

# Internal Financial Controls for Dundonald Baptist Church

## 1. Introduction

This document outlines a system of internal controls for the financial management of Dundonald Baptist Church (the Church).

The Trustees/Office-bearers are responsible for ensuring proper financial records are kept. This will ensure the Church can meet its legal and other obligations, and will enable the Trustees/Office-bearers to be in proper financial control of the Church.

The Treasurer will assume the day-to-day responsibility for managing the finances of the Church and reporting on the financial position to the Trustees/Office-bearers and Church Members.

## 2. Banking

### 2.1 Banks used

The Church will bank with Danske Bank and the accounts will be held in the name of the Church. The following current accounts will be maintained:

- General account
- Covenant account (Gift Aid)

### 2.2 Mandate

The bank mandate (the list of persons who can sign cheques or authorise electronic payments on the Church's behalf) will always be approved and minuted by the Trustees/Office-bearers, as will any changes to it. The persons who may be included on the mandate will be restricted to the Treasurer and Office-bearers of the Church. The mandate will always include a minimum of three persons.

### 2.3 Statements

The Church will require each bank to provide statements every month or access to electronic statements. These will be reconciled with the bookkeeping system at least every three months.

### 2.4 Other bank or financial institutions

The Church will not use any other bank or financial institution without the agreement of the Trustees/Office-bearers. Any new loan or overdraft facilities must be approved by the Trustees/Office-bearers and at a special meeting of the Church Members under the terms set out in the Church Constitution.

## 3. Receipts (income)

### 3.1 Cash and cheques

All cash and cheques (including Sunday offerings) must be immediately counted by two Office-bearers and recorded in the income sheets.

Any cash donations totalling over £30 but clearly from one donor (e.g. received in an envelope) should be recorded separately in order to exclude these from GASD claims.

Each counting member should sign the record entry once details are recorded.

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This income should be lodged in full with the bank as soon as reasonably possible.

## **3.2 Bank Transfer**

Bank transfers will be recorded directly in the accounting records. Details should record the source of the income, its nature and where possible should be supported by documentation.

## **3.3 Gift Aid Scheme**

Gifts indicating they are eligible for gift aid should be separately identified. See section 7 for gift aid policies.

## **3.4 Specific Purpose Gifts**

Where an indication has been given for the purpose of a gift, this should be recorded in the accounting records.

## **4. Payments (expenditure)**

### **4.1 Authorisation**

Items in excess of £100 will require approval of the Office-bearers. Items exceeding the current church spending limit will require approval of the Church at a Church Members' meeting.

### **4.2 Documentation**

Organisation leaders should provide a valid invoice either in paper or electronically to the treasurer. That invoice will be retained by the Church. A supplier's statement or final demand will not be accepted as documentation for payment.

This documentation will be presented to the individual authorising the transactions in 4.3 or 4.4

### **4.3 Electronic Payments**

Where possible payments will be made by bank transfer.

The bank mandate will require that bank transfers are authorised by TWO signatories. One signatory will ordinarily be the Treasurer.

Account details will be held in the online banking system.

### **4.4 Cheques**

The treasurer will be responsible for holding the cheque book which should be kept under lock and key.

The bank mandate will require that all cheques are signed by TWO authorised signatories. One signatory will ordinarily be the Treasurer.

The relevant payee's name and the amount payable will always be inserted on the cheque and the cheque stub will always be properly completed before signature.

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## **4.5 Cash**

No cash expenditure is permitted

## **4.6 Wages & Salaries**

Salaries will be paid by bank transfer

## **4.7 Standing Orders**

Standing Orders may be set up for recurring payments e.g. missionary support. Two signatories will be required to set up or amend a standing order.

## **4.8 Expenses & Allowance**

Where possible expenses should be paid by the Church direct to suppliers on receipt of an invoice. However, reasonable 'out-of-pocket' expenses may be claimed when deemed appropriate. An expense claim should be compiled with copies of invoices/receipts and presented to the Church Treasurer for payment.

## **5. Records/Accounting System**

### **5.1 Requirements**

A record keeping system is in place that accurately records all the transactions of the Church and enables the Church's current financial position to be determined at any time.

Records should be updated at least on a monthly basis.

### **5.2 Records to include**

Details of all financial transactions will be entered in the Accounts System, including all receipts and payments.

### **5.3 System**

The Church will use spreadsheets to maintain its books of account.

## **6. Reporting**

### **6.1 Financial reports**

A report will be provided to the Trustees/Office-bearers of the financial position of the Church at their scheduled meetings.

### **6.2 Annual accounts**

The financial year of the Church will end on 31 December each year.

Accounts will be drawn up after each financial year. These will be presented and approved at an Office-bearers' meeting within 3 months of the year end and presented for approval at the Church Members AGM.

These accounts will be reviewed in accordance with the guidance from the Charities Commission NI.

### **6.3 Other Reports**

Financial reports will normally be presented at Church Members' meetings.

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## **7. Gift Aid Scheme**

### **7.1 Establishment of Scheme**

The Church has established an appropriate system to enable the efficient and timely recovery of tax on eligible donations.

### **7.2 Declarations**

A valid declaration must be held for any donor for whose donations tax is to be recovered.

If a donor advises they are no longer eligible for gift aid they must immediately be removed from the gift aid listing and no further donations should be included in claims.

A periodic review of declarations of inactive donors should be carried out in line with GDPR policies and record retention policy (see section 8.6)

### **7.3 Eligible Gifts**

Tax will be recovered on any eligible gifts from donors for which the Church holds a valid tax declaration.

### **7.4 Returns**

Returns will be sent on a six-monthly basis. It is expected returns will be submitted within three months of the end of the return period.

### **7.5 Gift Aid Small Donations Scheme**

The Church will make an annual claim under the Gift Aid Small Donations Scheme.

## **8. Other Policies**

### **8.1 Financial Commitments**

The Church will not accept liability for any financial commitment unless properly authorised.

### **8.2 Finance Teams**

Some finance work may be delegated to members of a finance team if considered appropriate. However, any work carried out by such a team must be reviewed by the Treasurer.

### **8.3 Fundraising**

All fundraising and grant applications undertaken on behalf of the Church will be done in the name of the Church with the prior approval of the Trustees/Office-bearers.

### **8.4 Inspection**

Financial records must be made available for inspection if requested by a meeting of the Trustees/Office-bearers.

### **8.5 IT Systems (security/backups)**

The Church's GDPR policy should be followed in relation to the storage of data.

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Adequate IT security should be put in place on any computer used for keeping financial records.

Regular secure backups should be maintained of financial records.

## **8.6 Retention of records**

Financial records will be retained for six years following the end of an accounting period. Following this time records will be destroyed giving due regard to GDPR policies.

This policy was adopted by the Trustees/Office-bearers on 11<sup>th</sup> March 2024 and agreed by the church members on 20<sup>th</sup> March 2024

The next review date is on or before 10<sup>th</sup> March 2025 and annually thereafter.