

# Financial Good Practice

Date Originated/Amended: February 2008

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## Introduction

### Guidelines for dealing with cash collections

- Collections should be counted as soon as possible after a service and cash should never be left unattended.
- Two people should count the cash, cheques and envelopes.
- When envelopes are opened the amount should either be recorded on the envelope or against the relevant envelope number on a list.
- Amounts should be recorded in the service register and/or separate sheet.
- Both people counting should initial or sign against the total.
- Cash should be locked in a safe until taken to the bank.
- A similar procedure should be followed when counting cash from collecting boxes.

### Budgets

A budget for the year should be presented to the PCC and agreed at the latest by December of the previous year.

### Quarterly Report

A report of the financial situation showing actual against budget should be presented to the PCC each quarter. This should also include details of all bank balances, and should include a prediction of the year end position where this is significantly different from the budgeted outcome.

### Bank Statements

- Sight of the complete bank statements should be given to someone other than the treasurer who can check on some random items.
- A written instruction should be sent to the PCC's bank stating that no overdraft should be permitted without prior written resolution of the PCC & the bank should be asked to confirm this instruction.

### Bank Reconciliations

- The entries in the PCC's account book should be reconciled with the bank statement entries at least quarterly.
- Long-term deposit balances should be agreed with equal regularity.

### **Independent Examiner/Auditor**

- Someone other than the Treasurer should meet with the Independent Examiner/Auditor to go through the audited accounts. Ideally this would be the Standing Committee or Finance Committee of the PCC.
- The Auditor or Independent Examiner should be invited to attend the Annual parish meeting to deliver his / her report.

### **Payments and Receipts**

- Cheques should be signed in biro / pen by two signatories (all instructions to the bank must also have two signatories). Wherever possible cheque signatories should be given sight of underlying paperwork (invoices / receipts). Cheques should not be signed in advance. If practical, up to four cheque signatories should be appointed to avoid the need for signing in advance.
- Receipts or invoices should back up all payments.
- Expenses should be paid for actual expenses incurred.
- Receipts should always be given for any cash received (collections excepted) and if possible people should be encouraged always to pay by cheque.
- Cheques (received) must be made out to the PCC (never to individuals).

### **Tax Efficient Giving**

The Gift Aid rules allow any Church that receives donations, whether one-off or by instalments, to recover a further 25p (from April 2008) in every £1. The donations must be from UK taxpayers and the Church Treasurer should obtain - and keep in a safe place - a 'declaration' from each donor. This is a one-off form that needs to be signed once only. It states that a donor wishes his or her giving to be tax efficient and that he or she is a UK taxpayer.