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# St Anne's Church, Copp PCC Financial Governance Policy

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**August 1st 2023**

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**Status: Definitive**

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**Review: By 1st August 2026**



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*This policy defines the rules agreed by the Parochial Church Council of St. Anne's Church, Copp to ensure compliance with all relevant regulations, laws and best practice when dealing with church finances.*

## **Charitable Status and Trustees**

Churches that are wholly or mainly for public religious worship within the Church of England are currently exempted from charity registration if their income is £100,000 or less. This means they have charitable status but do not have to register or submit annual returns to the Charity Commission. Apart from that, the Charity Commission regulates them just like registered charities and can use any of its powers if it needs to. However, this exception will end on 31<sup>st</sup> March 2031 by which date all churches will have to register in order to maintain their charitable status.

PCC members are, therefore, trustees of this charity and are collectively responsible for the church finances. All members are required to sign declarations that they are a fit and proper person and eligible under HMRC rules to be a charity trustee. They are also subject to an enhanced DBS check.

The PCC appoints a treasurer to maintain the financial records on their behalf but this does not remove any responsibility from the PCC itself. Note that under Church Representation Rule M20 (3)(a) the Churchwardens assume the role of the treasurer should one not be appointed.

A major benefit of having charitable status is that the church can claim Gift Aid tax relief from HMRC which effectively increases the value of an eligible donation by 25%. The PCC appoints a Gift Aid coordinator to administer this process. It is highly desirable that the Gift Aid coordinator and the treasurer are not the same person.

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## Income

Monies may come into the church accounts from many sources but can, for the purposes of this policy, be split into two groups:

- Money paid directly into the church bank accounts.
- Money (cash and cheques) paid or given to church.

Money paid directly into the church accounts consists of regular gift payments by standing order, bank transfer, on line or card payments or by using the Parish Giving scheme as well as interest and dividend payments on investments. These payments are entirely within the control of the originator and as the church cannot stop or vary them no further regulation is considered necessary.

Regular giving as above is encouraged by the PCC as it is more secure and allows better planning and budgeting.

Cash and cheques paid to the church can be from many sources but typically consist of:

- Planned Giving using the envelope scheme. As above this form of giving allows better planning. Most of these gifts are Gift Aided.
- Cash given as Free Will Offering during services. Some of this can be Gift Aided using envelopes provided in the pews.
- Donations. These can be in either cash or cheque and can be gift aided. They are accepted in line with the donation policy below.
- Fees. Fees are collected for wedding, funerals and some other items. Much of the amount paid is dictated by the Church of England and reviewed annually. Some local fees and charges are determined by the PCC and also reviewed annually. Some of the statutory fees are collected on behalf of the diocese and paid to them quarterly.
- Fund Raising. This is a vital part of our income and comes from many sources including regular and one-off events.

All monies must be paid through the church accounts. It is not acceptable for individuals to hold on to money and use it to pay creditors.

All cash and cheques received must be counted with at least 2 unrelated people present. Note this is all money, not just collections from services. The people present do not necessarily need to be PCC members. Those counting the money must sign the appropriate form which details the amount collected.

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## Gift and legacy policy

The PCC welcomes gifts and legacies but it is our responsibility as charity trustees to ensure that any such gifts are used appropriately.

However, under some circumstances it may be necessary for the PCC to reject these gifts. Reasons for rejection may be varied but usually fall into two categories:

- Is the gift or legacy from a fit person or organisation?
- Does the gift or legacy come with strings attached?

We do not encourage gifts or legacies given for a specific purpose unless that purpose has been approved by the PCC, for example, fund raising for a particular cause.

If a gift or legacy is received which is for a purpose not already approved by the PCC it must be referred to them prior to acceptance.

The PCC will need to decide on whether to accept or not based on a number of factors which will mainly be based on the purpose but the following should always be considered:

- Can the purpose be achieved and is it in line with PCC policy?
- Is the purpose lawful or morally acceptable?
- Does the purpose tie the PCC into contracts or commitments which are not acceptable?

If the PCC cannot accept the gift or legacy for any reason the money will be returned.

## Storage and banking

All money must be stored in the church safe prior to being banked. It should not be kept in people's homes.

The treasurer (or their appointed deputy) will check all monies against the signed forms and prepare it for banking. Minor anomalies can be resolved at this stage but any major discrepancies will be referred back to those signing the form for clarification. All monies are to be banked within a reasonable time frame after receipt.

The PCC maintains 5 accounts currently:

- The Current Account. Used for all incoming and outgoing payments. Money to and from the reserve accounts is transferred to and from the current account.
- The Capital Reserve Account. Used to hold monies and gifts given for non-specific purposes.
- The Churchyard Reserve Account. A restricted account used exclusively for work on the churchyard.
- The Youth Work Account.

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- The Wilkinson Legacy Account. A restricted fund invested in line with the legacy of Dr. J. Wilkinson. PCC policy is that the income from this investment is to be used to pay the gardener and any excess to be paid into the Churchyard Reserve account.

## Reserves and reserve policy

It is best practice to keep an amount of money in easily accessible reserve in case of an urgent requirement for capital. In line with Church of England guidance the PCC has a policy to set the amount of reserve to be equal to 3 months of the church's average expenditure.

## Gift Aid

The PCC strongly encourages everybody who gives to the church and is a UK taxpayer to sign a Gift Aid declaration. As previously noted this allows the church to significantly enhance the value of any donation. Additionally, any non-Gift Aided donation of under £30 can be used to claim a credit under the small gift aid scheme as long as the national limit is not exceeded in the year.

Gift Aid received from the Parish Giving scheme is paid monthly into the church account. For other donations, Gift Aid is claimed every 6 months and small Gift Aid every 12 months by the Gift Aid coordinator.

## Expenditure

All payments must be approved by the PCC prior to orders being placed. However, in order to ensure prompt and efficient payment the following rules apply:

- All regular payments (utilities, insurance, parish share etc) have PCC approval and do not need any further reference to them irrespective of their value.
- The PCC treasurer is authorised by the PCC to approve payments on their behalf under the sum of £500. However, this is at the discretion of the treasurer who may refer back to the PCC if necessary.
- All payments over £500 must have PCC approval.

The PCCs preferred method of payment is by bank transfer. Where this is not possible then a cheque will be issued. Cash payments should only be used in exceptional circumstances and only when sanctioned by the treasurer. In any event a cash payment should be limited to £50 and receipt for the cash (note this is different to a receipt for any goods paid for) will be required.

Note that under Church Representation Rule M31, the Standing Committee is empowered to make urgent decisions on behalf of the PCC.

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## **Expenses**

The PCC does not expect anybody to be out of pocket when working for the church and will reimburse all expenses when claimed. Reimbursements for goods or services purchased will be made on production of the appropriate receipt as long as the purchase is in line with the expenditure policy.

Expenses can also be claimed for items where no receipt is available (such as mileage). Any such claims need to be made using the appropriate claim form.

Expenses for mileage and visiting clergy are paid at the current diocesan rates.

## **Budgeting**

The treasurer will produce a budget at the start of each year showing estimated income and expenditure and highlighting any potential for profit or loss during the year. This will be presented to the PCC at their first meeting of the year. It is then their responsibility to agree the budget and develop an action plan to ensure the budget stays relevant and to mitigate any potential losses.

The treasurer will also report on the current financial situation and progress against the budget at each PCC meeting during the year.

## **Preparation of accounts**

The treasurer will produce the annual statement of accounts for agreement by the PCC and, when audited, for presentation at the APCM. These accounts will be produced in line with the current Charity Commission and Church of England requirements for accounting and will also form part of the church's annual report.

## **Appointment of auditor**

The APCM appoints the auditor who is responsible for independently examining the financial records and accounts and ensuring that they are a true and accurate record of the church's finances during the preceding year.

Under Church Representation Rule M6 (4) & (5), a person may be appointed as the independent examiner of the PCC only if the person comes within the description given in section 145(1)(a) of the Charities Act 2011 (independent person with requisite ability and experience etc.) and also only if the person is eligible as the auditor of a charity under section 144(2) of that Act (eligibility as statutory auditor).