# PCC Expenditure Policy

For St Luke’s Church, 46 Cell Barnes Lane, St Albans AL1 5QJ

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Signed: ………………………………………….. Role: ………………………………. Date: ……Jan 2025……

## Introduction

The PCC is the body that provides the vision, direction, and management of the life of our Christian Community. For this to happen, its use of time is vital and the manner in which its members’ time and gifts are used is of strategic importance. The only way in which the PCC can operate effectively in a church the size of St Luke’s is through appropriate and effective delegation.

This document sets out the basis for financial delegation and accountability. The aim is to ensure that the PCC retains full control of expenditure while at the same time allowing delegation of the power to spend to the people who can best make the decisions on expenditure for their area of responsibility. This requires a range of people across the church to plan and to anticipate expenditure as part of the formation of the annual budget. The **Budget** is to be set by the PCC and will give greater freedom and responsibility for groups across the church to spend within their budget.

This Policy encourages sharing of decision-making, a greater level of trust in one another as well as a greater level of sharing in the way the church moves forward. It enables the PCC to focus on the major issues of Church life and allow other committees and groups to take care of the detail.

To support the process of delegation, this policy details the authority mandate that the PCC operates.

## Scope

This policy covers both expenditure and entering into/amending any contractual obligations where there is a financial aspect to that contract.  It includes all areas of church life except where a separate, more specific policy is in place (e.g. charitable giving)

## Budgets

The PCC agrees a budget at the beginning of each year which is, by convention, ratified at the APCM.

All areas of church activity which incur non-trivial spend should have an allocated budget, and the leader of each group/committee should inform the PCC treasurer of their requirements for the coming year so that this can be included in the budgeting process.

Where appropriate (e.g. where budget is based on estimated costs rather than fixed quotes), an additional contingency sum may be included in the budget, and this will be considered part of the budgeted amount when considering the necessary approval for expenditure.

Budgets will be set for the following expenditure:

- **Main PCC** expenditure (treasurer and churchwardens assume responsibility), including, but not limited to:
  - Parish Share
  - Clergy Expenses
  - Staff employed full or part time
  - Church Running Expenses
  - Stationery/Office Expenses
  - Publicity
  - Training (Laity and clergy)
  - Ministry Development
  - Minor Capital Expenditure (up to £500/item)
- **Fabric** expenditure (in the absence of a FabLets team, churchwardens assume responsibility), including, but not limited to:
  - Hall Maintenance
  - Hall Expenses
  - Church Maintenance
  - Church Land Maintenance
  - Minor Capital Expenditure (up to £500/item)
  - Equipment Expenditure (up to £500/item)
- **Children & Young People's Leaders' Team** expenditure (CYP coordinator & Vicar assume responsibility), including, but not limited to:
  - Teaching materials
  - Weekends away and trips
  - Leadership Training
- **Worship Development Team** expenditure (vicar assumes responsibility), including, but not limited to:
  - Worship Resources
- **Mission Committee** expenditure (mission committee assumes responsibility) and the rules surrounding this are defined within the committee's terms of reference and the PCC Charitable Giving Policy, including, but not limited to:
  - Mission Support
- **Other Charitable giving**
- **Major Capital Expenditure/Projects** expenditure (project team will be agreed by PCC) for example:
  - Significant building maintenance/refurbishment
  - New computers/sound equipment/other technology spend
  - Community/Outreach projects

## Expenditure Authority

1. All expenditure, whether one-off or recurring, must be approved in accordance with the table “Authority to Approve” included within the Principles section.

2. Any contractual obligations for an on-going service must be signed by the PCC treasurer and a churchwarden.

3. Where expenditure relates to an existing budgeted area, the nature of expenditure items must relate to the budget approved by the PCC for the committee / team.

4. Expenditure items that have a suitable approved budget can be approved by a quorum of the committee allocated to manage the budget, provided it meets the guidelines in 1, above

5. In addition, the PCC may delegate authority, or specify additional conditions for any specific budget item as it deems appropriate.

5. Any non-budgeted expenditure must be brought to the appropriate body (Treasurer/SC/PCC – as required by the “authority to approve”) at the earliest opportunity. Requests will be reviewed, agreed, and noted in the minutes as appropriate, clearly stating the budget from which such expenditure is to come from.

6. There may be no expenditure beyond the agreed budget for any committee/team without the approval of appropriate body (Treasurer/SC/PCC – as required by the “authority to approve”).

7. Where non-budgeted expenditure is required *in extremis,* this may be approved by the Treasurer and a Churchwarden, however retrospective approval should be sought from PCC at the earliest opportunity.

## Bank Account Mandate

The PCC treasurer will be the primary contact for all bank accounts held on behalf of the PCC.

The following individuals will be authorised to sign cheques and other financial instruments, and approve all online transactions:

- Treasurer
- Church Wardens

Bank account(s) will operate with two signatures/approvals for all amounts.

Other individuals supporting the Treasurer with management of the accounts may be given limited access to view or create transactions in the bank accounts but will not have any approval rights.

## Debit Card

The PCC may approve the issuing of debit card(s) on the PCC bank accounts to specific individuals. Where this is approved, this card(s) must only be used by the nominated individual for the purchase of items for the PCC. All transactions must be approved in accordance with the approval authority below. Receipts for all card transactions must be given to the treasurer.

## Exempt Transactions

The following items are classified as regular expenditure and as such, only require the approval of the Treasurer, *provided they are within budget*.

- *Parish Share & other diocesan fees*
- *Clergy/lay Expenses (in compliance with the expenses policy)*
- *Staff salaries*
- *Church Running Expenses*
- *Regular licence/renewal payments (e.g. software / subscriptions / copyright licences)*
- *Church publicity (e.g. Seasoning/Parish Magazine/Christmas leaflets/Website)*
- *Stationery/Office Expenses*
- *Insurance*
- *Utilities (e.g. power/water/waste/phone/internet) including changing utility package/provider where this will deliver a service improvement or cost saving.*

These matters are not required to be discussed or minuted by the Standing Committee or PCC. Instead, the Treasurer will be required to demonstrate a full audit trail and provide transaction details on request. All payments & contracts will also require approval by a Churchwarden.

## Principles

The following principles will apply to expenditure authority.

| **Classification of Expenditure** | **Authority to Approve** (where spend is recurring, approval limit is per annum) | | |
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| | **£500 or less** | **Over £500 and up to £2,000** | **Over £2,000** |
| **Exempt Transactions** | Treasurer | | |
| **Budgeted Items** | each Committee/Team | Treasurer & a Churchwarden | PCC |
| **New Recurring Contracts** | Treasurer | Treasurer & a Churchwarden | PCC |
| **Non-budget Item** | Treasurer & a Churchwarden | Standing Committee | PCC |
| **Over Budget** (<= 5% over original budget amount) | Treasurer & a Churchwarden | Standing Committee | PCC |

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| **Over Budget**<br><br>**(> 5% over original budget amount)** | Treasurer & a Churchwarden | PCC | PCC |
| **Project / Major Capital Items** | To be agreed by PCC when project is setup and budget allocated | | |

***NOTES:***

The PCC treasurer is not ex-officio a member of PCC or Standing Committee (though may be co-opted). In the case where they are not a member, they must be included in any meetings/correspondence where significant financial decisions are reviewed.

## Payments

Wherever possible, all costs should be invoiced to the treasurer for payment via BACS. Where convenient, low value purchases may be made via a church debit card (where issued) or via personal payments which are then reclaimed via an expenses claim to the treasurer.

All expense claims should be submitted promptly (within 3 months unless agreed otherwise) and must be accompanied by receipts.

In exceptional circumstances, for specific projects where significant personal spend is expected, the treasurer may agree to a "cash advance" payment to an individual. This will be on the agreement of a full reconciliation of costs incurred on a quarterly basis (or at the end of the project if sooner).