



## PRACTICAL TIPS FOR MANAGING PARISH FINANCES

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### SESSION OUTLINE

1. Financial Controls (policies and procedures you should have in place to protect your income and assets and the people administering them)
2. Some Day To Day Accounting Issues (GST, Other Tax Obligations and ABN issues)
3. Annual Accounting Issues (how to improve your year end accounting processes in readiness for the Annual Vestry Meeting)
4. Using financial information to help with ministry decisions

Questions and Answers

### INDEX OF ATTACHED PAPERS

Pages 2-4	Financial Controls Policy
Page 5	Annual Timetable
Page 6	Tips for finalising year end financial statements
Page 7	List of things to give the auditor
Page 8	Ten Year Projection

### LIST OF STANDARD DOCUMENTS AND TEMPLATES

Available for download from SDS website ([www.sds.asn.au](http://www.sds.asn.au))

Financial Controls Policy  
Offertory Count Worksheet (.pdf version to handwrite)  
Offertory Count Worksheet (.xls spreadsheet)  
Bank Reconciliation template  
Payment requisition  
MEA reimbursement  
Petty cash reimbursement  
Annual timetable  
Tips for finalising year end financial statements  
List of things to give the auditor  
Ten year projection (.xls spreadsheet)

## FINANCIAL CONTROLS POLICY

For the Anglican Parish of .....

Adopted by Parish Council at the meeting on ..... (date)

### Preliminary

This policy document sets out procedures and policies to ensure that the parish's receipts and payments are properly processed and recorded so as to ensure that its financial affairs are properly administered, and seen to be properly administered.

### Offertories

- (a) Two unrelated persons should take charge of the offertory immediately after each service and count it and record and sign the details on the offertory count sheet (*template document available – in .pdf and .xls*) which is retained and made available to the auditor. The following pool of persons has been approved by the Parish Council to take custody of and count the offertory:
  - Any Churchwarden or Parish Councillor
  - Any Bible study group leader
  - Mr .....Ministry staff are not permitted to have custody of or count the offertory<sup>1</sup>.
- (b) The total offertory and attendance numbers for each service should be entered in the service register and one of the persons completing the count sheet should sign the register.
- (c) The offertories should be held in the safe (*or insert other place*) until they are banked without deductions for expenses.
- (d) All offertories should be banked promptly by a person approved by Parish Council who is not involved in the counting of the offertories.

### Direct Debit Giving (*delete if not applicable*)

- (e) The following persons have approval to collect and process requests for direct debit giving using the Glebe Planned Giving program:
  - The Treasurer
  - Mr .....
- (f) All direct debit instructions will be retained in a secure location for a period of five years after the expiry of such instructions.

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<sup>1</sup> *It is recommended that the Treasurer should not count the offertory, or have custody of it prior to counting. This is because it is preferable that the same person not be responsible for dealing with both the physical receipt of cash and the subsequent recording and reporting of it. It is also recommended that ministry staff not be involved with the handling of money to avoid any suggestion that they are administering the church finances for their own personal benefit.*

**Other Receipts**

- (g) All other money received other than by electronic bank transfer should be receipted and banked promptly without deduction for expenses.

**Payments**

- (h) Bank accounts must only be opened and signatories added and changed with the authority of Parish Council. Arrangements with banks and other financial institutions should require 2 signatories for all transactions. Parish council approves the following persons<sup>2</sup> as cheque signatories:
  - The Churchwardens
  - The Treasurer
  - Mr .....
- (i) There should be a voucher for every payment and the voucher should be authorised by an appropriate person to indicate that:
  - (1) any goods and services supplied –
    - (a) are as ordered/required
    - (b) were received, and
    - (c) the amount shown is the correct amount to be paid, or
  - (2) any payroll payments –
    - (a) are based on appointments made by the minister and wardens at pay rates approved by the Parish Council
    - (b) are supported by records of hours worked, leave taken, etc, where appropriate, and
    - (c) have resulted in appropriate PAYG payments.
- (j) Before effecting a payment both signatories should review and initial the supporting voucher(s) and ensure that there is evidence of prior authorisation. The cheque or other reference number should be written on every voucher and all vouchers made available for inspection by the auditor.
- (k) Payments must be submitted to Parish Council for special approval where their nature is outside the approved budget or the amount significantly exceeds budget.
- (l) As cheques are written they should be crossed “not negotiable” (if not pre-printed). Blank cheques should not be signed. Cancelled cheques should be mutilated to prevent re-use and made available for inspection by the auditor.
- (m) Petty cash payments should only be made from a cash float maintained on the imprest system (a signed voucher for every payment and the total of the vouchers and cash on hand must always equal the imprest amount). Reimbursements of petty cash should be made against an itemised list of payments supported by signed vouchers. *(A template petty cash reimbursement form is available.)*

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<sup>2</sup> The people appointed as signatories for payments should be unrelated persons, and typically are the Churchwardens and Treasurer.

**Internet Banking** *(delete if not applicable)*

- (n) Parish Council authorises internet banking access with .....*(insert name of bank)*. The following persons<sup>3</sup> are authorised to have access to internet banking and to make transactions:
  - The Treasurer
  - Mr .....
- (o) All transactions require the authorisation of two persons. Authorised users undertake not to divulge their password to other persons, and to change their password periodically.

**Keeping Books of Account**

- (p) Parish Council has determined that its financial records will be maintained using .....*(insert name of computer program or manual system, eg MYOB)*. Day to day transactions will be entered into the system by ..... *(the Treasurer, Administrator, etc)*, and then reconciled by the Treasurer on a monthly basis.
- (q) Every month the Treasurer will present to the Churchwardens for review the following:
  - Profit and Loss account for the month and year to date with comparisons to last year and budget
  - Balance sheet
  - Bank reconciliation and copy of month end bank statement
  - A listing of bank receipts and payments for the month
- (r) Every month the Treasurer will present to the Parish Council for review the following:
  - Profit and Loss account for the month and year to date with comparisons to last year and budget

**Business Activity Statements (BAS)**

- (s) The Treasurer will prepare on a timely basis BAS for the Parish. The BAS and supporting documentation will be submitted to the Churchwardens for approval prior to lodgement with the Tax Office.

**Other Statutory Lodgements**

- (t) The Churchwardens will ensure that all other statutory lodgements and payments including PAYG Withholding, Superannuation, Fringe Benefits Tax and Workers Compensation are lodged and remitted as required.

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<sup>3</sup> Commonly these people will be the same as the cheque signatories.

## ANNUAL TIMETABLE

July – December	Churchwardens and Treasurer formulate next year’s budget
November	Churchwardens confirm availability of auditor for current year audit
January – March	<p>Treasurer prepares year end reconciliations</p> <p>Treasurer prepares draft financial statements</p> <p>Treasurer/Churchwardens present draft financial statements and supporting information to the auditor</p> <p>Audit undertaken</p> <p>Auditor gives audit clearance</p> <p>Churchwardens contact auditor to discuss the financial statements and any audit issues</p> <p>Churchwardens and Auditor sign financial statements</p> <p>Prescribed Financial Statements made available to congregation (two Sundays prior to Annual Vestry Meeting)</p> <p>Annual Vestry Meeting</p>
15 April	Lodge Prescribed Financial Statements and Annual Financial Return with the Diocese
April – June	Churchwardens/Parish Council deal with any issues raised by the auditor

## TIPS FOR FINALISING YEAR END FINANCIAL STATEMENTS

- Print out the annual balance sheet and profit and loss accounts with comparatives to last year and budget. Review all balances and ensure there are no obvious errors and that they look reasonable compared to last year and budget. Make notes to explain significant variations.
- Prepare bank reconciliations for each bank account. Ensure that all reconciling items are correct (e.g. stale cheques written back, etc). The reconciliation should be done at 31 December even if the bank statement ends on another date.
- Agree investment balances to supporting documents (such as Anglican Church Property Trust (ACPT) year end statements). Note that ACPT statements may include the income distribution paid shortly after year end which may have to be included in the year end financial statements.
- Review all other asset accounts (conference deposits, bonds, etc and ensure they are correct.
- Ensure that the GST and PAYG assets or liabilities at year end reconcile to the December Business Activity Statement.
- Obtain land and building valuations and update asset values as necessary.
- Reconcile MEA balances (i.e. MEA bank accounts, if applicable, agree to MEA liability accounts). Furthermore a copy of the MEA account should be provided to the minister for their review.

**LIST OF THINGS TO GIVE TO THE AUDITOR**

**GENERAL**

General Ledger	Frequently SAPAS/MYOB. Auditor may prefer to receive the computer data file rather than printouts
Minutes	Auditor will want to review minutes of meetings of Parish Council, Churchwardens and parishioners to check that decisions with financial impact have been reflected in the accounts
Bank Statements	For the whole year and any subsequent to the year
Budget	For the following year
Financial Controls Policy	Adopted by Parish Council
Business Activity Statements	All BAS statements for the year

**RECEIPTS**

Service Register	)	
Offertories Count Sheets	)	Auditor will want to check amounts banked to the money collected at services
Deposit Books	)	
Planned Giving Statements	)	
Investment Accounts Statements		For the whole year and any subsequent to the year
Other Supporting Documents		e.g. Correspondence about bequests received, grants

**PAYMENTS**

Payment Vouchers	Invoices, receipts, etc for all payments (by cheque and EFT). These should be filed in a methodical manner (such as cheque number, or date order)
Cheque Butts	For all accounts
Parish Cost Recoveries Statements	Issued by the SDS each year
Employee Payment Summaries	As issued for the previous June year end, along with the reconciliation statement

**OTHER**

Land Valuation Statements	Issued periodically by the Valuer General
Schedule of Insured Values (buildings and contents)	Issued annually by the SDS
Documentation supporting any other assets or liabilities	

**ADDITIONAL ITEMS FOR FIRST TIME AUDITOR**

Last year's financial statements
Last year's annual financial return