The PCC Treasurer

HANDBOOK

The Diocese of

Canterbury

2022

Key Tasks

The size and scope of the Treasurer's job will depend on the size and complexity of the Parish. But each 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 responsibilities. The Treasurer implements their decisions.

- Prepare an annual budget to assist the PCC plan its income and expenditure for the next 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 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 Charity Commission requirements.

- Submit the annual return of Parish Finance on the Church of England portal.

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

A 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 also having some grasp of the need to monitor cash flows.

- Understand the parish, its needs and potential, both at the level of individual church members and also at the wider local community level.

- Understand 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 to be aware of all the PCCs 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. It is possible to co-opt someone onto the PCC to undertake the duties of Treasurer, but it is much better if the Treasurer is a full member of the PCC.

- Be prepared to be available between formal PCC meetings as a member of the PCC's Standing Committee, 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 be disqualified because of bankruptcy or convictions for financial wrongdoing.

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

- **The cash 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, for example the different collections on any given Sunday, these would be recorded individually as "Cash received", with a corresponding entry for the total sum paid-in, as "Cash to bank". Most stationers' shops supply various designs of cash books, such as the Guildhall or Collins versions. Simple computerised accounting systems are also available.

- **Collections records**. These can be cross-checked against the 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.

- **Payments**. It should be exceptional if a payment is not made by cheque or BACS. 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 on the 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 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.

- **Gift Aid.** Even if the PCC has a separate Gift Aid Secretary who keeps records of individuals 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 HMRC to justify repayment of income tax paid by the donor.

- **Bank account(s)**. Most 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 seven years. In view of the need to comply with the Charity Commissioners' requirements 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.

- **Internet Banking**. Many banks offer facilities for operating accounts over the internet. Care should be taken to ensure that all transactions enacted in this way are properly authorised by at least 2 authorised officers.

- **Bank signatories**. Each cheque should require a minimum of two signatures, usually any two from four including members of the PCC, the parish priest, churchwardens and Treasurer. The Treasurer needs to keep a record of who are the authorised signatories and ensure that it is updated regularly.

- **Investment account(s)**. To maximise the interest earned by the PCC's funds, money that is not needed on an instant access basis should be deposited in one or more investment accounts. These should pay interest gross, as the PCC has no liability for tax in this respect, and advice on suitable accounts with the Central Board of Finance can be obtained from the Diocesan Finance Team. Annual statements are provided, showing interest accrued and capital movements.

- **Return of Church Finance**. This is an annual requirement which helps the Diocese and Church of England monitor the overall financial situation. https://parishreturns.churchofengland.org/

- **Annual accounts**. These are considered in more detail below but records should be held for at least six years.

- **Correspondence file**.

Types of Funds

There are four types of funds which are specified in the Charity Commission's 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.

- **General fund**. These are monies which are 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 payment of expenses, regular running costs, etc.

- **Designated fund.** This is where the PCC might decide to put money aside for a specific purpose. The PCC can, at any point, review their decision and “undesignate” these funds. For example, the PCC might want to put £5,000 towards building a memorial garden. However, if urgent repairs and suddenly needed on the church hall, the PCC could then decide to use the £5,000 for this reason.

- The general fund and designated funds are **unrestricted funds**.

- **Restricted fund.** 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 a fund 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 a restricted fund. And remember, only a donor can "restrict" a fund.

- **Endowment fund.** This is a fund of money which has come to the church or PCC with the specific instruction that in most cases only the income can be spent. For example, the proceeds of a legacy which specifies that the original sum is to be invested so that the income can be used for the replacement of service books.

Budgets
All well-run financial institutions produce a budget each year. In it they give an estimate of expenditure and income for their financial year, which for the church runs from 1st January to 31st December. Its value is to provide:

- an indication of the amount of money which the PCC needs to raise.

- the likely income from various sources, such as planned giving, usual fund raising activities, etc.

- predictable items of expenditure which can be agreed in advance, such as heating, insurance and usual administrative costs.

- the diocesan Parish Share.

- allowances for replacement of items that have a limited life - routine maintenance, new books, etc.

- major repair 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 needs to make economies in expenditure and/or raise income from fundraising or by drawing on reserves. It is at this stage that the need to enlist the help of the Diocesan Generous Giving Advisor, for example, can be discussed or the results of such fundraising can be monitored to avoid yet another 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 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 a budget will serve as a guide and monitoring tool throughout the year.

Parish Share

Parish Share is one of the first calls on the funds of a parish because it meets the cost of paid clergy (apart from parish expenses) and the parish's contribution to the other costs of the diocese. The Parish Share is split nominally into two parts - Ministry costs and Shared costs.

- **Ministry costs**
  Each parish/benefice with a stipendiary post is asked to contribute the costs of the minister's stipend (salary), the Employer's National Insurance, apprenticeship levy and pension contributions together with the cost of repairs and maintenance of the clergy house, Council Tax, water rates and a contribution to clergy in-service training.

- **Shared costs**
  The Shared Costs covers the cost of clergy training, both national and diocesan, and includes the stipends and housing of all training curates, the cost of Senior Clergy, services provided by the diocese for parishes and the essential administration of the diocese and an institution as large and complex as the Church of England. It also finances those Specialised Ministries for those areas of the Church's activities which fall outside the parochial system – e.g. the full time Chaplaincy at the University of Kent, etc.

The activities covered by the Parish Share need to be financed regularly through the year (clergy like to be paid monthly!) and the diocese therefore gives every encouragement to parishes to pay Parish Share by means of monthly instalments by Standing Order. Parishes are sometimes tempted to delay payment of Parish Share because their cash flow does not allow payment at certain times of the year. However, creditors other than the diocese, e.g. the Electricity Board, would be less than sympathetic to the cash flow problems of a parish!
Deaneries have now taken over the responsibility for allocating.

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 funds, and it is for them to authorise payment and also to find the income to meet that expenditure. Nevertheless, the PCC will look to its Treasurer for advice.

- **Ministry costs**. The main expenditure will be the diocesan parish share, which covers the clergy stipend, pension contributions and the parish's share of wider ministry costs as mentioned above,

- **Clergy working expenses**. These should be covered in full by the PCC, and Diocesan House can advise on the appropriate items to reimburse, and rates such as car mileage allowances approved by HMRC. The method and frequency of payment will be a matter between the parish priest and his PCC; if for any reason the PCC is unwilling or unable to pay some or all of the expenses, then the Archdeacon may need to be consulted on how best to proceed.

- **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 staff at Diocesan House.

- **Visiting clergy, organists, cleaners**, will normally all need payment. For permanent employees, you should check with HMRC about the need to operate a PAYE system.

- **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 sadly true that some of us are tempted, even if, mercifully, few actually succumb. However, it is only responsible 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 sums for which it is the trustee. These measures will also assist in defining the "audit trail", so that whoever completes the audit or inspection of the annual accounts will find their task made much easier. So:-

- 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 or BACS, with a separate petty cash system.

- Cheques received should be payable to the PCC, not to individuals. Banks are no longer likely to accept cheques in the wrong name.

- There should be at least two signatories for cheques paid out, and cheques should never be signed in advance of being required.

- The PCC members should be involved in the monitoring of what is, after all, the money they are responsible for as trustees - for example letting the Churchwardens have sight of the bank statements from time to time.

- Only those PCCs with an annual figure for income of over £500,000 need to use a professional auditor. For parishes with an income of over £250,000 but less than £500,000 an independent examiner needs to be appointed who is professionally qualified. For those with income of less than £250,000 the examiner should be financially competent and experienced.

- The independent examiner must not be a member of the PCC and ideally should be external to the parish.

Annual Accounts
The PCC is subject to the requirements of the various Charities Acts. Most PCCs are not required to be registered with the Charity Commission and will continue to be 'excepted charities'. However, parishes with income over £100,000 are now required to register with the Charity Commission. A certificate can be downloaded from the “A Church Near You” website confirming the excepted nature of the PCC if they do not have a charity registration number.

Specimen annual parish accounts are available from the parish resources website given below which can 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 payments basis; only the largest parishes need accounts prepared on what is known as an "accrual" basis.

- the financial year covered by the report should be clearly identified.

- accounts for each of the funds under the control of the PCC, and the category of fund which they represent must be shown.

- a certificate signed by the independent examiner on the independent examination is required.

- income and expenditure under clear categories, with the corresponding figures for the previous year, must be shown.

- a statement of Assets and Liabilities as at 31 December should 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 prior to the end of April each year.

- a Statement of Accounting Policies used in drawing up the accounts must be included.

- an Annual Report drawn up in the format set up in accordance with the Charities Act needs to be published alongside the accounts.

A copy of these accounts, once accepted by the PCC and having been presented at the APCM, must go to the Diocese no later than 31 May and ideally earlier.

Further information can be obtained from:
www.parishresources.org.uk/

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, you may also ring Diocesan House where there will usually be someone with expertise to advise.

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