counted and signed for, the money should be placed in a temporary cash box for transport to 83a, and opened in the presence of a witness who confirms the cash amount against the signed record.
 - ii. A receipt should be given to the donor, a copy of which should be filed with the financial records.
- e. Checks and reconciliations of the petty cash box are to be carried out by the Finance Manager at the end of every month.

11. **Signatories to the Bank Accounts**

- a. Tim Anderson; role: Senior Leader – HCC Huntingdon only
- b. Trevor Payne, role: Finance Manager – HCC Huntingdon and FCC
- c. Ed Kerr, role: FCC Leader – Fenland account only

12. Annual Budget

- a. An annual budget, setting out the church's financial plan for the year, must be prepared so that the trustees can approve it before the start of each financial year.
- b. The draft budget will be prepared by the Senior Leader and Finance Manager, with input from other members of the staff team and church as required.
- c. Any departures from the budget must be agreed with the trustees, or in matters of urgency, by the Chair of Trustees. If the Chair agrees any changes outside a trustees' meeting, it must be ratified at the next meeting or, if necessary, a special meeting called for that purpose.
- d. Budgets for FCC and Thrive Youth Work will be prepared separately to that of HCC Huntingdon.

13. Financial Reports

- a. A financial report, the 'management accounts', will be prepared for the trustees every month, consisting of:
 - Profit and Loss for the previous months in the financial year together with budget for the remainder of the year
 - Balance Sheet, comparing the previous month with the previous year
 - Budget Variance for the previous month and year-to-date
 - Item-by-item details of last month's expenditure
- b. Trustees are responsible for producing an annual report for forwarding to the Charity Commission. This report will contain the annual accounts as produced by the Independent Examiner and must conform to Charity Commission regulations. The annual accounts must be agreed at an annual church meeting.

14. Financial Records

- a. HCC will maintain an appropriate computerised accounting system (currently Xero) which records all monies received, and all payments made, whether cash, cheques or by bank transfers. Separate Xero accounts are maintained for HCC Huntingdon and FCC.
- b. Appropriate documents will also be completed and added to Xero to provide a record of the date, amount, donor/payee, and purpose of each transaction.
- c. An analysis of each amount under its relevant budget heading will be applied.
- d. All documents relating to receipts and payments will be filed in the month they are entered into the system.
- e. A periodic independent check that HCC monies, including expense claims, are being handled with propriety should be undertaken by the Senior Leader.

15. Income

- a. HCC will take all reasonable steps to ensure that gift aid on donations is maximised and claimed from HMRC on a regular basis.
- b. Where income is of uncertain or possibly tainted provenance is received, this will be referred to the Senior Leader and will be fully investigated before a decision is taken to accept or return it. If

necessary the matter will be reported to the police.

16. **Funds** In addition to general funds, HCC operates a number of funds within the accounts to identify monies allocated for specific purposes. These are currently as follows:

- a. Audrey Royston Restricted Fund – legacy from former HCC member Audrey Royston to be used for family/children’s summer events.
- b. Building Restricted Fund – monies to be used for larger building maintenance projects.
- c. Building Renovation Designated Fund - monies to be used for major building maintenance or upgrade projects.
- d. Church Family Needs Restricted Fund – monies to be used for cases of hardship amongst church members. Payments from this fund should be authorised by one trustee (normally the Senior Leader)
- e. Community Needs Restricted Fund - monies to be used for cases of hardship in the community of Huntingdon – ie non-HCC members.
- f. Donations Designated Fund – monies for gifts within or outside of the church not falling into the above 2 categories. Gifts may be to individuals or organisations.
- g. Support Reserves Designated Fund – money reserved to cover 3 months of church activities – wages and residual payments on support contracts.
- h. Toddler Group Restricted Fund – money for expenditure on the Rainbow Toddler Group.
- i. Fenland Community Church – FCC transactions will be added as a fund at the end of the year during preparation of the annual accounts.
- j. Thrive Youth Work Unrestricted Fund – money received by Thrive which may be used on any Thrive activity.
- k. Thrive Youth Work Restricted Funds (various) – monies received, usually from grant-giving bodies, where the purpose for which the money may be used is restricted in some way, and which must be tracked for reporting to the grant-giver.

17. **Authorisation of Expenditure**

- a. The HCC Administrator may commit HCC Huntingdon to expenditure and may pay bills within budget of up to £50 without further authorisation.
- b. Management-grade staff are authorised to commit HCC to expenditure within budget of up to £100 without further authorisation, with the exception that the Leader of FCC is authorised to commit FCC to expenditure of up to £150.
- c. The Finance Manager is authorised to make purchases or payments for HCC Huntingdon within budget without reference to others up to a value of £150.
- d. For transactions higher than these amounts, prior authorisation from the Senior Leader is required.
- e. Purchases of above £750 not included in the budget, and any above £2000, require the approval of the Trustees.
- f. However, for regular bills (eg utility bills), individual authorisation is not required unless the

payment is unusual in any way; however, initial authorisation must be obtained prior to committing HCC to arrangements, or revised arrangements, as described above.

g. Signatories to bank accounts may not make payments of any kind to themselves without separate authorisation by another authorised individual.

18. **Payment of Bills**

a. Prior to paying bills, the Finance Manager must satisfy him/herself that the work done/item delivered is satisfactory and that it is in accordance with what has been authorised via the above process.

19. **Cheques and Paying-in Books**

a. All cheques must be signed by two signatories who are responsible for examining the cheque for accuracy and completeness and confirming the authority for expenditure.

b. Cheques made payable to a nominated signatory may not be signed by that person or anyone connected.

c. Cheques and paying-in books must be kept under lock and key when not in use.

d. Blank cheques should not be signed; this will be regarded as a serious breach of control.

e. Any banking of foreign currency or payments to be made overseas or bankers draft requests will be dealt with by the Finance Manager.

20. **HSBC Debit Cards**

a. Debit cards will only be issued to staff following authorisation by the Senior Leader and only where there is deemed to be a clear need. The number of cards will be kept to a minimum.

b. Debit cards on the HSBC bank account have been obtained and are held by the Finance Manager and the Administrator, in their own names.

c. HCC debit cards are to be safeguarded at all times. They should normally be kept in the petty cash box which is to be kept locked and secured.

d. The card PINs are not to be disclosed to anyone.

e. All purchases made on the cards must be made solely by their holder for HCC use or uses directly connected with HCC and pre-authorised where necessary in accordance with the procedure described above.

f. Receipts/invoices for every purchase are to be obtained and placed with the accounts records.

21. **Expense Claims**

a. Expense claims should be submitted in good time and not allowed to build up. Receipts are essential for every expense; any exceptions to this rule must be approved by the Finance Manager.

b. No trustee or staff member may authorise payment to themselves, their partner or relatives.

c. Expenses claims should be submitted through Xero, or on the HCC/FCC expenses claim form,

signed by the person claiming. They will then be authorised for payment. All expenses will be authorised by the Finance Manager, except for his own, which will be authorised by the Senior Leader

- d. After authorisation, the Finance Manager will arrange payment through the relevant bank account
- e. Monthly expense claims by the FCC Leader must be submitted to, and if agreed, paid by the HCC Finance Manager. The Finance Manager will confirm in writing that the claim was agreed, and the FCC leader will add the payment details into Xero.
- e. Amounts that will be refunded when in support of HCC business:
 - i. mileage rate: see HCC Travel Expenses Policy
 - ii. refreshments and subsistence - can be claimed when expense is incurred when out on church business are beyond normal day-to-day costs that the individual would be expected to bear themselves

22. **Trustee Expenses** Trustees may claim expenses incurred in travelling to Trustees meetings, to events to which they have been specifically invited (eg to speak or observe) and to events or meetings which are of specific benefit to HCC.

23. Payment of **Employees**

- a. All employees (including seasonal or part-time) must supply the relevant PAYE information before they receive any remuneration.
- b. The entitlement to work in the UK of the proposed employee must be confirmed before they are contracted to work for HCC.
- c. All staff changes and changes to areas and conditions of employment must be authorised and minuted by the Board of Trustees.
- d. Payroll and all calculations will be managed by the Finance Manager using appropriate special-purpose software (currently Xero).

24. **Inventory**

- a. A fixed asset register will be maintained by the Finance Manager on Xero and will be reviewed and updated quarterly.
- b. Assets should be checked regularly to ensure they are in good repair and still of use.
- c. All purchases and assets donated should be recorded, also all disposals, with reasons clearly shown, and manner of disposal.
- d. Insurance levels should be reviewed annually or whenever a significant acquisition has been made.

25. **Insurance** Appropriate insurance policies for HCC Huntingdon/Thrive and HCC Fenland will be arranged on an annual basis and will include as a minimum (where relevant): employer's liability, public liability, buildings and contents insurance.