



An outline Church Financial Policy

TN98 Training Notes series: Administration

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These notes seek to provide a framework and checklist for any church wishing to set out policies for how it seeks and administers its funds and carries out its financial responsibilities. There seems to be little in print available on this in the UK.

An overall financial policy needs to cover a wide range of financial topics in church life. This is not the same as a Treasurer's manual though it should form a vital part of that.

These notes can do no more than provide a series of headings, grouped in a logical way, with some indication of the issues each topic might need to cover. Different churches will come up with quite different understandings on issues such as Lottery funding or methods of collecting money for a service offering, so this is not an attempt at a model policy.

It is written in an ecumenical setting so cannot deal in detail with issues relating to one particular denomination (such as payment of the 'share' for Church of England parishes). It makes no claim to cover all legal requirements and professional legal advice should always be sought.

I appreciate that a list of 61 headings looks daunting but not all will apply to any one church and many items will already be in print - somewhere. The point of these notes is to provide a comprehensive overview and churches may prefer to study just selected sections at any one time.

For a broader checklist of policies over every area of church life, see Training Notes TN111, *A church policies checklist*, on this website.

I hope these notes will offer a starting point for those interested in setting out a clear policy for the wise and godly use of finance within their church. The idea is not to copy this template point by point but to use it as a checklist for a church's own set of policies.

1 **Key principles**

1.1 Biblical principles

Such as the Trustees/Council of the church as stewards of the funds entrusted to them and the need for Christians to be generous and regular givers

1.2 The place of prayer in finance

Seeking God's wisdom in finding income to meet needs, in determining the budgets for those needs, and in handling finance

1.3 Budgets and the church's vision

The annual setting of budgets based on the vision for the church and the priorities that that determines, plus the role of budget-holders

1.4 Accountability

The need for transparency and clear lines of accountability in handling church finance

1.5 Authorisation

Requirements of trustee authorisation, amendment, review and filing of these policies

2 **Teaching about giving and possessions**

2.1 Teaching on giving

The place given to teaching on giving and spending within the church's annual programme for sermons, small groups and young people

2.2 Teaching about possessions

Teaching on capital (as opposed to revenue) with Christians as stewards rather than owners of all they have

2.3 Special stewardship programmes / Gift Days

Whether Gift Days are seen as a regular means of making up a revenue deficit, and the use of occasional stewardship programmes

2.4 Pledges and annual renewal

The place in the church's programme for any 'Pledge Sunday' when everyone is asked to review their giving in the light of budgets

2.5 Regular communication of finance

How and how often the congregation is informed of the church's financial position other than in times of specific need

2.6 Annual meeting presentations

How annual budgets and historic accounts are presented to the Trustees and then to the congregation, and the approval required

3 **Congregational giving**

3.1 Means of offering

Whether a collection is made *during* services or not and whether the use of cash envelopes or bank standing orders are seen as the priority

- 3.2 Use of debit/credit cards
The church's provision (if any) to enable people to give by card or through PayPal for both giving and for purchases (eg. bookstall, shop)
- 3.3 Confidentiality and gratitude
Who has access to people's giving details (revenue and appeals), plus means used to protect confidentiality and to thank donors
- 3.4 Introducing newcomers to giving schemes
How soon and in what ways newcomers to the church are invited to join the giving scheme and the same for young people as they grow up
- 3.5 Revenue giving from visitors and local community
Whether the church encourages or discourages Sunday visitors from giving and whether it is felt right to appeal to people outside church membership
- 3.6 Payment for church activities
Means used to enable all of the congregation, whatever their economic position, to attend expensive events such as a church weekend away
- 3.7 Retiring and special offerings
Special offerings at funerals, for emergency global needs, for visiting speakers, etc. and whether any part of such offerings is withheld by the church
- 3.8 Legacies
The place for promoting legacies to church members and agreed principles for the use of legacy gifts

4 Fees and trading income

- 4.1 Fees charged and registered
Fees charged (which may be set by central church bodies as with Church of England fees for weddings, funerals, etc.)
- 4.2 Letting of rooms: hirers
For churches that hire out rooms, restrictions on types of activity that may book, priorities where necessary and flexibility within the tariff for certain groups
- 4.3 Trading: accounting
For churches that run a café, playgroup, etc., rates charged, use of funds, VAT, staffing costs, authorisations, etc.
- 4.4 Trading: legal requirements
Compliance issues that have financial implications, such as costs associated with food hygiene for a café and financial aspects of a safeguarding policy for a playgroup

5 Staffing and other revenue expenditure

- 5.1 Payment of Minister / diocesan 'share'
Payment to ordained Minister(s) or issues concerning diocesan 'share' requests

- 5.2 **Salary levels/scales in staff team**
Determination of salary levels/scales and other benefits including means used to ensure regular reviews/increases, appropriate differentials, prompt payment
- 5.3 **Pensions**
Workplace pension provision and levels plus the management of risks associated with collective pension schemes
- 5.4 **Provision of tied housing or other benefits**
The provision and maintenance of church-owned housing for the use of specified staff and any other benefits in kind, plus letting of property when vacant
- 5.5 **Employment of and payment to interns**
Any intern schemes: amounts paid, housing provided and compliance with all necessary legal requirements
- 5.6 **Payment of expenses**
The requirements for staff and office-holder expenses to be paid, and the setting aside of funds to pay for training in areas of ministry
- 5.7 **Speakers' costs and fees**
Paying speakers from mission agencies or other churches: both realistic fees and proper levels of expenses
- 5.8 **Group buying, utilities schemes, etc.**
Purchasing schemes utilised for supplies and utilities and/or means of reviewing suppliers within competitive markets, plus obtaining quotations in advance
- 5.9 **Discretionary funds**
The terms of use for any 'Minister's discretionary fund'

6 Financial administration

- 6.1 **Appointment of Treasurer and Finance Committee**
Appointment procedures, Trustee oversight through regular reporting, potential conflicts of interest, authorisation of budgets
- 6.2 **Financial staff roles**
Role definitions for financial office-holders, payment of those who are employed, use of volunteers, financial areas to be outsourced
- 6.3 **Prevention of fraud: general**
Security systems relating to the handling/recording of cash receipts, budget-holders expenditure authorisation, internal checks on both invoices and their payments, etc.
- 6.4 **Prevention of fraud: banking**
Access to bank information, control of bank payment double-authorisation by cheque and, increasingly, electronic (online) means, use of blank cheques
- 6.5 **Documentation security**
Password security for financial software on church premises or in homes, cloud-based and other back-up data, virus protection, length of time to hold all financial files

- 6.6 Tax legislation
Compliance with all legislation relating to VAT, PAYE, national insurance, National Living Wage and provision of competent external advice
- 6.7 Level of reserves
Agreed reserve levels, consequences if reserves are significantly above or below the agreed levels, authorisation of deficit budgeting
- 6.8 Investments
Where investments are to be held, deposits, ethical issues involved in the choice, use of professional advisors
- 6.9 Insurances
Policies on use of insurance, preparation of risk analyses, adequacy of cover and selection of companies for equipment, employees, etc.
- 6.10 Risk management
Financial implications for any areas of general risk management that apply such as Health and Safety, Data Protection
- 6.11 Speed of settling invoices
Targets for prompt payment of invoices as a Christian witness to suppliers

7 Accounts

- 7.1 Bank accounts and authorisations
Choice of bankers, opening of accounts, authorisation for such, use of online banking, authorisations required for different levels of payment
- 7.2 Different funds
Many churches have a range of separate funds, many of which will be historical, and may have policies concerning simplification, management, etc.
- 7.3 Accounting policies
If using accruals accounting, all requirements of the current SORP (basis of preparation, restricted and designated funds, income and expenditure, capitalisation and depreciation of fixed assets, valuation of investment)
- 7.4 Management accounts
Production of regular sets of management accounts to enable Trustees to monitor financial results against budget
- 7.5 Audit / independent examination
Fiscal year, appointment of auditors, compliance with all legal requirements for submission of data (Charity Commission, HMRC, church denomination, etc.)

8 Capital projects

- 8.1 Identified giving
How to deal with giving earmarked for a specific (unrequested) item, for giving to be linked with the donor's name and for gifts in kind

- 8.2 **Sponsorship and events**
The place of sponsorship for raising capital funds, the place of fund-raising events/fairs, the means by which children can give to projects
- 8.3 **Seeking external giving**
Whether or not the church will actively seek giving for its own projects from external sources such as trusts, members of the local community, visitors
- 8.4 **Lottery funding**
Whether or not the church will actively seek Lottery funding for appropriate projects or from other sources that might be deemed by some to be questionable
- 8.5 **Choice of contractors**
Policies for seeking quotations from a range of potential contractors, any priority or not to Christian contractors, compliance with discrimination law
- 8.6 **Entering contracts**
Policies on signing contracts when not all the required cost has been assured from the congregation or elsewhere
- 8.7 **Partnerships with non-church organisations**
Policies on whether the church will consider business partnerships with secular bodies or individuals such as a Local Authority

9 **Global mission**

- 9.1 **Mission agencies**
Which kind of external agencies the church is prepared to support and methods of choice
- 9.2 **Individuals**
Financial support for church members in global mission, whether short-term or long-term, and choice of types of ministry to be supported
- 9.3 **Proportion of church income**
Whether the church gives a proportion of its own income to global mission or instead invites church members to allocate mission giving through the church accounts
- 9.4 **Gift Days**
The use of special Gift Days, sales or events for funding mission projects
- 9.5 **Restrictions**
Any restrictions placed on types of activity or organisation to be supported or priorities to be taken into account
- 9.6 **Third World capital projects**
Whether the church aims to give a proportion of any capital sum raised (eg. for a building project) to a Third World initiative.

See Training Notes TN116, *Global mission giving*, for more ideas on this theme.

These notes are available at <https://www.john-truscott.co.uk/Resources/Training-Notes-index> then TN98. See also Article A16, *Funding a capital project*, A18, *Administering church funds*, and Training Notes TN37, *To pay or not to pay*, TN42, *A review of global mission strategy*, TN108, *What do church budgets actually tell us?*, TN111, *A church policies checklist*, and TN116, *Global mission giving*.

Contact John if you would like to enquire about the possibility of training in handling finances in a church. For great online help on specific financial policies see <https://www.parishresources.org.uk> and <https://www.stewardship.org.uk/resources/resources>.

Cartoons are by Micki Hounslow for filing categories of Leadership, Management, Structures, Planning, Communication and Administration. File TN98 under Administration.

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