



# **ARARAT BAPTIST CHURCH**

## **FINANCE POLICY**

**Updated and Approved : November 2025**

**Reviewed xx/xx/xxxx**

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# ARARAT BAPTIST CHURCH

## Financial Procedures

### INTRODUCTION

Ararat Baptist Church is a registered charity (Charity Number 1132808) and this policy is based upon the guidance of the Charity Commission is to ensure that financial controls and procedures are in place in order to help the Diaconate (Trustees) acting on behalf of the Church to:

- Meet their legal duties to safeguard the church's assets;
- Administer finances and assets in a way that identifies and manages risk; and
- Ensure the quality of financial reporting, by keeping adequate accounting records and preparing timely and relevant financial information.

The Trustees need to ensure that assets are properly used, that its funds are spent effectively and that financial affairs are well managed. This policy outlines internal financial controls that are in place to reduce the risk of loss.

Internal financial controls cannot eliminate the risk of loss through theft and fraud, bad decisions, human error, etc but can help the Trustees to discover any issues sooner and to take appropriate action.

### MONITORING

The Diaconate has a legal responsibility to ensure accounting records are kept and to prepare an annual report and accounts with the appropriate level of external scrutiny. The Diaconate receives a finance report each month; monitors the annual budget agreed by the Church membership; and the expenditure against the agreed budget. Financial reports and updates are also brought to the monthly Church meetings. Monitoring processes identify and seek explanations for significant over or under performance of both income and expenditure.

In accordance with the requirements of the Charity Commission based upon the income of the Church and the value of assets, an Independent Examiner or a Registered Auditor will carry out an examination of the accounts before they are submitted to the Charity Commission.

#### **Internal controls – Income**

Church collections (cash and cheques) are counted by at least two unrelated people, one of whom must be a member of the finance team. The count will usually take place on Monday morning. At the same time other income from groups, sales, hire of the centre, the servery, should be counted and recorded together and certified by two people. Whenever possible a member of the Diaconate will also be present.

All the different types of income are counted and recorded separately (one person counts and another checks each of the income strands). All details are recorded accurately on the church pro forma and

the totals checked (one person counts and another checks the balances) both sign the pro forma and this is retained along with all associated paperwork. The planned weekly giving using the church envelopes is also counted and recorded at this time. The amount in each envelope is recorded on the envelope and they are retained for the purpose of monitoring, managing and claiming gift aid.

The collections are then placed in the safe and banked as soon as possible thereafter.

**Gift Aid** It is important that the congregation feels comfortable and secure that their gifts are being recorded appropriately and confidentially. If there are any restrictions on the use of the gift, these must be notified to the Finance Team to ensure that they are adhered to and shown correctly in the accounting records. Envelopes or other records of the giver's intentions will be retained as appropriate. They are an official source of documentation required by the tax authorities and are kept on file by date, and cross referenced by giver. Records are kept in a lockable storage area.

### **Internal controls – Expenditure**

The aim is to ensure that all expenditure is properly authorised and that this can be demonstrated through the records which are kept.

**Cheque books** are kept securely; payments require two signatories: the payee's name is always inserted on cheques prior to signature; cheques are prepared only with relevant supporting documentation; and blank cheques are NEVER signed. Supporting documentation includes: original invoice; receipts; payment request (e.g. deposit for venue booking). No cheque signatory signs a cheque for a payment to themselves.

**Payment by Bankers' Automated Clearing Services (BACs), use of Debit card, etc.** Payments by direct debit, standing order, church debit cards and BACs direct debit are all safe ways of making payments provided that appropriate controls are in place. These controls should provide assurance that direct payments are only made for expenditure properly authorised and incurred by Ararat Baptist Church. Controls ensure that payments are only made when authorised and that payments are accurately recorded in the accounting records and cross referenced through the bank statements.

**Wages and Salaries** There will be a clear trail to show the payment to every employee and HMRC record. All employees are paid in accordance with PAYE, National Insurance and Pension regulations.

All **staff appointments** and/or changes to normal salaries will be authorised by the Trustees and minuted in Trustee meetings.

**Church Petty cash** will always be maintained by the Finance Team and details of expenditure maintained along with supported receipts and vouchers.

**Expenses/allowances** Expenditure incurred by staff and church members in the course of their work for the Church can be reimbursed providing there is associated evidence of costs incurred.

### **AUTHORISATION AND LIABILITY**

The Church does not accept liability for any financial commitment unless properly authorised. Any orders placed or undertakings given which are likely to cost up to £10,000 can be approved and minuted at a meeting of the Diaconate; expenditure in excess of £10,000 must be authorised and minuted at a church meeting. For all contracts, services and equipment likely to cost more than £5,000 and less than £10,000, three quotations should be received before any order is placed or undertaking given. For all contracts, services and equipment likely to cost more than £10,000 a tendering process should be carried out.

In exceptional circumstances urgent expenditure can be authorised by the Ministers and Church Secretaries, together, (up to £5,000) and approved at the next meeting of the Diaconate. (This covers such items as new service contracts, boiler/heating equipment, purchase and hire).

In addition, the Diaconate has delegated responsibility to the people named in Appendix 1 to be able to spend £800 per transaction in the course of their duties i.e. for the purchase of items for use in the Centre/Ark. Any item in excess of this amount would need to go to the Diaconate for approval. (See Appendix 2)

The Diaconate has also delegated responsibility to the Deacon responsible for Repair and Maintenance to spend up to £1,000 in line with their agreed work on Church buildings and estate. Any work in excess of this amount would need to go to the Diaconate for approval.

All fundraising and grant applications undertaken on behalf of Ararat Baptist Church will be carried out with the prior approval of the Trustees and Church membership.

### **LOANS**

Ararat Baptist Church may enter into a loan agreement, if agreed by the Church membership at a Church meeting and minuted. Before making such a decision the membership must agree the purpose of such a loan; the full amount of the loan plus interest that will be payable; the monthly payments due and the agreed period of such a loan.

### **ASSETS**

The Diaconate has a duty to safeguard the assets of the Church from loss or damage and to ensure their proper use. The Diaconate, on behalf of the Church, maintains a Register of all assets with sufficient detail to enable the asset and its location to be identified. Fixed assets are inspected at regular intervals to ensure that they exist, remain in good repair and are being put to appropriate use. The Diaconate also ensures that the adequacy of insurance cover is reviewed at regular intervals.

Any proposal to dispose of or scrap fixed assets has to be considered by the Church membership and agreed before the action takes place and the Asset Register amended. The disposal of small assets valued at more than £500 needs to be approved by the Diaconate before the action takes place and the Asset Register amended. The disposal of small assets valued at less than £500 must be notified to the Diaconate and Finance Team in writing before the action takes place.

The opening of new bank accounts – either current (e.g. the Ark) or deposit for investment of surplus funds (e.g. Kingdom Bank) – can only be approved by the Diaconate and Church meeting.

### **FINANCIAL MANAGEMENT**

Ararat Baptist Church adheres to good practice in relation to its finances at all times; reviews and monitors budgets and income and expenditure and carries out periodic checks to ensure the accuracy of the income and expenditure accounting. Accounts are kept for six years. An electronic accounting package is used to record all items of income and expenditure, fund movement, reserves, etc, and these are used not only to monitor the financial processes but also to prepare the appropriate end of year accounts and accounts required for any independent examination or audit.

**PERSONNEL INVOLVED IN FINANCE MATTERS 2025****FINANCE TEAM**

<b><u>Name</u></b>	<b><u>Designation</u></b>
Sally Rees	Finance Deacon
Cal Higgins	Finance Team
Amy Combellack	Financial Administrator
Chris Medcalf	Finance Team
Richard Hearn	Finance Team
Jennifer Riggs	Church Administrator (Invoicing)

**OTHERS WITH DELEGATED RESPONSIBILITY**

<b><u>Name</u></b>	<b><u>Position</u></b>
Gethin Russell_Jones	Minister, Trustee and Sycamore Fund
Rachel Powell	Children, Families & Youth Worker and Trustee
Debbie Jemmett	Ark Supervisor – purchases and cash counting
Anna Barrow	Ark Team – purchases and cash counting
Rachel Mehalla	Ark Team – purchases and cash counting
Cal Higgins	Ark Team – purchases and cash counting
Vaughan Williams	Church Co-Secretary and Deacon Responsible for The Centre
Jennifer Lewis	Deacon Responsible for Repair and Maintenance
Jayne Porter	Church Co-Secretary

Function	Finance Team	Others	Timing
<b>Payments</b>			
Quotes, orders, delivery checking and certification, receipt of invoices and certification		Jennifer Riggs / Co-Secretaries Vaughan and Jayne / Debbie Jemmett/ Rachel Mehalla /Anna Barrow / Vaughan	Daily/ weekly
Payment of certified invoices, posting of cheques, arranging payment by BACS.	Sally/Amy		Daily/ weekly
Authorisation of BACS payments – 2 signatories	Sally/Cal/Amy/Chris		Daily/ weekly
Authorisation of cheque payments – 2 signatories	Sally/Cal/Amy/Chris		As required
Purchases by bank debit card	Sally / Cal	Rachel Powell/ Debbie Jemmett / Vaughan Williams	As required
Analysis of payments & bank statement reconciliation	Sally / Amy		Monthly
Ledger Input into QuickBooks	Amy		Weekly/ monthly
<b>Salaries</b>			
Calculation of salaries	Sally		Monthly
Authorisation of salaries		Vaughan /Jayne	Monthly
Recording of salaries on database	Sally		Monthly
Printing of payslips and liaison with HMRC	Sally		Monthly
P60 & end of year details	Sally		Annually
Computer entry	Amy		Monthly
<b>Income</b>			
General collection and counting of cash, including contents of drop safe At least 2 people, one to count + one to check.	Sally/Cal/Amy/ Richard		Daily
Ark café cash takings, counted and recorded ensuring a match to the Square till system. Contents put daily in the drop safe for double counting by finance team before banking weekly		Cal/ Debbie Jemmett/ Rachel Mehalla / Anna Barrow	Daily
Ark taking reports from Square till system are used to check Square bank deposits	Amy		

<b>Function</b>	<b>Finance Team</b>	<b>Others</b>	<b>Timing</b>
Bookings relating to hire of Church & Community Centre		Jennifer Riggs / Rachel Powell	Weekly/ monthly
Cash payments relating to hire of Community Centre		Receptionist, who issues numbered receipt. Cash placed in drop safe	As required
Cash payments relating to use of community centre by Church groups and organisations		When possible, two members of group to count and check money (or only by organiser, if no-one else available). Money placed in envelope labelled with the name of person(s) counting the cash and showing amount collected. Cash left in drop safe	Weekly and as required
Issue of invoices relating to hire of Church & Community Centre	Jennifer Riggs		Daily/ weekly/ monthly
Monitoring of payments and outstanding invoices relating to hire of Community Centre	Cheque payments – Sally BACS payments – Amy Outstanding invoices – Amy		Daily/ weekly/ monthly
Monitoring of offering via direct debits and envelope giving (offering)	Sally/Amy		Monthly
Monitoring of Gift aid applications and submissions to HMRC.	Amy		Monthly
Payments of cash and cheques into bank	Sally/ Cal		Weekly
Analysis of receipts & bank statement reconciliation	Sally		Monthly
Reconciliation of bank statements and ledger	Sally/Amy		
Computer entry	Amy		Weekly
<b>Nominal ledger</b>			

<b>Function</b>	<b>Finance Team</b>	<b>Others</b>	<b>Timing</b>
Posting journal entries and reconciling with bank statements and other source documents	Amy		Monthly
<b>Reports</b>			
Financial reports for Diaconate and Church	Amy		Monthly
End of Year reports and functions	Finance Team		Annual
<b>Independent Examiner/Audit (as per Charity Commission guidelines)</b>			
Selection of IE/Auditor	Diaconate		Annually
To assist in examination/audit of accounts by IE/Auditor	Finance Team		Annually
Final report to Diaconate for approval	Finance Team /IE/Auditor		Annually
Final report to AGM for Member approval	Finance Team		Annually
Report to Charity Commission	Secretary/ Finance Team		Annually