

Struthers MEMORIAL CHURCH

SMC FINANCIAL POLICY

TREASURER FINANCIAL PROCEDURES separately detailed

Document History

Date	Version	Authors	Changes
21/11/16	1	KMD	Initial policy development
05/03/24	2	GW & VH	Review & revise
05/12/24	2.14	GO	Review, revise & refresh – split out procedure from policy
01/03/25	2.2	GO	Remove Appendix to Procedure

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1. POLICY

- 1.1. It is the policy of Struthers Memorial Church to efficiently and responsibly steward its financial resources, in a systematic way, to support its mission and ministries. It involves organising, assigning, budgeting, and supervising the use of church funds in a way that ensures accountability, transparency, and sustainability.
- 1.2. The church does this by applying biblical financial principles to appropriately handle the church's money to:
 - a. enable it to conduct its mission and operational activities,
 - b. uphold the confidence of its members through openness and integrity,
 - c. safeguard its moral and legal reputation through accounting best practice,
 - d. support the church's prosperity so that the objectives are fulfilled.
- 1.3. The objectives of the Church are detailed in the Articles of Association.

2. INTRODUCTION

- 2.1 Struthers Memorial Church (referred to as 'SMC' in this document) comprises Struthers Memorial Group of Churches (Cedars School closed November 2024).
- 2.2 The purpose of this Financial Policy is to define the principals that must be followed by all church personnel when dealing with SMC's financial affairs, as a fundamental element of organisational governance.
- 2.3 This Policy has been approved by the Directors of the charity known as Struthers Memorial Church.
- 2.4 The Policy will be reviewed every three years as a minimum to ensure it remains effective and appropriate to the Church's financial needs and external market conditions.
- 2.5 The absence of a formal review will not cause the Policy to lapse.
- 2.6 The Financial Policy will be drawn to the attention of any new Board Member or new Treasurer upon their election / appointment.
- 2.7 Treasurers and volunteers engaged in the Church's financial dealings must fully understand and apply this Financial Policy and the related Finance Procedures during their tenure.
- 2.8 A copy of the Financial Policy is on the SMC's intranet – the GoogleDrive.

3. GENERAL

- 3.1. The Financial Year runs from 1st January to 31st December.
- 3.2. Neither the Directors nor the Church Ministers are employed by the Charity.
- 3.3. For the absence of doubt the Charity's Directors are the Charity's Trustees.
- 3.4. The Charity's management organisation is dependent upon dedicated volunteer personnel (many of whom have professional backgrounds) which enables smooth operation of:
 - a. Pastoral ministry
 - b. Community Outreach
 - c. Youth Work
 - d. Financial Committee
 - e. Church Treasurers
 - f. Safeguarding
 - g. Data Protection
 - h. Health & Safety
- 3.5. The Board of Directors are the senior management of the charity and are governed by the Articles of Association.
- 3.6. Church treasurers and assistant treasurers are appointed by the Board of Directors, in agreement with the local minister, and are responsible to their congregations for the transparent accounting of all financial matters. They work closely with their Church minister to manage the local church's resources.
- 3.7. The Central Treasurer is appointed by the Board of Directors and manages the Charity's budget, banking and accounting systems, with the local treasurers and FinCom to ensure financial stability and donor accountability.
- 3.8. The Financial Committee known as FinCom reports to the Board of Directors. The purpose and membership of the FinCom is detailed in the Appendix.
- 3.9. The use of the word 'personnel' includes all parties engaged with the business of the Charity including volunteers, ministers & treasurers.
- 3.10. The Charity is not HMRC Value Added Tax registered. This means there is no income attracting VAT nor can expenses be offset against that income for VAT purposes.
- 3.11. Our principal advisors are:
 - a. Main Bankers: Nationwide (formally Virgin Money)
 - b. Auditors: Azets (formerly Milne Craig), Paisley
 - c. Solicitors: Patten & Prentice, Greenock
 - d. Insurance Brokers: Greenwood Moreland
- 3.12. Any changes to our principal advisors will be recommended by FinCom and presented to the Board of Directors for approval.
- 3.13. Accounting Software: Data Developments, Wolverhampton

4. RESPONSIBILITIES

The Board of Directors

- 4.1. It is the responsibility of the SMC's Board of Directors to ensure the Financial Policy is adhered to.
- 4.2. Specifically, the Board of Directors oversee the:
 - a. Charity's Risk Register
 - b. Safeguarding of the charity's assets
 - c. Keeping of financial records in accordance with the governing Articles of Association, relevant legislation (Charities Acts, Companies Acts etc.) and the Church's Treasurer Finance Procedures designed to prevent fraud and accounting error.
- 4.3. Preparation of the Directors Report and the Annual Accounts (the SOFA – Statement of Financial Activities) in accordance with the governing document and relevant legislation.
- 4.4. The SOFA activity is outsourced to the Auditors who review and analyse each church's submitted accounts and the Consolidated Accounts before providing the Charity's annual Statement of Going Concern. This is known as the third line of defence.
- 4.5. It is the responsibility of the Director responsible for Finance to advise all other Directors when the Policy is revised by FinCom setting out the principal amendments proposed and their rationale.
- 4.6. It is the responsibility of the Directors and Church Ministers to ensure that church personnel have access to the latest version of the Policy and that they are aware of the implications for the charity's day-to-day application of the Policy.

Church Ministers

- 4.7. The Church minister working with their treasurer (and others as nominated) are the first line of operational management in conserving the income and expenditure of their church and operating within an agreed budget.
- 4.8. The Church's Treasurer Financial Procedures are separately documented and must be applied by all personnel involved in the church's finances.

The FinCom

- 4.9. The FinCom will set a financial forecast on an annual basis, in consultation with local churches, and present to the Board of Directors for approval.
- 4.10. The financial forecast will be based upon an understanding of likely expenditure facing the whole charity, while taking account of the expected income based upon recent year to year experience.
- 4.11. The FinCom provides the second line of defence to the churches supporting the local church minister and treasurer through the provision of wise counsel, financial advice and remote monitoring of the allocated financial plan.
- 4.12. The FinCom is responsible for the robust application and periodic review of the financial procedures referred to by the Policy. Where changes are proposed these will be discussed and agreed within the FinCom and where necessary advice sought from the Auditors.

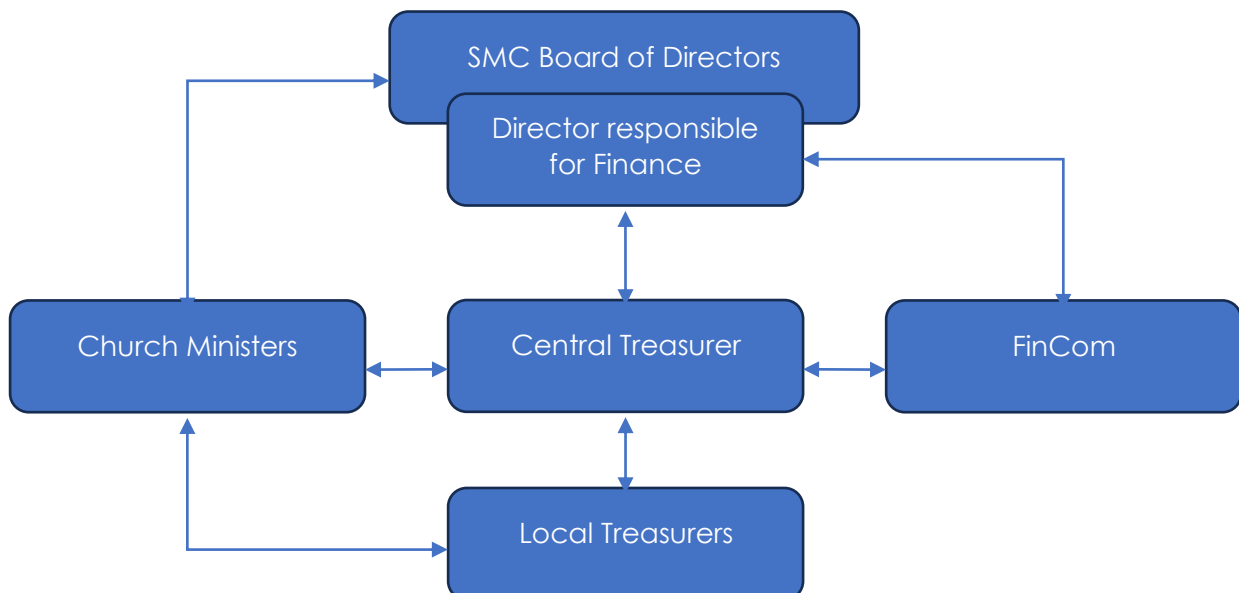
4.13. The Director responsible for Finance and the Central Treasurer are members of the FinCom.

The Central Treasurer

- 4.14. The Central Treasurer provides the financial liaison between the Board of Directors, the Auditors, local ministers, treasurers and the congregations.
- 4.15. They should have a track record of financial management and awareness of systematic processes, but do not need to be an accountant.
- 4.16. They need to be honest and have demonstrated an expected level of control over their own finances.
- 4.17. They should demonstrate a comprehensive knowledge of, and enthusiasm for the Church Charity, its vision and objectives and oversight of the financial controls in place to ensure accounting stability and donor transparency.
- 4.18. An ability to communicate with all members of the churches and articulate the prudent use of resources.

Local Church Treasurers

- 4.19. The Church Treasurers will carefully record all income and expenditure using the centrally provided software tools to note accurately donor donations and SMC expenditure categorisation.
- 4.20. They will similarly demonstrate the qualities expected of the Central Treasurer.
- 4.21. Specific characteristics and tasks are summarised in the Appendix.



5. LEGISLATION & REGULATION

- 5.1. The Charity's legal obligations are governed by the Charities Acts and the Companies Acts.
- 5.2. Struthers Memorial Church is a company limited by guarantee incorporated in Scotland. The company registration number is SC335480, and the Scottish Charity registration number is SC006960. The Registered Office is 33 West Stewart Street, Greenock, PA15 1SH.
- 5.3. To ensure up to date legal reference points refer to The Office of the Scottish Charity Regulator (OSCR) - <https://www.oscr.org.uk/about-charities/charity-law/>
- 5.4. This provides guidance in relation, but not limited, to:
 - a. Charities and Trustee Investment (Scotland) Act 2005
 - b. Charities (Regulation and Administration) (Scotland) Act 2023
 - c. The Charities Accounts (Scotland) Regulations 2006
 - d. Statement of Recommended Practice (SORP)
 - e. Supporting Regulations
- 5.5. In relation to the Companies Acts, Struthers Memorial Church is governed by its Articles of Association a copy of which is held at Companies House.<https://find-and-update.company-information.service.gov.uk/company/SC335480>
- 5.6. The Charity is bound by the requirements of the relevant Data Protection legislation. Treasurers are deemed by the Church to have permitted access rights to the securely held confidential donor data located within the accounting software and related HMRC gift aid claims. Such data may be shared between Treasurers on a case-by-case basis and accessed only via the accounting software or the G Drive.
- 5.7. Church Treasurers are obliged to have read, understood and accepted the charity's data protection policies and procedures.

6. BANKING ARRANGEMENTS

6.1. Bank Account Principles

- 6.1.1. All bank accounts for carrying out the business of the church, including the receipt of donations, must only be opened in the name of Struthers Memorial Church and never in the name of any individual(s) or alternative company or entity.
- 6.1.2. New accounts may only be opened after a minuted decision of the Board of Directors.
- 6.1.3. Changes to the bank mandates may only be made after a minuted decision of the Board of Directors. Such changes will be managed by the Central Treasurer in liaison with the 'Bank Account Manager'.
- 6.1.4. Each church will have as a minimum a bank current account in the name of that church. For example, 'SMC Falkirk'.

6.2. Internet Banking

- 6.2.1. Internet Banking is authorised by FinCom. In practice the Central Treasurer enables a treasurer's access through admin rights at the Bank.
- 6.2.2. Each church's local treasurer monitors the bank accounts assigned to that church, on a weekly basis to ensure payments made are in accordance with agreed mandates and income receipts are lodged timeously.
- 6.2.3. The church's overall bank balances are monitored on a regular basis by two directors and the Central Treasurer.

6.3. Income receipts

- 6.3.1. Two people (who cannot be related, to prevent potential conflict of interest and misuse of funds) must be involved in counting and confirming all offerings taken at church services – these must be recorded in the working sheets provided.
- 6.3.2. All donations and plate offerings are carefully recorded through the MyGiving system to cover off Gift Aid and GASDS.
- 6.3.3. All bank lodgements (excluding 6.3.2) are recorded through the MyFundAccounting system.

6.4. Expenditure payments

- 6.4.1. The treasurers are responsible for setting up the payment, using the banking app (internet banking), and ensuring accuracy and completeness prior to request for authorisation.
- 6.4.2. Payments must be authorised by two signatories after being assured of legitimacy through evidence of payment documentation (purchase order / invoice etc.)
- 6.4.3. The parties to Authorisation will be determined by the expenditure level.
- 6.4.4. Bank cheques are seldom used now but when used must be signed in accordance with the Bank Mandate held by for each church entity i.e. two authorised signatories.
- 6.4.5. Blank cheques must never be pre signed.

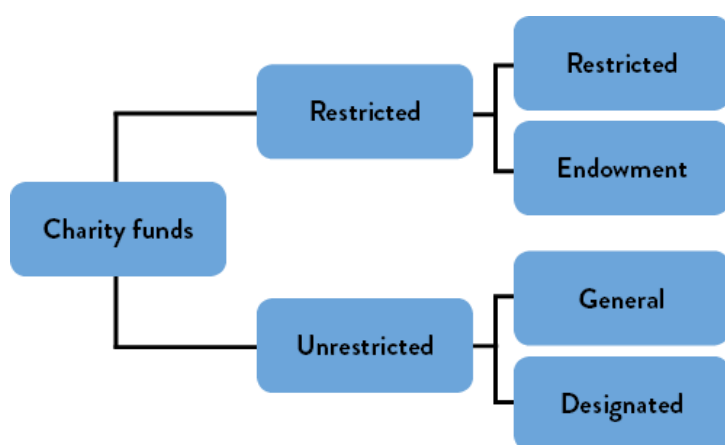
- 6.4.6. The signatories are responsible for examining the written cheque for accuracy and completeness against the payment instruction.
 - 6.4.7. Currently the church does not use Credit Cards.
 - 6.4.8. Debit cards enable direct payment of pre-agreed expenditure, particularly for online or catering purchases at a supermarket. The objective being to remove the need to claim expenses. For greater detail see separate Financial Procedures.
 - 6.4.9. In practice the card will be used by the local treasurer or minister.
 - 6.4.10. All cheque books and debit cards should be held in a secure place.
 - 6.4.11. No member of the Board of Directors, the FinCom or local treasurers may authorise payment to themselves, their spouse or relatives.
- 6.5. Interest Bearing Accounts.
- 6.5.1. Currently there are no interest-bearing bank accounts
 - 6.5.2. This will change in 2025 – details to be developed.
- 6.6. SMC PayPal Account.
- 6.6.1. A mechanism to enable receipt of card payments at craft fayres, conferences and overseas donors is necessary. (Originally this was achieved using 'Zettle keypads. Zettle is now wholly owned by PayPal and the need for a remote keypad has been dispensed with through the ability to download the PayPal App onto mobile phones.
 - 6.6.2. The Central Treasurer manages the SMC PayPal Account.
 - 6.6.3. When the balance at an event is finalised, the balance is transferred to the nominated SMC bank account.
 - 6.6.4. Ordinarily the PayPal account would lie at a Nil balance.
 - 6.6.5. Currently the destination bank account of payment receipts is the SMC Building Fund however this can be expanded to other church bank accounts as the need arises.
 - 6.6.6. The PayPal account must not be used for church expenditure.

7. EXPENDITURE CONTROL

- 7.1. Branch churches have permission to spend up to £2,000 (including VAT) without reference to the Central Treasurer or the Director responsible for Finance.
- 7.2. [Remember the Church is not VAT registered, and many businesses will quote for work excluding VAT.]
- 7.3. Expenditure less than £2,000 is authorised by the local minister, before purchase, on the basis of need.
- 7.4. Prior to making larger purchases it is useful to double check with other branch churches if surplus items are available and can be repurposed.
- 7.5. Any expenditure in excess of £2,000 must in all cases be referred to FinCom for sponsorship and passed to the Board of Directors for approval.
- 7.6. At all times it will be expected of the local church to ensure best price through market / internet research for commodity items and for physical repairs.
- 7.7. Where maintenance is likely to exceed £5K, a minimum of two quotations must be sought by tender.
- 7.8. Larger major / project expenditure will be subject to budget approval and careful selection of approved contractors / suppliers via a detailed tendering process – detailed under Budget Control.

8. FUND ACCOUNTING

- 8.1. Charities in the UK are required to account specifically to their donors for all monies received and how they are expended. This is known as Fund accounting.
- 8.2. The focus of fund accounting is on accountability and the principles ensure that money is spent on (or earmarked for) the specific purpose for which it was given.
- 8.3. A fund is a pot of money or assets that is set aside for a specific purpose.
- 8.4. When we receive income, we must allocate it to a fund based on the purpose for which it was given.
- 8.5. Similarly, we must also allocate expenditure to a fund. This makes it possible to track how much money given for a specific purpose remains in a fund at any point in time.
- 8.6. The diagram below highlights the fund pathways that are open to the charity.



- 8.7. The Church uses the cloud-based software leased from Data Developments to ensure we comply with the Fund Accounting requirement, specifically using two platforms which are interjoined:
 - a. MyGiving – for all donor records and HMRC Gift Aid activity
 - b. MyFundAccounting to ensure the SOFA is correctly recorded and analysed.
- 8.8. It is imperative the concept of Fund Accounting is understood and applied across the charity. Examples include:
 - a. Offerings and donations across the Group = Unrestricted - General
 - b. SMC Building Fund (which does have its own bank account) – funds are designated for locations as required – Unrestricted - Designated
 - c. Welfare Support Fund = Unrestricted - Designated
 - d. Specific charity collection = Restricted - Restricted

9. ACCOUNTING SOFTWARE

- 9.1. Charities are required to furnish a Statement of Financial Activities (SOFA) rather than a Profit and Loss Account, although the general principles are similar.
- 9.2. SMC uses the accounting system from Data Developments. There are nine instances of the software, licenced to the church, on the basis of one per church, and two for central operations.
- 9.3. These are managed individually by nominated treasurers.
- 9.4. The system enables consolidation of all the instances into one SMC entity for SOFA reporting upon demand by the Central Treasurer.
- 9.5. This enables full oversight of the Charity's financial activities by the Board of Directors in the first instance and annually by the external auditors.

10. FINANCIAL RECORD KEEPING

- 10.1. All SMC treasurers must use the SMC accounting system provided online by Data Developments.
- 10.2. Bank statements are issued monthly and are virtually available via the Online Banking Portal.
- 10.3. All bank statements should be checked for accuracy, ideally, within 2 weeks of each month end as part of the Bank Reconciliation Process.
- 10.4. The Bank Reconciliation Process is done in two parts, and in strict order: MyGiving followed by MyFundAccounting:
 - a. MyGiving should record all donations whether plate offerings (in person cash / cheque offerings) or specific donors, including regular (standing order) and special – noting whether attracting Gift Aid or not, and GASDS (the Gift Aid Small Donation Scheme). Each will be marked off against the bank statement.
 - b. MyFundAccounting should record all the expenditure and income (including the donations pulled over from MyGiving) in order for MyFundAccounting to reconcile with the bank statement each month.
- 10.5. A reconciliation report will be automatically generated.
- 10.6. All evidence documents relating to receipts and payments will be filed against the specific transaction into the system using the Microsoft One Drive. MS Office 365 is grant provided to the church via Data Developments by Microsoft.
- 10.7. In summary the system demands a comprehensive record for both income and expenditure, namely:
 - a. The date of the transaction
 - b. The nature of the income or expenditure
 - i. Offering cash
 - ii. Direct bank transfer receipts – (invitation to pay by QR code etc.)
 - iii. Cheques lodged
 - iv. Standing orders & direct debits
 - v. Bank card payments
 - vi. Inter branch account transfers
 - c. The full amount
 - d. The bank account against which the income or payment is made
 - e. A brief description of why the money was received or paid
 - f. Input a supplier / donor reference code, if applicable
 - g. The income and expenditure are categorised using the nominal codes pre-loaded onto the system
 - h. Allocation of the fund type with the option to have multiple funds in use
- 10.8. Because the system is cloud based there is no need for treasurers to separately back up their transactions however it is useful to file the PDF reconciliation reports on the G Drive.
- 10.9. Regular meetings of the treasurers with the Central Treasurer and the Director responsible for Finance enable the circulation of best practice and ideas that encourage the group's ethos and team working.

11. HMRC Gift Aid & GASDS Claims

- 11.1. HM Treasury permits Charities to claim Gift Aid on most donations from individuals who are UK taxpayers. In SMC, most donors arrange a monthly payment from their bank account by standing order to their respective church bank account and this is claimed under the scheme via MyGiving.
- 11.2. In addition, the Gift Aid Small Donations Scheme (GASDS) records separate cash donations up to £30 from unidentifiable donors up to a maximum of £8,000 in the fiscal year April to March) per community building.
- 11.3. In both cases an extra 25p for every £1 donated can be claimed from HMRC.
- 11.4. Separate recording sheets for each service are maintained for this purpose.
- 11.5. For HMRC guidance refer to:
 - GIFT AID
<https://www.gov.uk/guidance/gift-aid-what-donations-charities-and-cascs-can-claim-on#church-collections>
 - GASDS
<https://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-8-the-gift-aid-small-donations-scheme>
- 11.6. Since the MyGiving platform is designed to comprehensively manage donor records all Gift Aid and GASDS Revenue Claims are managed through the system.
- 11.7. Four quarterly Revenue Claims, over a 12-month period, will, where possible, be conducted by the local treasurer working in conjunction with the Central Treasurer to complete each claim.
- 11.8. In practice the GiftAid quarters are:
 - a. December to February – claimed in March
 - b. March to May – claimed in June
 - c. June to August – claimed in September
 - d. September to November – claimed in December
- 11.9. For GASDS the claim is made annually in April and relates to the period April the previous year up to end of March in the current year.

12. FUNDRAISING

- 12.1. Regular giving – can be defined in the following terms:
- a. Members of the congregation give regularly to their local church. This is the most recognised giving method and provides a welcome cash flow stream.
 - b. Plate offerings at church services enable attendees to donate.
 - c. Special Offerings called by ministers for particular goals or reasons, such as building improvements, mission trips, or community service projects.
- 12.2. 'EasyFundraising'
- a. In addition, the Church has joined up with 'EasyFundraising' which is a free online platform that connects shoppers with causes and brands that donate to those causes – in our case with Struthers Memorial Church.
 - b. Congregation members are encouraged to sign up to the app and enable donations as a percentage of internet / store purchases being passed to the church each quarter.
- 12.3. Pop up café or fayres
- a. Periodically local churches may put on a 'craft or seasonal fayre' or a 'pop up café' with the dual purpose of reaching out to the local community and raise funds for a specific purpose.
 - b. Such purposes can be church centred – e.g.' the building fund or for a specific third party such as local charity.
 - c. Managing the expenditure to 'set up shop' and then distribute the funds raised are detailed in the Treasurers' Financial Procedures.
- 12.4. Other potential methods can be summarised here. Greater detail will be developed as the opportunity presents and set out in the Treasurers' Financial Procedures before application:
- **Online Giving Platforms:** Provide members with easy-to-use online giving platforms and mobile apps.
 - **Stewardship Campaigns:** Hold yearly campaigns to inform and inspire members to contribute more to the church for identified causes.
 - **Capital Campaigns:** Initiate capital campaigns to raise money for significant undertakings or facility extensions, enlisting the support and contributions of members.
 - **Legacy Giving:** People may include the church in their wills or estate plans, leaving a financial legacy. This may be something individuals will consider as part of their end of life financial planning.
 - **Fundraising Events:** Hold fundraising events to raise donations.
 - **Online Fundraising:** Use crowdfunding platforms or online fundraising campaigns to support specific needs or emergency relief operations.
 - **Community Partnerships:** Work together to promote fundraising campaigns or sponsor church activities with nearby companies, associations, and leaders.
 - **Grant Writing:** Look for funding opportunities from foundations, governmental bodies, or nonprofits that support the mission and initiatives of the church.

- **Donor Acknowledgment:** Show gratitude for contributions by arranging donor appreciation events or writing individualised thank-you notes.
- **Regular Updates:** Showcase how contributors' assistance has made a difference through newsletters, reports, and presentations, and keep donors informed about the impact of their gifts.
- **Matching Gifts:** Encourage members to look into employer-matching gift programs capable of doubling or tripling church gifts.
- **Fundraising Committees:** Create fundraising committees within the congregation to plan, organize, and carry out fundraising efforts.
- **Online Merchandise Sales:** Make sales of church-related goods or merchandise, with the revenue going to missionaries or programs inside the church.
- **Peer-to-Peer Fundraising:** Give participants the tools they need to start their campaigns and pages and entice friends and family to donate.
- **Transparency:** Maintain financial transparency by sharing financial reports and updates with the congregation to foster confidence.
- **Personal pleas:** Church leaders sometimes make personal pleas, outlining the church's mission and emphasizing the significance of financial support.
- **Endowment Funds:** Create and encourage endowment funds that provide revenue to ensure long-term financial security.
- **Gratitude Ministries:** Establish ministries expressing gratitude and fostering a grateful culture inside the church.

13. LEGACIES

- 13.1. From time-to-time local churches receive a financial legacy as specified by a will or estate plans. Often this can be 'left' to the church by a deceased member of the congregation.
- 13.2. Such arrangements should be drawn to the attention of FinCom by the local church treasurer / minister.
- 13.3. Ideally the person writing the Will will indicate what purpose they would like their donation used for and this will be relayed by the solicitor winding up the estate.
- 13.4. The local minister will always recognise the donation and write a thankyou letter to the family, where able.
- 13.5. Ministers should intimate to their congregation when a legacy has been received, unless otherwise instructed by the estate.
- 13.6. Legacy payments received should not be included in general donations and offerings (for the year) but be separately fund accounted.
- 13.7. Received funds of any amount that have been left as a legacy to a 'home church' should be used solely by that 'home church' for purposes that would be in keeping with the donor's wishes; unless the donor specifies that it can be used in conjunction with ANY need within ANY church within the Struthers Memorial Group of churches.
- 13.8. If no specific wish has been stated, then the 'home church' should designate the funds as they judge appropriate. (It is likely the church will be aware of the special areas of interest shown by the deceased during their lifetime.)
- 13.9. FinCom will support the local minister and treasurer, as requested, should additional financial advice be necessary to best use the Legacy fund. Fund considerations can include:
 - a. Significant repairs or improvements at a church premises
 - b. The SMC building fund
 - c. Seed funding for a church plant
 - d. Investment providing an income – endowment or property
 - e. Etc.
- 13.10. In all cases such legacies will be recorded within the Statement of Financial Activities of the church and noted at the Annual Business Meeting.

14. ANNUAL REPORTING

- 14.1. Company Law and Charity Law requires the church to report annually on its Financial Activities. The year end for the Group is 31st December. Accordingly, the Charity must present its finalised accounts by the 30th of September the following year to both OSCR and Companies House.
- 14.2. The consolidation of the separate branch church accounts is made easier with the application of the MyFundAccounting software. This enables a quicker access to the finished accounts by the Auditors.
- 14.3. Other mission critical activities in the middle of the year encourage completion of the SOFA Audit during the first quarter and the following programme sets out our intentions:
 - a. November – Director responsible for Finance will work with fellow directors to begin construction of Directors Report in time for year-end submission to Auditors end of January.
 - b. November before the Year End – Treasurers Meeting – transactions review and prep for year end – ensure all bank statements are reconciled to date and draft SOFA for 11 months reviewed for any obvious error in entry classifications. Also ensure all pdf receipts and invoices are uploaded to the system.
 - c. Ideally - January by end of week two – Treasurers complete the December bank statement reconciliation and finalise individual church SOFAs
 - d. Followed by - January week three and four – Central Treasurer to review consolidated accounts and present to Director responsible for Finance.
 - e. February week one – engage with External Auditors – provide them with online 'read only' access to MyFundAccounting and Virgin Bank.
 - f. March – audit complete – communication to the church.
 - Week one – FinCom approval of accounts returned from Auditors
 - Week two – Directors approve accounts as sponsored by FinCom
 - Week three – Presentation of accounts to the Board of Management.
 - Week four – Annual Business Meeting.
 - g. Early April – the Auditors are requested to submit returns to both OSCR and Companies House.

15. ANNUAL FINANCIAL PLAN (BUDGETS)

- 15.1. An annual forecast, setting out the organisation's 'rolling' financial plan for the year, will be prepared by the FinCom and presented to the Board of Directors for approval before the Charity's Annual Business Meeting.
- 15.2. In practice this will occur in February and estimate the likely income and expenditure for the next 12 months, running from April to March, in accordance with Board of Directors' direction.
- 15.3. The Directors will encourage local ministers and treasurers with their congregations to consider the primary resources necessary to fulfil the local churches vision and mission before the end of each financial year, in order these can be factored into the financial planning deliberations during the first quarter.
- 15.4. Such requests will be channelled through the FinCom in the first instance to enable the submission of a draft financial plan to the Board.
- 15.5. A financial report showing the current and future position, against forecast, will be prepared by the FinCom, on a quarterly basis, using the Data Developments platform, for the Board of Directors meeting. This will be presented two weeks before the meeting.
- 15.6. The FinCom will produce a detailed monthly cash flow if the charity faces financial strain (unexpected expenses or sudden drop in donations), or reserves fall below that of four months expenditure.
- 15.7. The Reserves Policy as of December 2024 requires the pooled Church bank balances to exceed £75,000.

16. MONTHLY BUDGETS (The Admin Levy)

- 16.1. As part of the Annual Budget setting, FinCom considers the central operational costs of the Charity. Such items include payments to:
 - a. Christian Institute
 - b. Data Developments – lease of accounting software
 - c. Evangelical Alliance
 - d. Pension admin costs
 - e. Accountants / Auditors
 - f. Cover the costs of in-house conference catering (New Year & Easter)
 - g. Enable hire of Stirling University as the Summer Conference venue
 - h. Enable hire of Youth / Fire Conference venue (to cover any shortfall)
 - i. Miscellaneous – extra safety net for the unexpected
 - j. Insurance & rates for unoccupied premises held as investment vehicles
- 16.2. In addition, there are specific benefits some of our churches enjoy from the centre such as:
 - a. PAT testing
 - b. Operational Health & Safety
- 16.3. Effectively the total costs for the year are collated into a budget figure and divided by 12 monthly payments – recognising the extent to which each church benefits or contributes.
- 16.4. This monthly figure is published to the Local treasurers by FinCom and is known as the Admin Levy.
- 16.5. The Central Treasurer will set up a bank standing order in each church account to transfer the agreed sum to the Central Operating Account at the end of each month.
- 16.6. Within MyFundAccounting the Admin levy is allocated to four funds:
 - a. Central Admin
 - b. Conferences & Hospitality
 - c. General
 - d. Professional Fees
- 16.7. The admin levy figure is reviewed six monthly.

17. PAYROLL

- 17.1. The Charity primarily functions through the diligent attention of volunteers.
- 17.2. The Church engages IRIS Managed Payroll as an outsourced payroll provider to ensure the Charity complies with all HR legislation and HMRC payroll regulation, for the limited number of employees it engages.
- 17.3. Liaison between IRIS and the Charity is via the Central Treasurer.
- 17.4. All staff changes and any changes to terms and conditions of employment must be authorised and minuted by the Board of Directors.
- 17.5. All employees must complete the relevant Human Resources / PAYE form(s) at the commencement of employment and before they receive any payment.

18. INSURANCE

- 18.1. The Charity procures insurance cover via an approved insurance broker. Currently this is Greenwood Moreland in Motherwell.
- 18.2. The charity has multiple outlets but is governed as one entity, a company limited by Guarantee – one Board of Directors who are the Trustees.
- 18.3. The insurance year runs from end of January.
- 18.4. The church is in a long-term agreement with Ansvar Insurance Company.
- 18.5. An annual review of the insurance cover in place will be undertaken 2 months in advance of the renewal. The review will consider changes in:
 - a. Personnel
 - b. Buildings condition and valuation
 - c. Contents cover relating to procurement / disposal of moveable assets
 - d. Annual income
 - e. Operational environment
- 18.6. Appropriate insurance cover will include:
 - a. Trustees Indemnity / Governing Body member's liability (otherwise known as Directors & Officers Indemnity)
 - b. Professional Indemnity
 - c. Employer's liability
 - d. Public liability
 - e. Buildings
 - f. Contents
 - g. Money
 - h. All Risks
 - i. Personal Accident
 - j. Property Owners Liability
 - k. Business Interruption
 - l. Legal Expenses
 - m. Crisis Management
 - n. Cyber security
 - o. Computer
 - p. Motor vehicles – if appropriate
- 18.7. All insurance policies will be managed by the Central Treasurer and provided to each outlet via the Google drive.
- 18.8. All church premises must display an up-to-date Certificate of Employer Liability cover.
- 18.9. The local treasurer will coordinate the annual inventory review of all physical assets in the premises, maintaining the depreciated value in one column and the cost to replace new for old in another column.
- 18.10. It is the responsibility of the local Church Minister & Treasurer to inform the Central Treasurer of any material changes to the risk profile of the building environment and disposal of assets.

19. CASH (LIQUID ASSETS) RESERVES

- 19.1. The Board of Directors will consider the level of liquid reserves that is prudent when agreeing the annual financial plan and admin levy.
- 19.2. Consideration will be given to future strategy, potential liabilities and any other significant factors.
- 19.3. In general, best practice considers a minimum of three months expenditure, however four months provides a larger safety net.
- 19.4. The Charity has set aside in a separate interest bearing account the sum equivalent to 19.3.
- 19.5. The Charity owns investment property that provides a rental income.
- 19.6. FinCom will from time to time make recommendation to move liquid cash balances from the current accounts to suitable savings account or bonds, using the Investment criteria (under construction). Options will be presented to the Board of Directors for their consideration and approval.

20. INVESTMENT (FIXED ASSETS) PORTFOLIO

- 20.1. The Charity owns church premises and other premises not used for church purposes.
- 20.2. Church Premises are not included within the Investment Portfolio. Non church premises are.
- 20.3. The Church premises are valued for balance sheet purposes using a 1990s valuation conducted by a professional surveyor firm. The market value of church building largely depends upon the use to which it will be put by a prospective buyer. Since the Charity does not intend to use the church buildings for anything other than for the purpose of the Charity's aims, OSCR does not require an annual valuation. Simply the Directors are duty bound to ensure the balance sheet value is not overstated.
- 20.4. For those premises not used for church purposes, these are considered by the Auditors and OSCR as an investment portfolio. The Charity gains an annual income from these 'investments' and the Directors / Trustees must declare in the Annual Report the considered market value of these premises. In practice this can be achieved by comparing similar residential accommodation from estate agent sales and periodic professional valuation for commercial premises.
- 20.5. The FinCom will report to the Board of Directors in advance of the Charity's Annual Report a sense check on the valuation of the investment portfolio and the viability of the income generated versus the expenditure necessary to maintain the properties in good marketable condition.
- 20.6. A record of all income and expenditure related to the investment portfolio is maintained by FinCom using the MyFundAccounting software.
- 20.7. Before the Directors engage in the purchase, sale or lease of an investment property, they will request FinCom to prepare detailed proposals taking account of the Charity's investment strategy, potential liabilities and any other significant costs. These proposals will inform the Directors decision.

21. SERVICE CONTRACTS

- 21.1. The church has a number of service contracts in play at any one time.
- 21.2. These should be engaged with FinCom approval.
- 21.3. In general, these relate to utilities and hardware service contracts.
- 21.4. By utilities we mean:
 - a. Digital & Data Comms
 - b. Electricity
 - c. Gas
 - d. Water & sewerage
- 21.5. By service contracts we mean:
 - a. Repair & maintenance of dumb waiter lifts in the bookshops
 - b. Photocopiers where demand justifies the expense
 - c. Toner for local printers
- 21.6. The Central Treasurer with FinCom will routinely review these contracts to ensure best value and avoidance of contract roll over by default.

Appendix

A. FINCOM Terms of Reference as of September 2023

1. To consider all measures in relation to the whole Charity with the purpose of ensuring financial stability. Including, but not limited to, reducing deficits, maximising and maintaining income.
2. To introduce and implement methods, procedures and systems / tools to:
 - a. Improve the accuracy of financial reporting
 - b. Reduce manual workload involved in collating financial data
 - c. Ensure the ready availability of financial reporting data to the Board of Directors
 - d. Ensure financial transparency.
3. To ensure appropriate governance, accountability, control and compliance in all financial matters.
4. To undertake succession planning to ensure continuity of financial operations, controls, reporting and decision-making.
5. The Finance Committee will consist of at least 3 members and no more than 6.

B. TREASURER SELECTION CHARACTERISTICS & TASKS

Skills and Characteristics

- a. Reasonable financial competence, and the ability to maintain a basic accounts book – i.e. keeping good control of household finances.
- b. Understand the local church, its needs and challenges.
- c. Have empathy of how the local church fits into the wider SMC group of churches.
- d. Willingness to attend regular Treasurers meetings.
- e. Be in harmony with the SMC Directors, the local minister and the wider church.
- f. Be able to explain financial issues clearly to the general church membership.
- g. Be able to maintain confidentiality, particularly with respect to matters that relate to individual church members, e.g. their personal giving.
- h. Meet the wider requirements of OSCR: i.e. not disqualified by bankruptcy or by convictions for financial wrongdoing.
- i. Since the Treasurer's role carries significant responsibility the policy of SMC is to engage an individual who has a proven track record of competency.

Key Tasks for a Treasurer

- a. Maintain the SMC book-keeping system provided by Data Developments.
- b. Implement the financial decisions of the local minister and SMC Board of Directors, relayed via FinCom.
- c. Record all financial transactions carried out on behalf of the local church and ensure they are properly authorised.
- d. Monitor the church's finances throughout the year and alert the local minister and FinCom if any difficulties are envisaged.
- e. Liaise with FinCom as it drafts an annual financial plan for the Charity that takes account of the local church's objectives for the coming year.
- f. Prepare the annual financial statements, using the Data Developments software, for approval by FinCom and provide to the Central Treasurer.