

St Mark's Bromley Finance Policy

version adopted by PCC 31st July, 2024

1. Roles and authorities

Expenditure authority and commitments

- 1 All authority to make binding commitments involving expenditure is reserved to the PCC as a whole except as it may delegate.
- 2 The PCC generally agrees by resolution annually to establish a Standing Committee with a delegated authority to make commitments up to stated levels.
- 3 The PCC has the power to delegate authority to individuals or sub-committees to make commitments and spending decisions. Any delegation will be recorded in writing and subject to limits set by the PCC.
- 4 Regular operating expenditures and expenditures which arise from decisions by the PCC may be made without specific PCC authority for each transaction. This may include reimbursing operating costs paid by volunteers on behalf of St Mark's.
- 5 Some roles (including clergy) may be defined in the expectation that expenses may be incurred. Only if so, reasonable and proper expenses may be reimbursed on presentation of reasonable evidence of expenditure to the Treasurer. Exceptionally, it may be necessary for expenses to be incurred by other roles; any such expenses will be payable only if discussed in advance with the Treasurer and with the person identified as supervisor of the role. Such expenses may require spending authority from Standing Committee or PCC.

Treasurer

- 6 The Treasurer acts on behalf of the PCC, and does not have authority to make spending decisions except as a participant in the arrangements described above.
- 7 The Treasurer is to be kept informed and involved in decision making about financial matters, and will receive and keep financial records. The Treasurer will keep the PCC advised from time to time of its financial position, maintain transparency about financial matters to the PCC and its members, and will respond to requests for information.
- 8 The Treasurer is responsible for St Mark's book-keeping and accounting and for proposing and implementing appropriate accounting policies. St Mark's annual financial report and accounts are submitted for approval by the PCC which includes approval of the accounting policies.

- 9 In advising the PCC on financial matters the Treasurer has a responsibility to draw attention to financial risks and policy issues and to respond and advise when others may identify such issues.
- 10 The Treasurer is to manage banking, deposit and investment funds, in accordance with decisions by the PCC and in cooperation with other authorised signatories of St Mark's banking and deposit accounts.
- 11 Changes to banking, deposit and investment arrangements which are material to St Mark's and its financial risks as a whole (for example opening or closing accounts) must be approved in advance by PCC. Significant movements in funds will be reported to PCC in the normal course of PCC business.
- 12 The Treasurer works alongside others at St Mark's who handle money on behalf of the church and who manage procurement and delivery of goods and services, incurring costs. The Treasurer does not manage or control these activities but should support and cooperate with those who undertake them and seek to be aware of any activity with financial implications.

2. Banking, deposits and investments

- 13 St Mark's may place deposits from time to time with banks, Rochester Diocesan Board of Finance (DBF), central Church of England Central Board of Finance (CBF) funds and fund managers offering access to low-risk deposit and money funds. "Deposit aggregators" (a type of fund manager) do not fall within this scope and are excluded.
- 14 Accounts for St Mark's with banks and commercial deposit and fund managers will be based on dual-signatory authorities.
- 15 St Mark's does not make 'risk' investments such as bonds, shares and other financial instruments.
- 16 St Mark's PCC (and Standing Committee) will seek to:
 - 16.1 spread deposits between institutions for additional safety through diversification
 - 16.2 maintain liquidity and availability for withdrawal at short notice (without penalty) in the light of any known plans to spend money if needed
 - 16.3 keep in St Mark's current bank account (Santander) sufficient to cover anticipated spending for at least the next three months from time to time. More may be retained in the current account to address short term needs or uncertainties
 - 16.4 obtain interest income from deposits, subject to the provisions of this Section 2.

- 17 Where deposits are placed which benefit from FSCS guarantee, the maximum amount placed with any one banking group will not exceed the relevant FSCS guarantee limit.

3. Financial controls and financial risks

- 18 This Policy is intended to set the framework for St Mark's "Financial controls" which include:
 - 18.1 Procedures and arrangements for making commitments and spending decisions, including delegation of authority, and recording and reporting the exercise of delegated authorities
 - 18.2 Procedures and arrangements for receiving payments, including paying into the bank, and for recording and reconciling receipts
 - 18.3 Procedures to make payments and to record the basis of them
 - 18.4 Procedures to keep PCC informed of its financial position and prospects from time to time; and
 - 18.5 The process by which financial records are used to produce accurate and informative annual financial accounts which are provided to congregants and the Annual Parish Church Meeting (APCM) and to the Charity Commission and Rochester DBF.
- 19 The purpose of financial controls is to avoid and mitigate financial risks. The principles, requirements and processes set out in this Policy are intended to avoid, limit and mitigate financial risks arising from human error, external credit risks, mistakes by other organisations, theft and fraud.
- 20 The PCC as a whole is responsible for St Mark's financial controls, with each member being a trustee. The PCC receives advice and information from the Treasurer. The PCC's and Treasurer's roles are described in Section 1. above.
- 21 Paragraphs 1-5 of this policy address the financial controls referred to at paragraph 18.1. The PCC's annual resolution to establish and delegate to a Standing Committee gives further detail.
- 22 Most of St Mark's income is received directly in the bank by electronic transfers; cash and cheques are handled by Churchwardens and other volunteers; weekly cash sheets record receipts and are signed by two counters before paying-in through the Post Office. The Treasurer reconciles cash and cheque receipts recorded by the bank against cash sheets. These address the requirements of paragraph 18.2.
- 23 In accordance with paragraph 14, and because St Mark's current account banking arrangements with Santander do not permit online banking, the procedures referred to in paragraph 18.3 are based on cheques and letter instructions to the bank requiring two signatures. The Treasurer has custody of the only cheque book and raises cheques only when appropriate evidence

appears to be available that goods and/or services have been received or committed, and that payment and address details of payees are correct.

- 24 Also in relation to paragraph 18.3, St Mark's main regular costs (particularly Parish Offer expenditure, insurance premiums, energy and some utility payments) are made by Direct Debit thus minimising any risk of various common forms of impersonation and misdirection fraud.
- 25 Paragraphs 6-12 of this policy address the Treasurer's role in relation to paragraph 18.4.
- 26 The annual accounts of St Mark's are prepared in accordance with the accounting policies set out therein, and are independently Examined in accordance with regulatory requirements, and are approved by PCC in accordance with Church of England and Charity Commission requirements. These arrangements address what is referred to in paragraph 18.5.

4. Reserves

- 27 St Mark's will aim to hold "free reserves" from time to time adequate to reflect the uncertainty and volatility of its financial results.
- 28 St Mark's aims to hold free reserves from time to time of anticipated "non-discretionary costs" for 12 months ahead and, in addition, the amount of any balances previously held as capital and released for expenditure but not yet spent.
- 29 For these purposes "free reserves" means deposit and cash balances representing Unrestricted Funds and excluding amounts held as capital and not released for expenditure by PCC (for explanation see Note L to St Mark's Report and Accounts for Year Ended 31st December, 2023 and equivalent material in other years' accounts). The amounts held as capital are expendable endowment.
- 30 "Non-discretionary costs" means amounts already committed contractually or administratively, and costs anticipated to be necessary for PCC as trustees to meet legal, regulatory and property-ownership obligations. These include: Parish Offer payments to the diocese, insurance, council tax and utilities costs, expenditures on clergy housing, bills and expenses, sustainable maintenance, renewal and repair of church buildings (including any required to provide a safe environment for congregants, clergy, volunteers, members of the public and contractors); energy bills and the ownership costs of other property (25 Matfield Close).