

# PCC Expenditure Policy

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

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Signed: .....

Role: .....

Date: .....

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## Introduction

The PCC is the body that provides the vision, direction and management of the life of the Christian Community. In order 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 ahead and to anticipate expenditure as part of the formation of the annual budget. The Budget is to be set by the PCC (and, as required by law, confirmed by the APCM), but will give greater freedom and responsibility for groups across the church to spend within their budget.

The 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 contractual obligations where there is a financial aspect to that contract. It includes the following groups and parts of the church's life:

- *Standing Committee*
- *Fabric and Lettings Team*
- *Young People's Leaders' Team*
- *Worship Development Team*
- *Mission Committee*

## Principles

The following principles will apply to expenditure authority.

<u>Classification of Expenditure</u>	<u>Authority to Approve</u>	
	<b>£500 or less</b>	<b>Over £500</b>
<b>Budgeted Items</b>	Committee/Team	Treasurer & a Churchwarden
<b>Contracts</b>	Treasurer	Treasurer & a Churchwarden
<b>Non-budget Item</b>	Standing Committee	PCC
<b>Over Budget</b>	Standing Committee (if < 5%)	PCC
<b>Capital Items</b>	Minor (see below)	Major (see below)

Contracts include utility supplier agreements and maintenance/service contracts. These will typically fall within Exempted Transactions (see below) or Budgeted Items. Should this not be the case, then approval will be required according to the classification of the item (i.e. use the table above for Non-Budget / Over Budget / Capital Items).

There will also be a classification of regular ‘routine’ budgeted items that shall be under the sole control of the Treasurer. These are shown as Exempt Transactions.

## Budgets

Budgets for each committee and team are set each year and are to be agreed by the PCC prior to the new financial year begins. The total PCC budget must be legally ratified at the APCM held in April, early on in the financial year.

Budgets will be set for the following expenditure:

- **Main PCC** expenditure, including, but not limited to:
  - Parish Share
  - Clergy Expenses
  - Staff employed full or part time
  - Church Running Expenses
  - Office Expenses
  - Publicity (Seasoning etc.)
  - Training (Laitly and clergy)
  - Ministry Development
  - Minor Capital Expenditure (major CapEx always requires PCC approval)
- **Fabric and Lettings** expenditure (in the absence of a FabLets team, churchwardens assume responsibility), including, but not exhaustively such categories as:
  - Hall Maintenance
  - Hall Expenses
  - Church Maintenance
  - Church Land Maintenance
  - Minor Capital Expenditure (major CapEx always requires PCC approval)

- Equipment Expenditure
- **Young People’s Leaders’ Team** expenditure, including, but not exhaustively such categories as:
  - Teaching materials
  - Weekends away and trips
  - Leadership Training
- **Worship Development Team** expenditure, including, but not exhaustively such categories as:
  - Worship Resources
- **Mission Committee** expenditure and the rules surrounding this are defined within the committee’s terms of reference, including, but not limited to: categories as:
  - Mission Support
  - Other Charitable giving

## Expenditure Authority

1. The nature of expenditure items must relate to the budget approved by the PCC for the committee / team.
2. Any expenditure must be approved in accordance with the table “Authority to Approve” included within the Principle section (page 1).
3. Any contractual obligations for an on-going service can be recommended by a committee, but must be signed by the treasurer and a churchwarden. Should the contract involve sums over £500 per annum, then the above procedure (item 2) applies.
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 above guidelines.
5. Any non-budgeted expenditure should be reviewed, agreed and noted in the minutes of the Standing Committee, clearly stating the budget from which such expenditure is to come from.
6. There may be no expenditure beyond the budget for any committee/team without the approval of the Standing Committee. Where expenditure is required beyond 5% of the budget to which the expense relates or is over £500, the PCC’s authority is required for that expenditure, except *in extremis* (in which case retrospective approval should be sought at the earliest opportunity).

## 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*. This list includes, but is not limited to:

- *Parish Share*
- *Clergy Expenses*
- *Staff employed full or part time*
- *Church Running Expenses*
- *Church publicity, including Seasoning*
- *Office Expenses*

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.

## Estimates

Where approval has been given for expenditure against *estimates* (rather than firm *quotes*), such approval will only require re-approval where there is more than 10% deviation from the estimate.

## Bank Account Mandate

The following individuals will be authorised to sign cheques and other financial instruments:

- *Treasurer*
- *Church Wardens*

The account will operate with two signatures for all amounts.