

Wade Street Church - statement on devolved financial authority

Background

1. On many occasions since becoming treasurer I have been asked whether WSC can incur certain expenditure. My responses are based on knowledge of the Church's financial position, the budget and common sense. Given the size of our financial budget I would appreciate clear guidelines about financial authority and our leadership structure.
2. This paper deals with financial matters only and does not address other areas of policy such as appointing additional members of paid staff (the appointment of ministers is addressed in the schedule to the constitution and in the by-laws).

Overall financial responsibility

3. As with all matters, financial authority lies ultimately with the members in Church Meeting, subject to the provisions of the law. The authority of the members is expressed through the need to obtain their agreement to an annual budget. This overall budget will include both revenue budgets for the day to day running of the Church and capital budgets for the purchase of assets that will be used for more than one year.
4. There is regular reporting from the treasurer to the eldership and Church Meeting, to ensure all have the appropriate level of information on the overall financial position.
5. There is a formal requirement for the treasurer to produce annual financial statements, which are subject to external examination, adopted by the eldership as trustees, approved by the members at the Annual Church Meeting, submitted to the Charity Commission and published on its website.

Operating within the annual revenue budgets

6. Within a devolved environment it is necessary to identify how much freedom leaders have to commit expenditure.
7. Many items in the budget are not discretionary and these will be paid by the treasurer as they fall due. Examples include salaries and related costs, payments to the denominations, energy and water costs, bursaries and donations.
8. Individual leadership groups have responsibility for specific areas of church life and they should therefore have a responsibility for the financial performance of that activity or budget area to a certain extent.
9. In these situations the group, in consultation with the treasurer, should consider items of expenditure within the limits of the annual budget (eg premises) or the total funds available (eg Monday Lunch Club).
10. Leadership groups should have authority to incur individual items of expenditure (revenue or capital) against budget lines within their area of responsibility up to a value of £1,000. Above this figure, authority needs to be obtained from the elders' meeting for items up to £2,000. Above this figure, the approval of the Church Meeting is required.

11. Items resulting in a financial commitment in subsequent years may still be approved under the above mechanism provided that the expected expenditure in any year does not exceed the £1,000 or £2,000 limit as appropriate.
12. The leadership groups referred to above are as follows:
- premises group
 - the administrator (for catering, office and premises supplies and equipment)
 - outreach group
 - the youth workers, as a team
 - the children's worker
 - Benevolent fund committee
 - Monday Lunch Club
 - Toddlers
 - Take a Break
13. Postholders (as confirmed at the Annual Church Meeting) and employees shall have authority to incur incidental expenditure as is necessary to enable them to carry out their duties effectively. If in doubt the treasurer should be consulted.

Unbudgeted expenditure

14. If during the year there arises a proposal for expenditure not shown in the budget (or that exceeds the uncommitted amount on a particular line of the budget) those proposing the expenditure shall consult the treasurer. If a proposal includes the generation of income, a reasonable estimate of that income should be deducted from the gross cost to be incurred.
15. If in the opinion of the treasurer likely savings or additional income exist elsewhere within the budget, the proposal may be authorised by the elders' meeting subject to their normal £2,000 limit, providing the overall budget is not exceeded.
16. If sufficient likely savings or additional income cannot be found the proposal must be approved by the church meeting.

Emergencies

17. Any responsible person is authorised to incur necessary expenditure in an emergency. It is not possible to define all possible emergencies but they could include damage to premises, personal emergencies or liability to others. Where possible the treasurer should be consulted.

Failure to set a budget

18. If a budget has not been agreed by a quorate Church Meeting before the beginning of a budget year the treasurer is authorised to incur such expenditure as is necessary for the church to continue to function. Postholders and employees shall continue to have authority to incur incidental expenditure as is necessary to enable them to carry out their duties effectively. Standing order donations may be maintained but all other discretionary expenditure is to be avoided.

Policy on level of financial liquidity

19. In order to protect the Church's ability to meet its ongoing financial commitments while at the same time demonstrating that it is using its resources to further its charitable

purposes and not hoarding them, it is recommended that the Church aims to have a level of net current assets (in unrestricted funds) of between two months income.

Stephen Packham
2010

Approved by the Church Meeting 7 December