



## KEY TASKS

The scale of the Treasurer's job will depend on the size and complexity of the Parish. But each and every Treasurer will be expected to:-

- ◆ carry out the financial policy of the PCC. The PCC has the responsibility of both raising and spending money to meet its obligations. The Treasurer implements their decisions.
- ◆ prepare an annual budget to assist the PCC plan its income and expenditure for the following year.
- ◆ record all financial transactions carried out on behalf of the PCC
- ◆ monitor the church's finances throughout the year, and alert the PCC if any difficulties are likely
- ◆ ensure that the PCC meets all its financial obligations, such as clergy expenses, parish share or insuring the church buildings against fire, theft and public liability.
- ◆ maintain, and set up if needed, a book-keeping system.

Prepare the annual accounts for the Annual Parochial Church Meeting, ensuring that the accounts comply with current Church Accounting Regulations

The PCC is in charge of the Church's money and the Treasurer acts on its behalf. A Treasurer should not act independently of the PCC.

## COMPUTERISED ACCOUNTS

Increasingly, Treasurers are using computers in their work. As the technology in this area is continually evolving, and the different programmes and operating systems are various, it is unwise here to make any specific suggestions. However, provided the computer records are always backed-up and with regularly updated printed copies, a computerised system can save much of the routine drudgery and enable more regular balances to be kept, which will help monitor progress against the predicted figures from the budget forecast. If you keep details of individuals by name, then you will need to be aware of the requirements of the Data Protection Act, but this is perhaps more likely to apply to the PCC Secretary, for example with the Electoral Roll.

## HELP

However daunting all these various responsibilities and requirements may seem, you are not alone in your task. There may be help available locally from the previous office holder, or the Treasurers in other parishes in the benefice or the deanery. To back-up this, and available at any time during the working week, ring Diocesan Office where there will always be someone with expertise to advise.

- ◆ all the managing trustees (ie the PCC members) should be named as well as that of the independent examiner.
- ◆ the financial year covered by the report should be clearly identified
- ◆ a statement of the aims and objectives of the charity and its activities over the year in trying to meet these is required.
- ◆ financial statements for each of the funds under the control of the PCC, and the types of money which they comprise must be shown.
- ◆ a certificate signed by the independent examiner on the audit is required.
- ◆ income and expenditure under clear categories, with the corresponding amounts for the previous year, must be shown.
- ◆ opening and closing balances on all bank and other accounts held must be included
- ◆ the accounts must be clearly signed and dated by the Treasurer after acceptance by the PCC and prior to the APCM, which must be held before the end of April each year.

A copy of these accounts, once accepted by the PCC and having been presented at the APCM, must go to the Diocesan Accountant.

Draft model accounts are available from the Diocesan Office.

## WHO CAN BE A TREASURER?

There is no need for a Treasurer to be a qualified accountant, although in the larger parishes this would clearly be helpful. Much more important are the personal qualities which the potential Treasurer has to offer.

The Treasurer must:-

- ◆ be honest. This should be beyond doubt. PCCs may wish to take-up references, but realistically this may not always be possible.
- ◆ be financially competent. This means not simply having the ability to maintain a cash record, but having some grasp of the need to monitor cash flows.
- ◆ have an understanding of the parish, its needs and potential, both at the level of individual church members and also the wider local community.
- ◆ have an understanding of the role of the parish in its wider context of deanery, diocese and the national church, and how the finances at each level inter-relate.
- ◆ be able to explain financial issues clearly both within the PCC and to the general church membership.
- ◆ attend PCC meetings so as to be aware of all the PCC's plans, and not just those dealing directly with finance. The position of Treasurer is filled on an

annual basis at the first PCC meeting after the APCM. If not already a member, the Treasurer becomes a full member of the PCC by co-option, on election to the post of Treasurer.

- ◆ be prepared to be readily available so that urgent business can be conducted easily.
- ◆ be able to maintain confidentiality, particularly over the financial situation of individual church members and their personal giving.
- ◆ be in harmony with the PCC, the parish priest and with the wider church.
- ◆ meet the wider requirements of the Charity Commissioners for all trustees – aged over 18 years old, and not to be disqualified because of bankruptcy or convictions for financial wrongdoing.

The Treasurer cannot receive remuneration for his services as PCC Treasurer but can claim reimbursement of expenses.

## RECORD KEEPING

The main types of records that will need to be maintained are:

- ◆ **The account book(s).** This contains the record of every item received by the PCC or paid on its behalf. If several items of cash are received on one day, e.g. the different collections on any given Sunday, these would be recorded individually as

- ◆ the independent examiner must not be a member of the PCC or related to the Treasurer and ideally should be external to the parish.

## ANNUAL ACCOUNTS

The PCC is covered by the requirements of the Charities Act, 1993 and although it is not required to register directly with the Charity Commission, and is hence known as an “excepted charity”, it is still bound by the Act’s requirements. If at any time there is a need to give a Charity Number, for example on opening a new bank account, consult with the Diocesan Office who will advise on the correct details to quote.

Specimen annual parish accounts are available from the Diocesan Office which will serve as a model for the presentation of the full financial report. However, some general points of information are given:

- ◆ for most parishes, the accounts are prepared on a simple receipts and payment basis; only the largest parishes with a gross income of over £100,000 need accounts prepared on an “accrual” basis. If this applies to your parish, diocesan staff will advise you accordingly.
- ◆ the accounts are effectively the annual report of a charity and so reflect what one would reasonably expect to be told by such a body.
- ◆ they should state the name of the Parish.

annual accounts will find their task made much easier. Wherever possible:-

- ◆ two people should check cash receipts and sign clear records of this.
- ◆ bank credits should link with these records
- ◆ all payments should be made by cheque, with a separate petty cash system as outlined on page 5
- ◆ cheques received should be payable to the PCC or the church, not to individuals.
- ◆ there should be at least two signatories for cheques paid out (see page 6), and cheques should not be signed in advance of being made out. If it is felt unavoidable that a cheque should be pre-signed, then it should be endorsed with an amount that it is not to exceed.
- ◆ the PCC members should be involved in the monitoring of PCC funds – for example let the Churchwardens have sight of the bank statements from time to time, perhaps when the Treasurer is on holiday.
- ◆ only those PCCs with an annual figure for income or expenditure of over £250,000 need to use a professional auditor. Below that sum, and thus for the great majority of parishes, the audit can be undertaken by an “independent examiner”, who, while not professionally qualified, should be financially competent and experienced.

“Cash received”, with a corresponding entry for the total sum paid-in, as “Cash to bank”. Most stationers shops supply a variety of cash books, such as the Guildhall or Collins versions.

- ◆ **Collections records.** These can be cross-checked against the church register and against subsequent banking entries. Weekly collections and income from envelopes should be checked as they are counted, by at least two people. Their names and signatures should be on each record.
- ◆ **Receipts.** It should be exceptional if payment is not made by cheque. It should always be supported by a receipt. A consecutive, numbered, listing of receipts helps to reconcile them with expenditure entries in the cash book and bank statements.
- ◆ **Petty Cash.** A cheque, drawn for “Cash” can be used to provide a banking entry to support the initial credit balance in a Petty Cash book. All payments from petty cash should wherever possible have a matching receipt, and the total of such payments, when added to the remaining cash in hand, should balance against the initial cash cheque withdrawal from the bank.
- ◆ **Covenants.** Even if the PCC has a separate Covenant Secretary who keeps records of individual covenants and the amounts against which tax can be reclaimed, the Treasurer will still need to keep note of who has paid what and when, either by means of an envelope giving scheme, or by banker’s order direct to the church account. This will need to be shown in the cash book, and will support the

requirements of the Inland Revenue to justify repayment of income tax paid by the covenantor.

- ◆ **Gift Aid.** Any gifts of money by a taxpayer are eligible for repayments of income tax under Gift Aid. Proper records need to be kept of any such gifts .
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- ◆ **Bank account(s).** Many Banks now offer Treasurer's accounts which provide cheque book facilities. The Treasurer needs to keep all bank statements to support the PCC accounts, for a period of six years. In view of the need to comply with the Charity legislation and identify separately the different types of funds, as explained below, it may be useful to operate more than one account, but in no case should there be more than one cheque book in use at any one time for each separate account.
- ◆ **Bank signatories.** Each cheque should require a minimum of two signatories. These are normally the Treasurer, churchwarden(s), parish priest and one or two other members of the PCC. The Treasurer needs to keep a record of authorised signatories and ensure that it is updated regularly.
- ◆ **Investment account(s).** In order to maximise the interest earned by the PCC's funds, those that are not needed on an instant access basis should be deposited in investment accounts. These should pay interest gross, as the PCC has no liability for tax

- ◆ **Ministry expenses.** The main expenditure will be the Parish Share, which covers the clergy stipend, pension contributions and the parish's share of wider ministry costs, as explained each year by the Diocesan Office.
- ◆ **Church running expenses.** Heating, lighting, cleaning and insurance. The choice of type of heating, the insurance company, or the level of insurance cover, will all be matters for the PCC, but the Treasurer can readily obtain advice on each of these matters from the Diocesan Office.
- ◆ **Visiting clergy, organists, cleaners** will normally all need payment. Your Deanery Treasurer will advise on local rates that may apply. For permanent employees, you should check with the Inland Revenue about the need to deduct tax at source.
- ◆ **Charitable giving.** Each parish will want to support some aspect of the Church's wider mission. The causes and the amounts given should be reviewed each year.

## FRAUD AND AUDIT

It is important to ensure that at all stages in the handling of the PCC's funds, from collections to payments, there are mechanisms in place that can help decrease the risk of fraud and increase the transparency of the PCC's management of the money for which it is the trustee. These measures will also assist in defining the "audit trail", so that who ever completes the examination of the

without the need to seek specific authorisation from the PCC.

A possible time-scale for the preparation of the budget is from June to September, when the accounts from the previous year have been accepted at the APCM, and in time for the PCC to consider what action it needs to take prior to the start of the next financial year. No budget will be 100% in line with actual income and expenditure, but without one the Parish will be extremely lucky to avoid recurrent financial crises.

## ROUTINE EXPENDITURE

It is useful to have an idea of the routine items that the PCC needs to consider. They are the Trustees of the parish church funds, and it is for them to authorise payment and also to find the income to meet that expenditure. None the less, the PCC will look to its Treasurer for advice.

- ◆ **Clergy working expenses.** These should be covered in full by the PCC, and Diocesan office can advise on the appropriate items to reimburse, and rates such as car mileage allowances, that are agreed annually with the Inland Revenue. The method and frequency of payment will be a matter between the parish priest and the PCC; if for any reason the PCC is unwilling or unable to pay some or all of the correct expenses, then the Archdeacon would need to be consulted on how best to proceed.

in this respect, and advice on suitable accounts with the Central Board of Finance can be obtained from the Diocesan Office. Annual statements are provided, showing interest accrued and capital movements.

- ◆ **Return of Church Finance.** This is an annual form which helps the Church of England monitor its financial situation. It is sent to each Treasurer prior to the APCM, and one copy of it is retained by the parish, the others returned to Diocesan Office.
- ◆ **Annual accounts.** These are considered in more detail below but records should be held for at least six years.
- ◆ **Correspondence file.**

## TYPES OF MONEY

There are three types of money which are specified in the Church regulations and which need to be clearly identified in the PCC's annual accounts. It should be remembered that the members of the PCC are the Trustees of all the money under their control.

- ◆ **Unrestricted money**  
An example would be the general fund. This is money which is under the control of the PCC and which can be spent on any purpose it deems fit. This covers items such as income from collections, or payments of expenses, regular running costs, etc. Funds may be set aside out of an unrestricted fund for a specific purpose, such as the

replacement of vestments or service books, which would then be known as designated money. However, this would not then prevent the PCC subsequently reallocating these sums for other uses.

◆ **Restricted money**

This is money which can only be used for a specific purpose from the outset. An example would be the income from a parish fund raising event which was clearly identified as being in aid of the repair fund. The money could thus only be spent on the purpose identified. In trying to decide if money is restricted it is important to ask about the donor's intention. Did the donor(s) give the money for a particular purpose? If so, the money is almost certainly restricted.

◆ **Endowment money**

This is money which has come to the church or PCC with the specific instruction that only the interest generated by the money can be spent. For example, the proceeds of a legacy which specifies that the original sum is to be used to endow money for the replacement of service books.

## BUDGETS

All well run financial institutions produce a budget each year. It gives an estimate of expenditure and income for the financial year, which for the church runs from 1 January to 31 December. Its main value is to provide:

- ◆ an indication of the amount money which the PCC needs to raise
- ◆ the likely income from various sources, such as planned giving, usual fund raising activities, etc.
- ◆ the expenses of office of the parish priest
- ◆ the Parish share contribution to Ministry
- ◆ predictable items of expenditure which can be agreed in advance, such as heating, insurance and usual administrative costs.
- ◆ allowances for replacement of items that have a limited life – routine maintenance, new books, etc.
- ◆ major repairs work that can be foreseen.
- ◆ a margin for reserves
- ◆ charitable giving.

The budget will indicate the likely surplus, or shortfall that the PCC will need to address in its planning for the next year, so that it can consider ways in which it can make economies in expenditure and/or raise income from fund raising or by drawing on reserves. It is at this stage that the need to enlist the help of the Diocesan Stewardship Department can be highlighted or the results of such fundraising can be monitored to avoid an unexpected financial problem. A budget will also enable the routine payment of bills, such as that for the electricity or insurance, to be made by the Treasurer