



# Financial Management and Accounting Policy

*Financial management is more than just ensuring there is sufficient cash and keeping to budget. Clear procedures are needed to support the Trustees of TRBC in ensuring effective financial management takes place. Where TRBC's employees or volunteers are involved, the individual responsibilities should be clear to avoid confusion, inconsistency and conflicts.*

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## Section A - Financial management and accounting policy

### 1 Policy statement

- 1.1 The Governing Document of Trafalgar Road Baptist Church (TRBC) has been approved by the Charity Commission. Sections 25 and 26 of the Governing Document cover Finance, and Record Keeping and Accounting respectively. This policy and procedure document supports the management of TRBC's finances in accordance with the provisions of the Governing Document. In the event of a conflict between this policy document and the Governing Document, the provisions of the Governing Document shall prevail.
- 1.2 Section 25 of the Governing Document says, "The Charity Trustees are jointly and severally responsible for the financial administration of the Church. Once in each year the Charity Trustees shall present a budget of subsequent years' projected income and expenditure at a convenient Church Members' Meeting."
- 1.3 Section 26 of the Governing Document says, "The Church's annual financial year will run from 1 January to 31 December. Financial statements of all Church organisations that form part of the Activities shall be presented to the Charity Trustees and incorporated into the Church's financial statements. A statement of the Church Accounts (audited or independently examined as required by law) shall be received by a Church Members' Meeting. Financial Records, annual reports and statements of account relating to the Church for the previous six years must be available for inspection by any Charity Trustee. The law requires Charity Trustees to make the annual report and accounts available to any person who requests these. The Charity Trustees may make a reasonable charge to cover the administration costs of meeting this request."
- 1.4 The Trustees of TRBC are committed to managing the Church's finances in accordance with these requirements. They have adopted the policies and procedures set out in this document to support that commitment.

## Section B - Definitions

### 2 Terms used in this policy

- 2.1 Section 1 of the Governing Document says, "The Church means members of the charitable unincorporated association governed by this constitution and known as Trafalgar Road Baptist Church (or such other name as shall subsequently be adopted by decision of the Church Members' Meeting and with the consent of the Charity Commission)."
- 2.2 Paragraph 15.5 of the Governing Document says, "In this church it shall be the Minister(s) if any and the elected Leaders of the Church, to include the Church Secretary and Church Treasurer, who together are the Charity Trustees of the Church at the time of adoption of this constitution or the registration of the Charity with the Charity Commission."
- 2.3 Financial Year: The Church's financial year is 1 January to 31 December.
- 2.4 Treasurer: The Treasurer is the Trustee who leads the strategic and operational responsibility for the financial management of the Church.
- 2.5 Bookkeeper: The Bookkeeper is the person who has the day-to-day responsibility for the administration of the Church's financial transactions.
- 2.6 Authorised Persons: Authorised persons are those persons authorised by the Trustees to approve financial instruments (cheques, purchase orders, invoices, etc.) on their behalf.

## Section C - Income Policy & Procedures

### 3 Purpose

- 3.1 To safeguard, monitor and control income including grants, payments made for the use of TRBC's premises, donations (including Sunday offerings), and other contributions in the form of BACS payments, cheques and cash.
- 3.2 To outline the structure of authorisation for dealing with income, credit-control and cash management.

### 4 Invoices

- 4.1 Invoices should be issued whenever it is appropriate, particularly in connection with arrangements for the use of the Church's premises in accordance with TRBC's Lettings Policy.
- 4.2 Invoices should include the following details:
  - a) TRBC's logo;
  - b) A statement that TRBC is a registered charity, and its charity number;
  - c) The name and address of the person or organisation being invoiced;
  - d) The date of the invoice, which must be the date it is posted to the accounts;
  - e) The nature of the services and/or goods being charged for;
  - f) The rate at which services and/or goods are being charged for;
  - g) The purchase order number (where available) and/or any other appropriate identification information provided by the person or organisation being invoiced;
  - h) The invoice total; and
  - i) TRBC's payment instructions and terms of payment.
- 4.3 Where acceptable to the person/organisation to which it is addressed, the invoice may be sent electronically as a PDF file. Otherwise, the invoice shall be printed and sent by post. In either case, the invoice must be despatched within two working days of being produced.

### 5 Outstanding invoices

- 5.1 The Church administrator in conjunction with the bookkeeper will review the outstanding invoices every month.
- 5.2 If an invoice has not been paid within 28 days of being issued, a second invoice should be issued. The second invoice should be a copy of the first, but with "REMINDER" added to it.
- 5.3 Any invoice which remains unpaid for more than 56 days must be brought to the attention of the Trustees to determine what further action should be taken.
- 5.4 Unless there are extenuating circumstances, debtors with invoices more than 56 days overdue will not be allowed any further credit (e.g., access to any of TRBC's facilities or resources) until the outstanding debt has been repaid in full.
- 5.5 Bad debts will be formally written off annually by the Trustees as part of the preparation for the examined accounts.

### 6 Receiving and Recording Payments

- 6.1 Payments by cash and cheque
  - a) Cash and cheques received into the Sunday offerings should be counted and checked by a trustee and one other person. Cash and cheques counted should be recorded on the form provided.
  - b) When a payment by cheque is received, the church administrator will ensure that cheques are properly signed and made payable to Trafalgar Road Baptist Church.

- c) Cheques and cash received should be banked at least once per week, where possible. Any cheques or cash not banked immediately must be locked away in the safe until it or they can be banked. A maximum of £250 cash may be held in the safe except for special circumstances such as Gift Days or fundraising events.
- d) The Bookkeeper may arrange, with the agreement of the Treasurer, for another Member of the Church, including an employee of the Church, to take cash and cheques received to be paid in at the bank, in accordance with the requirements of paragraph c) above and subsection 7 below.
- e) All cash and cheques are recorded in the accounts when banked and cleared.

## 6.2 Payment by BACS

- a) Where payments are made directly into the bank account via the BACS payment system, the Bookkeeper will check for such direct payments each time a bank statement is received, or on-line as circumstances require.

## 7 Cash in Transit

- 7.1 All persons carrying cash to or from the bank are instructed to put their personal safety first in the event of any attempt to steal the money.
- 7.2 In the event of losses of cash in transit, the Treasurer must be informed immediately and take the appropriate action.
- 7.3 The times and days of taking cash and cheques for banking should be varied and an innocuous plain bag must be used for carrying the money. If the amount of cash (that is, excluding cheques) being banked is greater than £250, then ideally two people should take the cash to the bank.

## Section D - Budgeting Policy and Controls

### 8 Purpose

- 8.1 To provide a means of balancing projected expenditure against projected income and ensuring resources are allocated appropriately.
- 8.2 To provide a structure for monitoring and controlling expenditure and allow authorised budget-holders, if any, the flexibility to manage their respective budgets.
- 8.3 To ensure that cash flows can be effectively and efficiently managed to ensure that there are always sufficient accessible funds available to meet the Church's financial commitments as they arise.

### 9 Policy

- 9.1 Paragraph 25.2 of the Governing Document requires the Trustees to present a budget to a Church Members' Meeting once in each year.
- 9.2 The annual budget will provide budget-holders, including the Trustees, with the authority to spend within the amounts specified under each budget heading.
- 9.3 The amounts budgeted for income and expenditure, both within budget categories and overall, of TRBC cannot be exceeded, transferred or altered without the authorisation of the Church Meeting.
- 9.4 The Bookkeeper will provide the Treasurer and any budget-holders with regular reports (informal reports will be provided monthly as appropriate, formal reports will be provided quarterly) detailing actual expenditure against budget heading and ensure that budgets are not exceeded.
- 9.5 The Bookkeeper will ensure that the Trustees (via the Treasurer, where appropriate) are informed where any breaches of this policy may occur.

### 10 Budget-setting Process

- 10.1 A budget is a plan translated into money for a defined period, usually the subsequent financial year. The budget should be prepared to support the aims and objectives of TRBC, and the actions planned to achieve them. The purposes of a budget are:
  - a) To co-ordinate different activities towards a single plan;
  - b) To set and communicate financial targets;
  - c) To maximise and allocate resources;
  - d) To identify financial problems;
  - e) To establish a system of control by having a plan against which outcomes can be compared;
  - f) To compel planning.
- 10.2 It is important that a budget is produced in good time.
- 10.3 The Treasurer will produce a draft budget, following the end of the third quarter of the financial year, based on previous income and expenditure patterns and the projected income and expenditure for the coming financial year. The draft budget and any explanatory notes will be presented to the Trustees no later than 31<sup>st</sup> October for discussion and comment.
- 10.4 Any necessary revisions will be made, and a final draft budget presented to the Trustees for agreement, before being presented for approval no later than at the final Church Members' Meeting of the year prior to which the budget applies, usually held at the end of November.

## 11 Monitoring and Revision

- 11.1 The Bookkeeper will monitor income and expenditure and ensure that the Trustees receive accurate and up-to-date information regarding any shortfall in projected income or increase in expenditure. Where necessary, the Treasurer will make recommendations on various options for remedial action.
- 11.2 Where such action may affect the activities of TRBC or impact its employees, then negotiations should be initiated with the relevant parties immediately.

## Section E - Payroll Policy and Procedure

### 12 Purpose

- 12.1 To ensure employees, and the Church's Minister or Ministers, are paid in accordance with their terms and conditions of employment or appointment.
- 12.2 To ensure salary rates are appropriate.
- 12.3 To ensure statutory deductions are made and paid to the relevant authority within the time limit.

### 13 Payment of Salaries

The payment of Ministers and employees is outsourced to a payroll administrator, as authorised by the trustees, which invoices the Church on a monthly basis.

### 14 Overtime

- 14.1 Employees will not normally be paid for overtime but will be expected to take time off in lieu (TOIL) equivalent to any overtime they were required to work.
- 14.2 Any exceptional payment of overtime must be authorised by the Treasurer.

### 15 Termination of Employment

- 15.1 Any outstanding debts will be deducted from the final net salary payment. Paid annual leave taken before it has accrued will be deducted from the gross and any accrued annual leave added to the gross. The employee should receive their P45 with their final payslip.

### 16 Timetable

- 16.1 The Bookkeeper will communicate any changes to salaries or other remuneration to the Church's payroll administrator in accordance with the requirements of their timetable.

## Section F - Purchasing Policy and Procedures

### 17 Purpose

- 17.1 To ensure that all expenditure is properly authorised and provide a standardised procedure for dealing with expenditure items.

### 18 Orders – Goods and Services

- 18.1 The value of an order/purchase to be shown along with delivery charges where appropriate and both inclusive of VAT.
- 18.2 Budget-holders may order items within their own budget and up to £150 in value.
- 18.3 For purchases outside of budget or over £150 and up to £500 value, the authorisation of the Treasurer is required.
- 18.4 Items over £500 in value must be authorised by the Trustees. For any purchase over £1,000 in value, at least 3 quotes must be obtained to ensure a competitive price is paid unless the Trustees explicitly waive this requirement and record in the minutes of their meeting the justification for the waiver.
- 18.5 Delivery notes must be checked and initialled by the budget-holder and be filed in the delivery notes file. Any discrepancy between the order and delivery notes must be notified to the supplier immediately. If a discrepancy is not rectified by the supplier as soon as is reasonably practical, the Treasurer must be informed.
- 18.6 Invoices must be checked against the relevant delivery notes, initialled and dated when received by the budget holder and forwarded to the Bookkeeper for payment.
- 18.7 In the event of any shortfall in delivery or the return of goods for any reason, the relevant credit-note must be received from the supplier before payment is made.

### 19 Purchases – Depreciable Assets

- 19.1 All depreciable items over £1,000 (in aggregate where the purchase is of related items) will be recorded in the accounts as a tangible fixed asset and depreciated over the appropriate period of time as defined in the Annual Report and Statement of Financial Activity.
- 19.2 In the event of the sale of any of the church's fixed assets, the funds raised will be added to the church's General Fund.

### 20 Payments by Cheque and Other Instruments (such as On-Line BACS, Direct Debit)

- 20.1 Where appropriate, authorised persons who are not Trustees may be established by resolution of the Trustees. The resolution must state the reason for the authorisation and the date on which it will expire.
- 20.2 Where a cheque or any other form of payment is being made to an authorised person or immediate family member, that person may not be a signatory on the cheque or other instruction for payment;
- 20.3 The Charity Commission's guidelines recommend that all cheques and other instructions to the bank, including instructions made on-line (for example, for BACS payments) be signed by two authorised persons. However, where this is not practical for small payments, the Trustees may decide to allow amounts of up to £250 to be approved by just one authorised person, provided that the decision, and the justification for it, are clearly recorded in the minutes of the meeting at which the decision was made;
- 20.4 Where a cheque or other instructions to the bank – including instructions made on-line (for example, for BACS payments) – is for an amount exceeding £1,000, the payment must be authorised by the Trustees unless the purpose for which the payment is being made has already been approved by the Trustees. The authorisation of the payment can be made by written resolution, including by email (or other digital communication) where appropriate (that is, the authorisation does not necessarily require the convening of a Trustees' meeting).

## 21 On-Line Purchases Using Credit/Debit Cards

- 21.1 It is recognised that the increasing availability of on-line purchasing means that it is very often possible to secure products at very competitive prices.
- 21.2 TRBC's bankers do not provide a credit/debit card to allow such purchases to be on-line with direct charging to the Church's bank account. This means that TRBC can only take advantage of competitive on-line pricing where budget-holders are willing and able to make such purchases using their own personal credit/debit card and reclaim the expenditure from the Church. TRBC accepts that, provided that due care is taken to ensure probity, this is a reasonable and beneficial way of proceeding.
- 21.3 All such on-line purchases should follow the budgetary approvals specified earlier.
- 21.4 On-line purchases of items for TRBC wherever possible should not include, within the same order, any item for the personal use of the person placing the order.
- 21.5 The procedures for handling delivery notes, credit notes and invoices for purchases charged to a personal credit/debit account shall be the same as those for purchases made directly by the Church. The reimbursement of individuals for purchases made on behalf of TRBC will be by bank transfer where possible, authorised by two Trustees who are not otherwise involved in the purchase (including reimbursements which are within the single-signature limit in the Charity's bank account mandate) or cheque signed by two Trustees who are not otherwise involved in the purchase (including reimbursements which are within the single-signature limit in the Charity's bank account mandate).

## 22 Expense Claims

- 22.1 All claims for expenses incurred by individuals must be submitted to the Treasurer for approval for payment. The purpose of the expense and the name of the person to be reimbursed must be included in the claim. Original receipts should be provided where available.

## Section G - Petty Cash Policy and Procedure

### 23 Purpose

- 23.1 To ensure all cash is properly handled including storage, payments and record keeping.
- 23.2 To establish accountability for the proper handling of cash.

### 24 Policy

- 24.1 TRBC will avoid the maintenance of Petty Cash accounts except where absolutely necessary for practical operational reasons.
- 24.2 All cash must be kept in the Petty Cash boxes provided, which should be kept in a secure place.
- 24.3 A signed Expenditure Voucher and point-of-sale receipt must support all transactions.
- 24.4 All petty cash boxes must be reconciled quarterly by the petty cash holder or named responsible person.
- 24.5 Requests for replacement cash must tally with the sum of the vouchers.
- 24.6 The Treasurer shall operate random checks on Petty Cash boxes to ensure that entries are accurate, vouchers and receipts properly stored and that the running balances are correct.

### 25 Administration and Accounting

- 25.1 Payments from Petty Cash are recorded and signed for using Expenditure Vouchers as they are paid out against point-of-sale receipts.
- 25.2 The total of the cash and Expenditure Vouchers should always equal the amount of the agreed float. Any discrepancies must be reported to the Treasurer immediately for investigation and action. The amount of float held in a Petty Cash box will be clearly marked on the inside of the box and should be appropriate to the level of transactions passing through the box (subject to a maximum of £100).
- 25.3 At the end of each quarter the Bookkeeper will enter the petty cash expenditure into the main accounts.

## Section H - The Accounting and Audit Procedure

### 26 Purpose

- 26.1 To ensure that TRBC meets the statutory accounting requirements of the Charities Commission.
- 26.2 To provide accurate and useful data for the Trustees and Church Members.

### 27 Procedure

- 27.1 TRBC's accounts will be managed electronically using appropriate software approved by the Trustees;
- 27.2 The Church Members' Meeting appoints the Independent Examiner at the Annual General Meeting, or at other times when circumstances require;
- 27.3 The Treasurer, in conjunction with the Bookkeeper where appropriate, will ensure that all financial records, supporting documentation and reconciliations are accurately maintained, up to date and easily retrievable for analysis and examination purposes;
- 27.4 The Treasurer will prepare timely and accurate year-end accounts in the appropriate format with the required supporting working papers and relevant reconciliations.
- 27.5 The Treasurer will liaise with the Independent Examiner to ensure examination queries are resolved and that accounts are completed and signed in advance of the AGM and within six months of the year end.
- 27.6 The Secretary will ensure that the audited/examined accounts are filed with the Charity Commission within 10 months of the year-end.

## Section I - Version control

Version	Comment	Date	Approved by
v1.0	First approved version	20/02/2024	Trustees
v1.1	Two year review	16/02/2026	
v2.0	Second approved version	17/02/2026	Trustees