

St Nicolas Great Bookham

Control over the approval and payment of invoices and expense claims

This document sets out the controls which apply over the approval and payment of invoices and expense claims. It has been derived from the St Nicolas Financial Code.

Budgetary Control

An important element of good financial control is the use of budgets which, if effective, have the following benefits:

- *They enable the PCC to determine plans and priorities for the use of church's resources
- *They help give early warning of potential financial problems
- *They enable the PCC and the Treasurer to monitor actual outcomes against expectations and to take corrective action when unexpected or undesirable outcomes occur

There is a budget amount for each expense code (type of expense) and this budget 'belongs' to a nominated Budget Holder. There are a comparatively small number of expense Budget Holders (including the Rector and the Church Wardens). The Budget Holder is responsible for ensuring expenditure remains within the allocated budget.

Commitment to incur expenditure

Any individual who commits St Nicolas to expenditure should ensure such expenditure is within the allocated budget and should only exceed the budget if further appropriate approval is given. If individuals other than Budget Holders commit St Nicolas to expenditure they should agree this with the relevant Budget Holder in advance.

The following considerations should apply before an individual commits St Nicolas to potential expenditure:

- *Is the expenditure necessary to achieve the church mission and ministry (its objects)?
- *Is the expenditure essential or unavoidable (eg. legal necessity)?
- *If the expenditure is optional or discretionary has it been agreed in principle by the PCC?
- *Is the expenditure budgeted?
- *Is the expenditure reasonable in respect of the church and of the supplier?
- *Is the cost less than £1,000?

Only if all of these conditions are met should expenditure be committed without the need for appropriate additional approval.

No individual or Committee should commit to expenditure on any item or service exceeding £1,000 without prior approval of the PCC. Project expenditure, where there are multiple commitments over time totalling more than £1,000 but relating to a single substantial objective (eg. building alterations), require a single approval from the PCC prior to commitment.

Invoice Approval

Although the budget as a whole has been approved by the PCC, the PCC expects individual invoices for goods or services (including project expenditure) to be separately approved before payment so

as to verify that the expenditure was incurred only for purposes within the objects of the church, that the goods have been received and are fit for purpose or that work done or services rendered have been satisfactorily completed and that the prices charged are correct and in line with any quotations received. This approval should be evidenced on the invoice by the words 'OK to pay' and the initials of the approver (normally the Budget Holder).

For items up to £400 the Financial Code allows the Treasurer to approve invoices (whether budgeted or not) without recourse to the PCC. For items of unbudgeted expenditure between £400 and £1,000 the Standing Committee may approve the expenditure.

Payment

Once an invoice or personal expense claim has been approved it can be passed to the Treasurer for payment. Currently payment is usually made by use of the CAF bank on line payment process. When payment of approved invoices or personal expense claims is made by cheque, two signatures are required (except for amounts up to £400 where the Treasurer can sign singly). For the on line payment process there is a requirement for two individuals to process the payment in all cases without any small amount concession.

Personal expense claims

For smaller items of expenditure, generally individually less than £50, an individual may purchase goods or incur expenditure and then claim reimbursement of personal expenditure.

Claims for reimbursement of personal expenses should be submitted on the standard expense form, signed by the claimant, and supported by the necessary receipts in all cases. The claimant should ensure the claim form is approved as follows:

Rector claiming expenses – should be approved by a Church Warden or the Treasurer.

Employee claiming expenses – should be approved by the Line Manager

Other Trustees (PCC members including other clergy) and Other Volunteers claiming expenses – should be approved by a Church Warden or Deputy Church Warden (other than the claimant).

Any individual planning to incur expenditure, paying for it personally and claiming reimbursement should apply the same considerations that apply to invoices before committing St Nicolas to such potential expenditure.

The Church Wardens and Treasurer
St Nicolas, Great Bookham
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