



THH20

Finance Policy

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A list of the holders of the posts mentioned in this document and their contact numbers is provided in THH08 Torch Staff & Volunteer Handbook.

1. Introduction

This Finance Policy sets out the financial policies and practices applicable to Torch Help Hub (Torch). It is intended to provide assurance that assets are properly used, funds are spent effectively and financial affairs are well managed, reflecting the requirements of relevant charity legislations and guidance from the Charity Commission.

2. Roles and Responsibilities

The roles and responsibilities regarding the financial management of Torch are:

- Trustees – have overall responsibilities for financial management, safeguarding the funds and assets of Torch and ensuring compliance with regulatory requirements.
- Treasurer – administering the finances of Torch and supporting the implementation of robust financial controls through, in particular, developing finance related policies and procedures, maintaining proper accounting records, monitoring cashflows and other financial performance, and reporting financial matters to the Trustees.
- Operation Team Leader – overseeing the day to day running of Torch, including finance related activities.

3. Reserves

It is aimed to hold unrestricted reserves at a target level that is the greater of

- a minimum of 3 months turnover or
- an amount based on a risk-based approach taking into account the committed costs of closure such as, outstanding liabilities, contracts, redundancy etc.

Turnover is considered as income very likely to receive every month, such as committed donations from local churches.

It is considered that this target level will provide sufficient funds to respond to unforeseen expenses or reductions in income, as well as potential liabilities in case of redundancy or winding up. The exact amount of the target level will be set by the Trustees on an annual basis.

Any surplus in unrestricted reserves can be kept in an interest-bearing account with a recognised bank to generate additional income, where appropriate.

The actual reserve level is monitored against the target level. When it is likely to be impinged upon, the Trustees will be informed promptly to determine the necessary remedial actions.

4. Bank Accounts

Bank accounts should only be opened with reputable financial institutions regulated in the UK and in the name of Torch to protect the charity's money. They should be used solely for Torch and not for any individuals', private or third parties' uses. Accounts no longer used

should be closed promptly.

The opening and closing of bank accounts and their mandates (including all subsequent changes) must be approved by at least two Trustees. The bank mandate should be reviewed annually to ensure it remains appropriate. A clear record of the mandate should also be kept.

Dual controls must be in place for all banking transactions, including direct debits. It can involve authorization from two people or one person to create an instruction and another to authorize it.

For online banking, appropriate security measures should be taken to protect the login credentials. These include not sharing password/ PIN with others, keeping up to date with anti-virus/anti-spy software on the devices used for online banking etc. More advice can be found under section 4.2 of the Charity [Commission's Guidance on Internal Financial Controls for Charities](#).

The bank account should be reconciled monthly against accounting records. Any discrepancies should be resolved promptly. The account should also be monitored for any suspicious activities, and a report made to the Trustees if identified.

5. Income

The vast majority of income is committed donations from supporting churches collected in the form of bank transfers. Individual donors are encouraged to donate through bank transfers or Stewardship, a third-party fund-raising platform (details are provided on [Torch's website](#)). The latter also helps process Gift Aid and the keeping of donor information.

Cheques and charity vouchers (e.g. Charities Aid Foundation) received should be held securely, deposited at the earliest opportunity and accurately recorded. Other forms of donations, e.g. cash and crypto assets should be avoided to reduce the risk of fraud, theft or other legal consequences.

Donations or financial aid received should meet with the aims and beliefs of Torch. Those from organisations engaging in activities in conflict with Christian beliefs, e.g. gambling, lottery, should not be accepted or solicited, unless with the approval from the Trustees.

Funding bids and grant applications undertaken, either in the name of Torch as the accountable body or as a partner in a bid submitted by another organization, should be consulted with and approved by the Trustees. The amount of the bid or application will generally be based on recovery of the full cost of the proposed work.

6. Expenditure

Expenditure should only be incurred when necessary for the operation of Torch and the delivery of its services. Invoices should be settled on time and by bank transfer, the preferred method of payment. Similar to income, payments in the form of cheques or cash should be avoided due to the higher risk of operational errors and mishandling and lack of

an electronic audit trail. Torch currently does not hold any debit, credit or charge cards for the payment of expenses.

Payroll processing has been outsourced to Trinity Church in Lower Earley, which is responsible for compliance with legal requirements, regarding PAYE deductions, pension and NI contributions and filing of HMRC returns etc.

Settlement of invoices and reimbursement of expenses are processed according to the THH19 Expense Policy available here: <https://torchhub.org.uk/documents>.

7. Annual Budget

An annual budget of income and expenditure is prepared and approved by the Trustees before the start of a financial year.

The utilization of the budget is monitored quarterly by comparing the actual amounts to the budget. Any material variations should be reported to the Trustees.

8. Record Keeping and Reporting

All financial transactions are recorded in the accounting ledgers, which are currently maintained electronically in the Xero accounting software, within the calendar month of the transaction date. There is also a register with sufficient details to record valuable items retained for Torch's use.

Records for gift aid, payroll and related personal information are maintained by the sourcing parties which process these types of transaction on Torch's behalf.

Annual accounts are prepared for the Trustees to review and approve and for filing with the Charity Commission and Companies House within the deadlines by end of October and September every year, respectively. Quarterly financial reports, including Income and Expenditure accounts, Balance Sheet and budget utilization etc, are also presented at the Trustees' meetings.

All accounting records and key financial reports are kept electronically for at least the minimum retention period as required by law. Those electronic records should be held in password-protected systems with access granted on a need-to-know basis. More details about data protection are set out in the THH02 General Data Protection Policy.

Change Record

Date of Change:	Changed By:	Comments:
5/8/24	Treasurer	First Issue