Hope Church Network
Financial Management Policy

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Purpose of policy

The purpose of this Financial Management Policy is to establish guidelines and procedures for the management of Hope Church Network's financial resources, including financial controls, cash, investments and liabilities, to ensure sound governance of the finances of the charity and its solvency and liquidity.

The policy operates using the biblical principles found in Romans 13:7 and 2 Corinthians 9:7

- Give to everyone what you owe them: If you owe taxes, pay taxes; if revenue, then revenue; if respect, then respect; if honour, then honour
- Each of you should give what you have decided in your heart to give, not reluctantly or under compulsion, for God loves a cheerful giver.

Accountability and Responsibility

All Trustees are accountable for the sound financial management of the Charity and for ensuring the Financial Management Policy is followed. The Trustee with specific financial responsibility (currently Stephen Wilson) will ensure the Trustees are properly informed of any issues, provide management accounts at each Network Leadership Team (NLT) meeting and will provide primary oversight of the application of the Policy and of the church administrator (currently Alison Godfrey) (the "Administrator"). The Administrator will conduct day to day book-keeping in the QuickBooks system, process transactions and provide periodic reports and analysis.

Financial Controls

The charity adopts a number of protocols to ensure the safe management of income and expenditure, protecting against fraud and mismanagement of funds.

Income controls

Income may be generated through congregational giving, Gift Aid donations, legacies, grants and trusts, and revenue generators such as events and venue hire.

All income is to be properly recorded into a QuickBooks accounting system.

Cash offerings should be counted on the church premises (preferably at the time of the collection) by two people together and signed off by both. Within a few days, the collection notice should be recorded in Church Suite and the money should be sent by bank transfer to the church's bank. No expenses should be deducted before the transfer to the bank account.

Where other organisations are being invoiced, (e.g., hall hire), a sales invoice should be raised, and debtor control should be properly maintained.

Expenditure controls

Spending authorities are set to secure adequate control over the organisation's finance.

The threshold for spending approval is set out below:

Amount (£)	Permissions
Up to £499 (inc VAT)	1 x Team and ministry leaders
Up to £1,999 (inc VAT)	2 x Deacons and / or Local Church Leadership Team (LCLT)
£2000 + (inc VAT)	All Trustees and a request to feature on an NLT agenda

All expenditure is to be fully and promptly recorded in the accounting system, including who it is paid to and the reason for the payment. All invoices and expenses are to be approved by an independent Trustee before payment is made.

All payments require two electronic signatures at the bank and an invoice or similar supporting documentation.

The optimum number of authorised bank signatories within the organisation is 4 trustees and one staff member.

Local Church Leadership team (LCLT) approval is required for any proposed gifts or grant applications for individual churches. Documentary evidence of grants should be kept as proof of charitable expenditure (HMRC requirement).

Long term (>12 months) contractually binding financial agreements must only be made by the Trustees.

Staff and volunteers are encouraged to claim back expenses which they have incurred on church business. Trustees and staff should have their expense claims approved by an independent Trustee (normally the Finance Trustee) before payment. Expenses should be supported by third party invoices or receipts wherever possible. Further detail is provided in the Expenses section below.

Banking and cash handling

Bank reconciliations are to be produced monthly for all church bank accounts to explain the difference (in itemised form) between the bank balance per the accounts and the balance on the bank statement. Reconciling items should be cleared the following month.

The cash in hand balance/'petty cash' is to be regularly counted and updated in the accounts.

The amount of cash held on the church premises is to be always kept below the level of the insurance cover.

Cash and cheque books held at the church are to be kept securely in a locked cupboard.

Gift Aid donations

The Gift Aid scheme is actively encouraged within the church.

All Gift Aided donations (cash or otherwise) are to be identified and recorded in Quick Books and Church suite. Donations to the church and gift aid details are visible to donors using MyChurchSuite.

Valid Gift Aid declaration forms are required to support Gift Aid claims. Older ones are paper copies which are kept in a locked cupboard. Most are electronic forms completed on Church Suite.

The church should remind donors from time to time (typically around the end of the tax year) that they should be paying a sufficient level of tax to be able to reclaim Gift Aid.

Gift aid is claimed at the end of each month using the system on Church Suite, and accounting entries are to be made monthly to record the income in QuickBooks.

Budget methodology

Each year a budget should be prepared based on plans for expenditure co-ordinated through the deacons responsible for the various ministry areas. The budget is prepared by the respective LCLTs, presented to the Trustees for approval and shared with the church for comment. The budget consists of detailed budget headings grouped in ministry areas, and most areas have a ‘contingency’ or ‘other’ budget as well as individual headings.

a) Spending within an agreed individual budget heading

For expenditure within each individual budget heading in the approved budget, the deacon for that ministry area remains accountable, but may delegate actual expenditure to relevant ministry team leaders. It is the responsibility of the deacon to ensure spending remains in line with the plans indicated in the budget.

b) Spending within an agreed ‘contingency’ or ‘other’ heading

The ‘contingency’ or ‘other’ amounts can be used at the discretion of the relevant ministry team leader under the accountability of the deacon, subject to the £500 rule (see (d) below). This includes using the contingency amounts to increase expenditure on projects etc already named in the budget.

c) Virement from one individual heading to another

(The mission partners area is covered specifically because it is such a large proportion of the budget)

a) For Mission Partners the possibility of virement will seldom arise because the Mission Partners Policy (MPP) makes clear our commitment for a whole financial year (see Appendix to MPP). (Should a project unexpectedly end during the year, virement will be possible as under c) below.)
b) The budget for Short-Term Mission Projects will not be vired elsewhere but held for the entire year in case of unexpected requirements late in the year.
c) In other ministry areas virement between headings is at the discretion of the relevant ministry team leader under the accountability of the deacon, and subject to the £500 rule and £2000 rule (see (d) and (e)below).

d) The £500 rule

Decisions regarding expenditure of £500 or more on something within but not detailed in the budget (i.e. by virement or from 'contingency' or 'other') can be made by the relevant ministry team leader under the accountability of the deacon, but must be communicated beforehand to the LCLT for approval

e) The £2000 rule

Any financial spend which exceeds £2000 must go to the Trustees for approval.

f) Requests for extra funding on budget headings and on new headings

Should a ministry team wish to increase spending on a heading beyond what is held in their contingency fund, or to spend on an item/project etc not covered by the budget, then approval must be sought from the LCLT before the expenditure is committed. If this increase will result in overall expenditure above the budget, then approval must be sought from the Trustees.

g) Overspending without previous approval

The aim is to help prevent this happening. It is the responsibility of each deacon to ensure spending remains within budget in their area. This will be helped by the regular budget review.

h) Budget reviews

To help deacons meet their responsibilities to spend in line with their budgets, the Finance Trustee/administrator will provide a budget report on a quarterly basis to all ministry team leaders, to be considered at a following LCLT meeting (NLT meeting for network budget areas).

i) Budget commitments beyond the current financial year

With new projects etc arising during a financial year and where the ministry team wishes support to continue for longer than the year (for example with new Mission Partners), the NLT must be asked to approve this commitment in principle, subject to confirmation in the following annual budgets.

Fraud Management

Fraud is defined as any deliberate act or omission intended to secure unfair or unlawful gain, or to cause loss to the charity. This includes but is not limited to theft, embezzlement, misappropriation of funds, falsification of records, and corruption.

The charity has a series of measures in place to prevent and detect fraudulent activity:

- Income and expenditure financial controls and dual bank payment authorisation
- An annual audit and review of the Charity's financial accounts is conducted at the close of each financial year and undertaken by an Independent Examiner. Findings are presented to the membership for scrutiny and final approval at the AGM.

- Monthly reviews to be undertaken by the Finance Trustee with the Administrator to monitor the activity in the accounts, review the bank statements and ensure the financial controls remain sufficient and robust.
- The Finance Trustee is to provide a brief report and management accounts to each Trustee meeting to enable the trustees to have oversight of the church accounts and activity.
- A whistleblowing policy to enable employees, contractors, or the congregation to raise concerns about any wrongdoing within the organisation, ensuring that such concerns are addressed promptly and appropriately.

Should any fraudulent activity be suspected or detected, the trustees will promptly investigate the matter.

The trustees are responsible for immediately reporting any confirmed cases to Action Fraud and the Charity Commission, and subsequently to all trustees, staff and congregation. Third party contracts may legally require notice of the activity. The financial management policy and procedures should immediately be reviewed to identify any financial control weaknesses as a result of the fraudulent activity. Systems may be affected and require updating.

The charity's risk register should be reviewed and any new controls be included.

Investments

Background

From time to time, Hope Church may hold funds in cash that are in excess of the Church's immediate needs. Such cash may represent:

- A surplus of income over expenditure relating to the General Funds;
- A fund created in the past, the use of which is restricted to a specific purpose and which has not been wholly used, e.g. The Ryan Fund;
- A fund that has been designated by the Trustees for use in the future for a specified purpose. (This differs from a "restricted" fund in that the Trustees have the power to "un-designate" such a fund, e.g. to re-allocate it to the General Fund of the Church.)

The Trustees consider that the underpinning priorities that dictate the way in which excess funds should be held are:

- Security of the asset – funds are held "on trust" and not for speculation;
- Liquidity in an appropriate time frame;
- Ethical investment;
- Ease of access & administration.

It is recognised that biblical teaching regarding the use of money, especially regarding "lending", may be differently understood by Christians. But the Trustees are of the view that the Church's excess funds can be placed with appropriately secure financial institutions for the purposes of generating interest to at least offset the effects of inflation subject to the priorities above.

Policy

The Finance Trustee has the authority to arrange for the Church's excess funds to be deposited with financial institutions covered by the UK's FSCS scheme, in each case up to the limit of such scheme on the following basis:

1. Sufficient cash deemed adequate for meeting the anticipated on-going regular needs of the Church are to be held on current account;

2. Cash representing the approximate balance of The Ryan Fund should be held on interest bearing accounts for periods of up to 12 months;
3. The balance of funds should be held on deposit for periods of up to 3 months (or up to 12 months if such deposits can be broken with a resulting penalty of no more than foregoing any interest which would otherwise have been earned).

The Finance Trustee will from time to time review the accounts where the various funds are held to ensure that the above policy is being adhered to.

Reserves

The organisation will hold on reserve an amount of 3 months' staff salaries and 3 months' Mission Partner giving at all times.

The reserves are reviewed annually as part of the annual budget setting process.

It is the intention of the Trustees that the cost of funding the regular activities of the Church in fulfilling its purposes should be met by the commitment of the Church members and friends - normally by way of giving to the Church. When income exceeds these needs on a sustainable basis and the amounts in the various funds are judged adequate to meet the designated needs, the Trustees will, within a reasonable time give due consideration as to how such surplus should be used for the furtherance of the Charitable Objects.

Expenses

Employees or volunteers of Hope Church Network may need to pay for some goods or services while undertaking church activities. Hope Church Network intends to either fully pay for or reimburse any incurred expenses. Some expenses made while conducting church activities may be exempt from reimbursement, as listed below.

To enable Hope Church Network to reimburse people fully for any church related expense, the Finance Trustee and/or administrator will need receipts for all related expenses. No expense will be processed without a receipt and/or invoice.

Trustees and staff should have their expense claims approved by an independent elder or deacon before payment.

Staff and volunteers are encouraged to claim back expenses which they have incurred on church business.

All expense claims are authorised before payment is made.

Bank Card

A bank card may be provided to employees or volunteers. This will be done with the agreement of the Trustees. A bank card is issued with the following limitations:

- They are only used to make purchases on behalf of Hope Church Network;
- The rules for approval must be followed before the payment is made;
- Evidence of expenditure (e.g. invoice/receipts) must be provided to the Administrator.

Qualifying expenses

Employees / Elders /Trustees

- Travel costs incurred for attending professional / spiritual development events. Mileage costs are determined by HMRC and set at 45p for the first 10,000 business miles made. This reduces to 25p thereafter.
- Subsistence for overnight stays – £12pp for daytime meal, £25pp for evening meal
- Parking and toll charges
- Second class rail fares
- Overnight accommodation –up to £120 per night outside London, £170 per night inside London
- Costs to facilitate pastoral care visits in line with budget parameters

Volunteers

- Journeys made by congregation members on behalf of Hope Church Network to be reimbursed 45p per mile.
- Parking and toll charges
- Second class rail fares
- Items purchased to support church activities not bought through central budget. Permission must be sought in advance for such items through local CLT.

Hope Church Network does not pay for or reimburse employees and volunteers for the following-

- Parking fines or speeding tickets incurred whilst on church business
- Expenses for other family members or connected persons during church business unless agreed in advance by the trustees
- Loss of personal property
- Travel upgrades

Grant Making

The Church oversees funds for exceptional financial circumstances whereby beneficiaries may make application to the church to access funds held in the following Fund accounts:

- Local Support Fund
- Ryan Fund

Local Support Fund Policy

Our church constitution states that our second objective is to “relieve sickness and financial hardship and to promote and preserve social, economic and environmental well-being by the provision of funds, goods or services of any kind, including through the provision of counselling and support in such parts of the United Kingdom or the world as the Trustees from time to time may think fit”.

a) As part of their commitment to carrying out that objective the trustees periodically set aside funding to be distributed in case of need, upon application to one or more of the trustees. Normally our support will fall into one of three broad categories.

    I. The first is support for individuals/families who have well-developed links with Hope Church. Support will normally be given on a 'once-off' basis to assist someone through a short-term difficulty or to provide an opportunity for personal development (for example, a domestic crisis, or expenses during a time of sudden illness or to attend counselling). This once-off agreed amount can be given in instalments e.g. monthly. Long-term commitments will not normally be approved; but when a longer term commitment is given it will be for a specified time.

II. The second is support for local organisations with objectives similar to those in our church constitution, which work to relieve hardship among local individuals and families.

III. Finally, from time to time the trustees may help people in genuine cases of need who are known to members of our congregation.

Grants of less than £500

b) A gift of less than £500 may be made with the agreement of two trustees (other than the trustee bringing the application), normally one of whom would be the Finance Trustee.

Grants of £500 and above

c) Three trustees, normally one of whom would be the Finance Trustee are to make a recommendation to all trustees for their approval. A majority of trustees must reply with their agreement before a payment can be made. To avoid delays in providing assistance this approval can be given by e-mail, but the decision must be reported to the next trustees meeting.

Loans

d) The trustees may advance support in the form of an interest-free loan if that is appropriate, to assist an individual or family through a temporary difficulty, with the same arrangements for approval and payment as above.

Recording and Reporting

e) A notification should be made quarterly to trustees and noted at a trustees meeting. To maintain confidentiality, the written note will normally only state the number of gifts made; the number of recipients; the amounts paid; and whether any one family has received more than one payment. Names will only be mentioned verbally at a trustees meeting.

Ryan Fund Policy

The fund was donated to benefit, nurture and sustain the relationship between Hope Church Network and English L'Abri in Greatham, Hampshire. Expenditure from the fund, consistent with its purpose, is to be approved in the same way as other expenses.