

# Financial controls in churches/small charities

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# 1 Introduction

The subject of financial controls is a very wide one. The way that any organisation applies financial control will depend on its size, structure and, crucially, its way of working and there is no one system or approach that can cover all situations.

This Briefing Paper covers those aspects that are most relevant to churches and charities of up to £1 million in gross income. Churches receive most of their income by means of Sunday collections or offerings plus regular gifts from core supporters. Non-church charities will have many of the same features but importantly will normally receive their income very differently. Most often they will receive funds from grants or from postal donations plus regular gifts from their core supporters.

The Charity Commission comment in their guide on the responsibilities of Trustees<sup>1</sup> that "Trustees should ensure that the way in which the charity is administered is not open to abuse by unscrupulous associates or employees; and that their systems of control are rigorous and constantly maintained". The Commission's Publication CC8 – "Internal Financial Controls for Charities" (Dec 2003) is a useful guide and is freely available from their website.

The extent and type of controls that are put in place are a matter of judgement for the Trustees of the charity. It is their responsibility to see that the resources of the charity are best used; which will include how much time and resource is given to financial controls. This should be in proportion to the risk of loss to the charity should the controls not be in place.

The main areas of control to be looked at are:

- Controls over income transactions
- Controls over expenditure transactions
- Control over 'restricted funds'
- Controls relating to Trustees
- Other financial controls

For a wider review of risks facing churches and Christian charities Stewardship's 'Risk Assessment Toolkit' can be used. For further details please follow the link from our website page: [http://www.stewardship.org.uk/consultancy\\_helpline.htm](http://www.stewardship.org.uk/consultancy_helpline.htm) or e-mail [enquiries@stewardship.org.uk](mailto:enquiries@stewardship.org.uk).

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<sup>1</sup> Charity Commission Publication CC3 "The Essential Trustee" (February 2008), section G3

## 2 Controls over income transactions

The overall aim is that income due to the charity is **received, promptly recorded** and that if the donor has expressed a specific **purpose** for which it should be used, this is clearly identified in the accounting records. This last point is very important in charity accounting because if funds are given for a specific purpose the charity is likely to be required, as a matter of trust law, to use them for that purpose only and no other.

Income can fail to be collected, banked and recorded, sometimes simply through administrative error, sometimes neglect and sometimes, sadly, through intentional action by people handling the funds. The aim is firstly, to minimise the possibility of administrative error but secondly to minimise the temptation to do wrong!

### 2.1 Collection/offering records

The church should have a system of counting collections or offerings at Sunday and other meetings. These principles should operate at each location where there are regular offerings. It is recommended that this should involve:

- recording what is given on the day;
- detailing any specific purposes for which the income is received;
- detailing whether the receipt is a loan or a gift or in respect of sales (e.g. of books, CDs etc);
- detailing the names and amounts of individuals' giving where Gift Aid is being claimed or where the gift is by cheque;
- is counted and signed for by two responsible individuals – one who counts and records and a second who counterchecks the first person's count. Both persons should perform this task together.
- ideally, there should be a rota for those counting and checking so that different people do this each week and so that the pairs are regularly changed;
- cash sheets are agreed to the bank paying in slips;
- cash sheets and paying in slips are retained, with the other accounting records for 6 years.

### 2.2 Banking of offerings etc

All monies collected should be banked in their entirety (and not used in part to pay expenses). The banking should be done promptly – usually the first working day after the meeting at which the offering was collected.

#### REAL LIFE EXAMPLE 1

We were asked to prepare accounts for a church with income of around £60,000 pa. As we started this work it became apparent that cash from the offerings was not being banked regularly. From time to time large amounts of cash were being banked but over a 2 year period there was a shortfall of around £6,000. It was not possible to say where this had gone except it was not in the church bank account. The church had offering sheets but no procedure for making sure that the offerings were agreed to what was banked.

## 2.3 Income through the post

Non-church charities often receive a large amount of their income through the post – often in unsolicited cheques. In an ideal world where resources are available there would be a team of people opening the post together and recording what is received into a record of postal receipts. This would then be agreed both to what is banked and to what is recorded in the accounting system. Most churches do not receive very much in this way and very many small charities operate with very few office staff. As a consequence, this ideal position is frequently not a realistic possibility. However, trustees should consider the risk of income not being banked and set appropriate procedures in place.

In a church where postal income is very rare this may be limited to such steps as:

- Recommending to members that cash/cheque gifts are best placed in the offering rather than posted (or given direct to a church officer/treasurer);
- Encouraging committed members to give by bankers order directly into the church bank account;
- Training staff or volunteers to inform leaders/trustees if they are aware of substantial income coming in the post so that this can be looked out for.

In a church or small charity that does regularly receive postal income it would normally be recommended that:

- Cheques are recorded in a record of postal receipts immediately the post is opened.
- Any details of what the cheque is for is recorded in the book (e.g. response to a special appeal, or purchase of an item, a loan, or a general gift)
- The cheques are banked promptly (normally within a day or so of receipt)
- If there are enough staff, that the process of initial post opening is a 'group activity'.
- The postal receipts record is periodically checked to the record of what is banked by someone independent of the regular office staff.
- There are 'budgetary controls' over income; so it is identified if the income is unexpectedly low.

## 2.4 Income direct to the bank accounts:

The charity's accounting records should include details of:

- the source of income (i.e. the person from whom it comes)
- the nature of the income (i.e. general gift, gift for specific purposes, refund, loan, rental income or other)
- be supported by documentation as far as possible.

Where the gift is for a specific purpose (known as 'restricted income') it should state the purpose and the accounting system should be such to ensure it is monitored and only spent for that purpose.

### 3 Gift Aid tax recoveries

A major source of additional income for most churches and many charities is the tax relief under the Gift Aid scheme. There is very useful and comprehensive guidance on how to use and run a Gift Aid scheme on the HM Revenue and Customs website ([www.hmrc.gov.uk](http://www.hmrc.gov.uk)).

Key aspects where we see failures in the use of this scheme by churches and charities are:

- Where time has not been invested in explaining the scheme to members and supporters and therefore this valuable source of additional income is lost.
- Treasurers not learning how to use the scheme properly and making claims that aren't correct.
- A lack of evidence supporting the claim. This happens when the gifts that are claimed as 'Gift Aided' cannot be traced back to the income of the church in the accounting records and in the church bank accounts. This can occur when the 'offering records' do not have enough detail, or cannot be agreed to what is in the church's accounting records.
- Envelopes are used for cash or cheque offerings which contain detail not recorded elsewhere (e.g. details of the person giving or the amount) and the envelopes are then lost or thrown away.

It is important for church treasurers to understand how the Gift Aid scheme operates and to use it properly. It is a very useful source of extra funds from the UK Government which if used properly can make a significant difference to the work of the church or charity. If it is not used properly, however, it can cause financial difficulties.

#### REAL LIFE EXAMPLE 2

We were contacted by a church where HM Revenue & Customs had suggested they seek help from those who understood church and taxation. The church had put in a claim for Gift Aid for £15,000 covering a number of years but was unable to link this claim to the amounts received as income as they had no record of the tithes and offerings that agreed to what was being banked. HMRC were not prepared to pay the claim until a proper link had been established. (In fact the church had under-claimed as more was received than they had recorded and was able to claim more than they had originally). The lack of understanding of the background to Gift Aid had come close to losing the church more than £15,000 and delayed its payment for over a year.

### 4 Controls over expenditure transactions

The overall aim is that expenditure by the charity **is valid, accurately recorded, spent only for purposes within the charity's objects (i.e. charitable purposes) and only spent on the purpose** for which it was given.

This last point is very important in charity accounting because if funds are given for a specific purpose the charity is required, in most instances, to use them for that purpose only and no other.

### General recommendations

- Means of payment: payment by cheque is recommended to be used wherever it can be. It is a safer means of payment in the United Kingdom. Large cash payments should be avoided.
- Payment by cheque:
- Bank signing mandates: The Charity Commission recommend that all bank accounts are operated by more than one person. In addition each bank account should be operated in compliance with the charity's governing document.
- Blank cheques: NO cheques should be signed in blank (i.e. without all details being completed prior to being signed).
- Persons authorised to sign cheques should ask to see supporting evidence (eg invoices, till receipts etc.) which they should initial **before** signing the cheque. The signatory should be satisfied that the proposed payment is a valid expense of the charity.
- Cheque books: Cheque books should be securely kept preferably locked away when not in use, so that none is accessible by any but those that have signing authority.
- Cheque stubs: all cheque stubs should be completed with the name of the payee and also a cross reference to a document which clearly explains the purpose of the payment.
- Bank payment record: the accounting records of the bank accounts should contain the details of not only the purpose of the cheque but also the payee details, the date issued and the cheque number. Cheques should not be paid to 'cash' unless essential (see below in relation to cash payments).
- Payment by cash: where payment by cash is essential (e.g. by reason of a **legitimate** discount or because of the need for it to be instantly cleared funds) any significant amounts should not only be supported by a third party purchase invoice but written confirmation should also be sought from the recipient confirming they have received the funds in cash. See below for gifts to speakers and other honoraria.
- Documentation for payments (including in cash) should be held in all cases. Wherever possible third party documentary evidence of the expense should be held (e.g. a supplier invoice) which has clear internal authorisation for the payment recorded on it plus, normally, a reference to the cheque number of the cheque used to make payment. In normal circumstances, authorisation for anything other than minor items should be given in advance, by a church leader / trustee or other responsible official.
- Where third party documentation is not available (such as 'gift' payments) an internal form should normally be used detailing the reason for the payment. The form should then be 'receipted' by the individual receiving the funds signing the form to confirm their receipt of the monies.
- It is recommended this documentation is stored in a clear order (most often cheque number or date order) and retained for 6 years.

### **REAL LIFE EXAMPLE 3**

We were asked to advise a church which was overseen by a Bishop who lived in Africa. He was also a trustee of the charity. During one visit for approximately 2 weeks expenses were paid for hotel accommodation, travel and other costs for the Bishop which amounted to approximately £6,000. Unfortunately the church was unable to supply any information on how the money was spent as it was paid in cash or by payments to individuals without any documentation. The risks of such a situation include that the trustees would be seen not to have adequate control over expenditure by the charity, that HM Revenue and Customs could consider that the expenditure was for the personal benefit of the trustee in question and therefore be taxable<sup>2</sup> and that supporters of the church could consider that there was a lack of good stewardship by its leaders.

It is understood that church life is wider than accounting rules and regulations. However, church leaders and trustees must also be aware of the need for proper accountability to prevent situations being misinterpreted. Some simple steps taken at the time would have meant this situation could have been avoided.

## **5 Honoraria, gifts (both UK and overseas)**

A unique aspect of church and charity finance is the amount of gifts that are made to Christian workers, speakers, those that help the charity and those in need. As there are particular issues arising from gifts to individuals the most common issues are set out in detail:

1. Charitable expenditure rules. It is a principle of UK charity and trust law that payments can only be made if they:

- Meet the stipulations (if any) of the donor who gave the money.
- Meet the requirements of the charity's governing document (e.g. trust deed).
- Are charitable according to UK law.

Not all payments to individuals will meet these criteria. Personal gifts and honoraria will only meet these rules if they are:

- An appropriate reward for services to the charity, or
- Meet the tests of being a gift in furtherance of the objects (purposes) of the charity outlined in the governing document. Many churches have inadvertently failed this principle by making gifts to individuals who may not be 'needy' in the eyes of the Charity Commission or UK tax authorities (on this, see the joint Stewardship and HMRC Briefing Paper "Relief of poverty by charities – the tax issues"; [www.stewardship.org.uk/documents/Relief\\_of\\_poverty\\_by\\_charities\\_2.pdf](http://www.stewardship.org.uk/documents/Relief_of_poverty_by_charities_2.pdf))

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<sup>2</sup> Tax liability in part depends on UK resident status but the point being made is that HMRC may well seek to tax 'expenses' paid to individuals that cannot objectively be justified.

2. The charitable purpose: Assessments need to be made and recorded of the reasons justifying gifts made to individuals so that they are seen to meet these criteria. If large gifts are made to individuals it is recommended there are details set out which give the background.

Trustees should set out the principles which the leaders and finance staff should follow in assessing how much and to whom payments can be made.

3. Payments for services to individuals who are not on the charity's payroll should be carefully considered to ensure that the charity is not becoming liable for a PAYE or national insurance liability. This can occur in certain cases with suppliers of 'labour only' services or, under some specific HMRC regulations, with foreign musicians or entertainers.

#### **REAL LIFE EXAMPLE 4**

A church had been started by its founding pastor 12 years ago. He had slowly increased his hours working for the church and for the last 6 years had worked nearly full time for the church. He had been treated as 'self employed' by the church and had paid tax as a self-employed person. HM Revenue & Customs assessed that he was an employee of the church because of the nature of the relationship the church had with him even though there was no contract of employment. They assessed the church to over £40,000 of underpaid national insurance and tax.

What matters in the eyes of HMRC (and the Courts) is not the label that the parties attach to an individual working for the church, but what the facts and conduct of the parties signify from a contractual perspective.

This is just one of many situations where churches and charities have not thought carefully over whether a person should be taxed as an employee but instead opted for the simple route of just paying them as self employed. This can be a very costly mistake. In particular, if someone is paid with any degree of regularity care is needed and it is often best to take professional advice. The cost of not doing so can be very high.

4. Overseas gifts: overseas gifts are only considered to be 'for charitable purposes' if they are used by the overseas body or individual in such a way that is charitable according to **UK law**. HMRC has issued guidance on the evidence that is required to justify this and it is recommended that the finance team and Trustees are aware of these guidelines, which can be found within 'Tax and charitable or non charitable expenditure' ([www.hmrc.gov.uk/charities/tax/index.htm](http://www.hmrc.gov.uk/charities/tax/index.htm)) In brief, the law requires that the trustees should take reasonable steps to ensure that the payment is only intended to be used for purposes that are charitable in the UK. Also that it is in fact used in that way.

### **REAL LIFE EXAMPLE 5**

In December 2008 the Charity Commission reported on an investigation into a Christian charity providing support for children in Uganda. There were a number of issues that the Commission identified that were weak in the charity one of which was that there was a lack of accountability and financial control over what happened to the money it gave once it was received in Uganda. The charity was unable to say how the money had been spent.

Whether a charity has direct control over the use of its money overseas or it gives to another overseas body who has control it is necessary for those that manage the UK charity to know how the money has been spent and taken reasonable steps to see that it has been spent in ways that would be 'charitable expenditure' in the UK. If they do not, not only can trustees be held to account for this, but there is also a danger that HM Revenue and Customs can tax the charity on the money it has paid overseas without proper control.

## **6 Control over 'restricted funds'**

If gifts are received for a **specific purpose** then they are known as 'restricted funds'. It is very important in charity accounting to understand the restricted funds held by the church /charity because if funds are given for a specific purpose the charity is generally required, as a matter of trust law, to use them **for that purpose only and no other**.

As a result all income that is received that is 'restricted' needs to be separately recorded and tracked. This means that the income for each separate 'restricted fund' needs to be separately accounted for.

Also the expenditure being paid out that fulfils the specific purposes also needs to be tracked as being from that 'restricted fund'.

Both the 'restricted' income and the expense from that 'restricted fund', together with the amount that the church/charity is holding that has not been spent should be reviewed to see that this is not getting mixed up with other money held by the charity

The accounting system needs to be able to cope with this as it can be very serious if the church/charity finds that what it had thought it had available for general operations can in fact only be financed from restricted funds. In these circumstances, the charity could be technically insolvent!

### **REAL LIFE EXAMPLE 6**

A charity had received approximately £100,000 specifically for a particular project. It paid it into its normal bank account and did not keep track of how much of it had been received and not yet spent on this project. It appeared to have enough money for its other work and without realising it spent much of that money on its general operations. After some time it realised that it did not have the money that donors had given for the specific project and that it had acted illegally by using the money elsewhere. The charity had to borrow and also the trustees had to contribute personally to make up this shortfall.

## 7 Controls relating to trustees

### 7.1 Remuneration or benefits

Trustees should be aware that under UK charity law and principles, remuneration and benefits to Trustees are only permitted in very narrow circumstances. In most cases, specific legal authority is needed. "Benefit" includes any property, goods, or services which have a monetary value. This principle does not forbid the reimbursement of reasonable out of pocket expenses, nor **expenses** incurred as a necessary part of fulfilling the trustees functions in the charity. 'Expenses' does not include a payment to a person for their time in acting as a trustee.

In this context the rules apply not only to the Trustees themselves but also their spouses, close relatives, business partners or sometimes others closely connected to them or their businesses.

Particular situations that can arise in churches where care is required:

- Where a trustee or their business provides a service to the church.
- Where the spouses or children of trustees are employed or considered for employment or sponsorship by the church.
- Where gifts in recognition of personal esteem, or additional financial support are given to the church to give to a trustee.

It is recommended that a copy of the Charity Commission guide CC11 "Payment of Charity Trustees" is read by all trustees so that amounts are not paid which inadvertently breach these principles.

Many charities' governing documents allow payment to trustees in certain limited circumstances. However, it is recommended that payments and benefits (including honoraria or other gifts) are not taken by trustees except when the legalities have been considered and after careful discussion and unanimous agreement of all the trustees (with the exception of the trustee in question, who should not be present or party to the decision). If any relative of the trustee in question is also a trustee, they also should absent themselves from the discussion and decision making process.

#### REAL LIFE EXAMPLE 7

A large church in England paid its pastor a relatively high salary plus other payments. He was also a trustee of the charity. The trustees had not appreciated that its governing document did not authorise payments to any trustee. Given the amount paid, which the Charity Commission considered more than was reasonable, and the fact that the trustees had not the proper authority to make the payments the pastor was required to pay back to the church some parts of the money he had received.

### 7.2 Expenses

Where there are expenses to be covered (such as conference costs) it is best done by reimbursement of specific costs, supported by third party documentation wherever this would normally be available (e.g. hotel, air travel, car hire and taxis etc) rather than a round sum general payment. It is acknowledged that for some churches this is not such

a satisfactory way to 'honour men of God' but it is recommended that this restrictive principle is adhered to with trustees. In any event, round sum allowances should either be subsequently accounted for by an expense claim properly supported by third party documentation (as above), or the unused portion returned to the church.

It would normally be recommended that any expenses paid to or on behalf of a trustee or a connected person meet the following criteria:

- It is supported by documentation for all elements of the expense, which should be 'third party' documentation wherever possible.
- Explanation of the purpose of the expenditure is detailed including who was involved (e.g. if a group is travelling, details of who is in the party – especially if there are close relatives of the trustee).
- The payment should be authorised by a responsible official other than the trustee in question.
- The cheque should not be signed by that particular trustee

These points help in ensuring that there is complete accountability and that the trustees are seen not to have obtained an inappropriate benefit from the charity.

**Example 3** above illustrates what can happen. In this instance because the Bishop was also a trustee, there is the added risk that trustees have received personal benefit which would give UK regulators concern over whether the trustees were acting solely in the interests of the charity.

### 7.3 Conflict of Interest

The trustees should also be aware that conflicts of interest can and do arise. For example, where a brochure, magazine or other form of official charity literature or official charity 'platform' makes a recommendation or advertises books written by a trustee. In these circumstances, a conflict of interest arises if the trustee receives a benefit from sales of the book. This may extend beyond monetary benefit so care is needed even where the trustee concerned will derive no direct personal monetary benefit from book sales.

### 7.4 Risk Assessments

The Charity Commission recommends that Trustees arrange for a structured review of risks covering all aspects of the church/charity's activities. Whilst this is not purely a 'financial control' it is an inherent part of the Trustees responsibilities for safeguarding the charity.

This review should include such areas as:

- Church/charity operations (including child protection and reputational risks)
- Financial risks
- Legal risks
- Insurance risks
- Property risks (including health and safety)

- Strategic risks

For help in this area you can use Stewardship's 'Risk Assessment Toolkit'. For further details please follow the link from our website page:

[http://www.stewardship.org.uk/consultancy\\_helpline.htm](http://www.stewardship.org.uk/consultancy_helpline.htm) or e-mail [enquiries@stewardship.org.uk](mailto:enquiries@stewardship.org.uk).

## 7.5 Trustee Meetings

The Trustees, as those responsible for the governance of the charity, need to meet regularly. There are no absolute rules as to how often meetings should take place but it is recommended that this should not be less than every 6 months and in an active church this should be much more frequent

A meeting will not be valid unless the conditions for a quorum set out in the Trust Deed are met.

During the course of the year, the agendas should include:

- A review of financial performance (e.g. against budget) and any significant variances addressed
- A review (and approval of) the annual accounts, once examined or audited
- Risk management (this may be simply an update for new or changed risks since the last annual review)

Key decisions etc of the meetings should be minuted. Absent trustees as well as attendees should receive copies. Recipients should read the minutes promptly following the meeting and comment on any areas of uncertainty or disagreement and where appropriate resulting amendments to the minutes should be made.

## 8 Other financial controls

### 8.1 Budgetary Controls

Unless the church or charity is very small an important element of financial control is the use of budgets. Good budgets have the following benefits:

- They help give early warning of potential financial problems.
- They enable trustees and treasurers to monitor actual results against what was expected and take any necessary action when unexpected or undesirable outcomes occur.

There is no single way to set budgets and then monitor them. However the following would be good general principles:

- Give time to setting budgets which are thought through and not just thrown together.
- Periodically (monthly for larger organisations, quarterly for smaller ones), compare what income and expenditure there has been against the budgets and explain the reasons behind major differences.
- Consider what are the implications of those differences.
- Decide if any action is needed.

It is often difficult in churches or charities to budget for special appeals or one off gifts. If these are part of the normal activity it is best to make the best estimates possible and use those.

If they are outside of normal activity and they are not crucial to the financial position it is often best to exclude these from the budgets. But if that is the case then the accounting system should also treat these separately so that comparison to the budgets is not distorted.

## 8.2 Reserves

The term 'reserves' has a variety of technical and ordinary meanings, depending on the context in which it is used. As in the Charity Commission guidance, we use the term 'reserves' to describe that part of a charity's funds that is available to be used in the future on whatever the charity needs it for. 'Reserves' are therefore the resources the charity has or can make available to spend for any or all of the charity's purposes once it has met its commitments and covered its other planned expenditure. 'Restricted funds' can never be regarded as general 'reserves' for the reason explained in the section on 'Controls over restricted funds' above.

To operate efficiently it would be very difficult to operate without some reserves. It is an important part of a treasurer's and the trustees' role to determine what that level is and in what form (e.g. bank current accounts, bank deposit accounts, investments).

Reserves may be needed for the following reasons:

- Cash flow management: to allow for differential timing of income and expenditure;
- To cater for unknown levels or unexpected drops in income: very few treasurers know their future income exactly let alone their expenditure. Even allowing for 'faith in God' there is normally wisdom in having some amounts for the unexpected;
- Large future expenditures: there may be future planned investment in additional staff, in buildings, in projects etc where the church/charity needs to 'save up' for this;

It is a good control to know what reserves are needed and what the church/charity has in comparison to that need.

### REAL LIFE EXAMPLE 8

A medium sized church tended to run with very little money held in the reserve. As a result of some unexpected costs and lack of forward planning on income it found it had to unexpectedly borrow from its members approximately £20,000 and over the next 6 months was issuing cheques that bounced. This meant that not only did it have extra costs but suppliers would not do business with it again as it had damaged its reputation.

We would not want to give the impression that churches/charities should hold large amounts in reserve 'just in case'. People support churches and charities so they can fulfil their mission and not just keep money in the bank. In fact the Charity Commission is concerned that too many charities are holding large amounts of reserves for no good reason. The key message is that churches and charities should understand how much they should keep, whether this is small or large, and plan accordingly.

### **8.3 Bank Accounts**

The church/charity should carefully consider the number of bank accounts it should operate. It should not have many bank accounts fulfilling the same or mixed purposes, as this creates administrative confusion. Separate bank accounts are useful where there are specific reasons why they should be there (e.g. where there are specific funds held for specific purposes).

Each bank account held should have its income and expenditure recorded in accounting records and should be reconciled to the bank statements monthly or, in smaller churches, at least once a quarter.

Bank reconciliations can be a key control over attempted third party fraud against the church bank account. Sadly, it is becoming more common to see fraudulent cheques or bank transfer requests being presented to charities' bankers. Reconciling the bank account regularly will help identify rogue payments at an early stage.

Banks accounts should always be reconciled as at the accounting year end date.

Bank accounts should always be in the name of the church/charity and not in the name of one of the trustees, staff or volunteers.

It is also worth considering whether the charity is adequately protected by the Financial Services Compensation scheme where, in some but not necessarily all instances, charity deposits of up to £50,000 in a bank are guaranteed in the event of bank failure. Note the £50,000 limit applies to any one banking group. Therefore if the charity has deposits with more than one bank but those banks are in the same banking group, overall compensation will be limited to £50,000 rather than £50,000 per bank.

### **8.4 Equipment**

A record of the equipment the church/charity owns should be kept. This is known as a 'fixed asset register'. This is very useful as a check to see that there is adequate insurance cover in place and also to make sure assets can be located and kept in good order.

### **8.5 Investments**

Many churches and small charities do not have major investments other than bank deposit accounts. Where they do, there should be the following as a minimum:

- A full record including details of where the investment certificates are held.
- A check to see that the expected income is being received.
- An investment policy which is reviewed periodically.
- Where the services of an investment manager are used, a formal Investment Management Agreement.
- A regular review of investment performance with appropriate action taken if an investment is no longer meeting the needs of the charity.
- Suitable diversification to prevent one failure having a major impact.

## **9 Further help**

Stewardship provides a highly regarded and professionally staffed Consultancy Helpline Service offering unlimited telephone and e-mail support. The cost of the annual

subscription is specifically designed with churches and small charities in mind. For further details and an application form, please visit:

[http://www.stewardship.org.uk/consultancy\\_helpline.htm](http://www.stewardship.org.uk/consultancy_helpline.htm)