

PCC TREASURER GUIDE

A guide to being a successful PCC Treasurer

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If you have questions that are not answered by this guide, please don't hesitate to contact a member of the Peterborough diocesan finance team on 01733 870000 or email us at finance@peterborough-diocese.org.uk

Please notify any errors or comments to finance@peterborough-diocese.org.uk

INTRODUCTION

The role of PCC Treasurer is vital to each and every church. Your hard work and dedication often goes unseen, but without it the mission and ministry of the church would suffer. The position is not just about numbers; it facilitates almost every other work in the church. It is both practical and spiritual as you seek to work with the PCC to put the vision of the church into action.

Whether you are reading this because you have just been appointed PCC Treasurer, you're just looking to see what's involved, or perhaps you have been a Treasurer for many years it is hoped that this guide will be a useful resource to equip and encourage you in this vital role.

APPOINTMENT of TREASURER

The PCC may appoint one or more of its members to act as Treasurer. Otherwise, the office of Treasurer can be filled as follows:

1. By the churchwardens jointly, or by the sole churchwarden if there is only one; or
2. By some other person who is considered to have the necessary ability. That person will not become a member of the PCC but may be co-opted to the PCC.

When a Treasurer is a member of the PCC they may not receive any remuneration. It is possible to pay a Treasurer, but they may neither be a member of the PCC nor be co-opted to the PCC. It is however recommended that they attend PCC meetings.

The Treasurer is normally appointed or re-appointed each year at the first meeting of the PCC following the Annual Parochial Church Meeting (APCM).

PERSON SPECIFICATION

A treasurer does not need to be a qualified accountant; a willing and numerate person could do an excellent job. The following are the important qualities required:

1. Have a commitment to the Church's mission and an appreciation of the role of the parish in the community.
2. Honesty: there must be no doubt about this and PCC may want to take up references.
3. Financial competence: not only the ability to keep records, but the will and determination to keep track of how finances are going.
4. Ideally knowledge of the part the parish plays in the context of the deanery and diocese.
5. Have the ability to present financial matters clearly to both the PCC and the wider church community.
6. Be able to attend PCC meetings, PCC Standing Committee meetings, and any other meeting where a financial input will be required.
7. Respect the confidential nature of the information in the treasurer's possession
8. Be willing and able to work as a team of the PCC, and wider church.
9. Qualifying as a Trustee as required by the Charity Commissioners: being over 18 years old and not being disqualified because of bankruptcy or criminal convictions for financial wrongdoing.

DUTIES – OVERVIEW

The duties of a PCC Treasurer will vary from church to church, but the following overview applies to all Treasurers:

1. Implement the financial policy of the PCC. The finances of the parish remain the responsibility of the PCC, including raising the necessary funds and deciding how these should be spent.
2. Participate fully in the decision-making process within the PCC and its various committees.
3. Draw up an annual budget for consideration and approval by the PCC.
4. Ensure that the PCC consider on a timely basis the Parish Offer to be made for the following year (submission deadline 30th June).
5. Maintain up-to-date financial records of the PCC's financial transactions.
6. Ensure that all payments are properly authorised and within approved budgets and that proper controls are in place for handling cash.
7. Keep the parish's finances under regular review and let the PCC know if difficulties arise or are foreseen in the future.
8. Produce regular written reports and present these in person to each meeting of the PCC.
9. Ensure the PCC's financial obligations are met on time, including Parish Offer, clergy's expenses and insurance of church buildings.
10. Maintain a book-keeping system (manual or computerised).
11. Draw up the annual financial statements for the PCC's approval, before these are submitted to the Annual Parochial Church Meeting (APCM).
12. Arrange for the annual independent examination of the accounts or an audit, as appropriate.
13. Present the parish accounts to the APCM.
14. Send a copy of the accounts, annual report and Independent Examiners report to Peterborough Diocese by 31st May.
15. Complete the on-line Return of Parish Finance by 31st May.
16. Encourage the wider mission of the church.
17. Ensure compliance with Charity Commission registration if income exceeds £100,000.
18. The Treasurer may also need to take the lead in bringing Risk management to the PCC for discussion although this would normally be a function of the PCC Secretary.

Additional responsibilities for PCCs with incomes over £250,000

Prepare financial statements on the accruals basis, and analyse the income and expenditure under the specific headings of the Charities Statement of Recommended Practice (SORP 2015) in such a way as to identify the main elements of income and expenditure based on activities.

A CHANGE OF PCC TREASURER

The following is a checklist to aid PCC Treasurers on:

1. The retirement of any person dealing with receipts and payments; or
2. On taking over from retiring Treasurer

PCC Treasurer Handover Checklist

Obtain possession of all cash balances, counted and agreed in the presence of the retiring Treasurer. The outgoing Treasurer should be given a signed receipt with a copy retained for PCC records.

A list of all monies owing to the Parish signed by the outgoing Treasurer.

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All bank statements, pass books, unused cheque books, paying in books, copies of all current bank mandates, standing orders, direct debits etc.

A list of all bank and investment accounts operated by the Parish, signed by the outgoing Treasurer.

Following a PCC resolution immediately change signatories on all bank and investment accounts. Two signatures should be required for all payments (it is useful to have at least four signatories in the case of holiday/sickness)

If dividends/interest from investments is not mandated direct to bank accounts, advise payer of any change of correspondent and address.

All accounting/record books together with receipt books, cash book and vouchers, etc.

All records maintained in relation to Gift Aid including details of all outstanding claims. If the Treasurer is the authorised Gift Aid Officer inform HMRC of the change of name and address.

Check whether the PCC is, or controls, a registered charity. If so, make sure that the Charity Commissioners Regulations/SORP are applied and make any necessary changes to trustees.

Where there is a new PCC Treasurer ensure that the Deanery Treasurer and the Diocesan Administrators are notified so that the Diocesan database can be updated.

Receive the permanent file containing investment fund details, holdings, copies of bank/investment and copies of public liability certificate.

Obtain records for at least the previous 7 years, as required by Section C of this guide.

Ensure that these guidelines are handed over to the new Treasurer.

B RECORD KEEPING

The objectives of record keeping are to ensure that all income and expenditure is accounted for and can be readily explained, to make it relatively easy to produce reports and accounts, and to ensure a straight forward handover should the need arise.

As a minimum, the following records should be kept:

1. The cash book(s). This records all of the income and outgoings on the PCC's main bank account. Further cash books are required where there are other bank accounts.
The cash book/s can be a manual record maintained in a standard form of cash book, a spreadsheet such as Excel or in a computerised accounting system. If a computerised accounting system is used, it should be password protected and backed up regularly. It would also be wise to print out a monthly detailed cash book summary or trial balance.
2. Collections records. Weekly collections and income from envelope schemes should be checked as they are counted, by at least two people. Their names and signatures should be part of the records. The sums recorded should agree to subsequent banking entries.
3. Payment vouchers. Every cheque payment should be supported by appropriate documentation, such as invoices, bills, expense claims or at the very least, a receipt from the payee.
4. Petty cash vouchers. Cash payments should be kept to a minimum and should not be paid out of cash received from collections or other receipts, which should be banked intact. They should rather be paid from a properly authorised cash float, with periodic reimbursements when required by cheques drawn for "Cash". All such reimbursements should be supported by appropriate documentation and the cheque written up in the usual Cash Book under the headings to which the expenditure relates. Once a month the Treasurer should ensure that the total of the petty cash and any paid receipts equals the value of the float.
5. Gift Aid. Apart from records kept by a Gift Aid Officer (if there is one), the Treasurer needs to keep a note of who has paid what and when, whether in terms of an envelope scheme or by banker's order direct into the bank account. These receipts need to be entered in the cash book and will form part of the "audit trail" needed to support the tax reclaim from HMRC.
6. GASDS (Gift Aid Small Donations Scheme). There must be a clear trail from the cash collections with all notes being under £20 to the ultimate GASDS claim. The maximum single donation that can be claimed under GASDS will increase to £30 from 6 April 2019.
7. Bank Statements. These should be kept for a period of seven years in support of the PCC accounts.
8. Bank mandates. Records should be kept of who the authorised signatories are on each account. Two signatures should be needed for each cheque, with four authorised by the PCC to sign, including, churchwardens, the treasurer and, if necessary, other members of the PCC.
9. Investment account(s). As with bank accounts, statements of these accounts should be retained and details of those authorised to operate the accounts should be kept on record.
10. Return of Parish Finance. This annual form from the Archbishops' Council helps the Church of England to compile financial statistics to monitor the Church's finances. A reminder letter is sent out towards the end of each year. The return should be completed on-line and submitted by 31st May.
11. Annual Report and Accounts. The original signed Statements and Reports should be retained indefinitely with a copy sent to Peterborough Diocese.

12. Correspondence file. The Treasurer must retain all important letters, especially those relating to HMRC, the Charity Commission and all other correspondence in connection with the finances of the parish.

Supporting Documentation

The Treasurer must ensure that there is adequate supporting documentation for all transactions.

Invoices from suppliers should be authorised by a responsible person, where this has not been delegated to the Treasurer through the PCC. Each invoice should show a description of the supply sufficient to identify what has been supplied. If, for example, an invoice simply states 'Services for November' it would be necessary to mark the invoice with a better description such as 'cleaning'.

Expenses should be claimed on a standard form, and should show clearly the nature of the claim and should be signed by the claimant and authorised by a member of the PCC.

IT Issues

When accounting software is used for the PCC's accounts, all computer records should be password protected and backed up after updating. In addition, it would be wise to print out a monthly detailed cash book for the records.

C RETENTION PERIODS

The following is a guide to the minimum periods for which different records should be retained. Everything should be retained for the current financial year (CFY) until the independent examination or audit has been completed. The following need to be kept longer:

Financial forecasts and budget working papers	CFY + 6 years
Workings for annual financial statements	CFY + 6 Years
Final annual report and financial statements	Permanent
Suppliers' invoices, expense claims	CFY + 6 Years
Petty cash claims	CFY + 6 Years
Collection sheets	CFY + 6 Years
Bank statements and paying in books	CFY + 6 Years
All payroll records	CFY + 6 Years
*Gift Aid and other tax repayment claims	CFY + 6 Years
Insurance records	40 years
Deeds and leases	To Diocesan Office as third party in any agreement
NB: Final annual budgets	To suit Treasurer

* If Gift Aid declarations are open ended, these need to be kept for as long as they are still valid, plus six years.

D BANK ACCOUNTS

On-line banking

On-line banking is useful for getting balances, downloading bank statements and making immediate transfers between bank accounts. However, it should not be used unless the on-line banking arrangements provide for a two signatory authorisation process.

General advice for cheque and internet payments

1. Bank accounts should be held in the name of the PCC. The PCC Treasurer should ensure that the list of authorised signatories (at least 4 minimum) is kept up to date and approved by the PCC annually following the APCM. It should also be reviewed where there is a change of any signatory, e.g. on the election of new churchwardens.

2. At least two signatories should sign any cheque on the PCC account, the Treasurer should be one of them. The other should not be a partner/relative of the Treasurer.

Only one cheque book should be used at a time.

3. A signatory should NEVER be asked to sign a blank cheque.

4. Invoices should be shown to cheque signatories who should ensure that they are endorsed with the cheque number (audit trail)

5. Bank statements should be received at least monthly and the cash book record (physical cashbook, excel spreadsheet or accounting package) should be reconciled to the balance on the bank statement taking account of reconciling items such as unpresented cheques. This should be done monthly without fail. Any errors or omissions should be investigated and corrected. A record of monthly reconciliations should be retained until the independent examination or audit has been completed.

6. A written instruction should be sent to the PCC's bank stating that no overdraft should be permitted without prior resolution of the PCC. The bank should be asked to confirm this instruction in writing.

E HANDLING OF MONEY

It is important to keep a written record of items of income and expenditure. Payments not made by direct debit or standing order should be by cheque unless there is a petty cash system in place.

Security

Cash from collections, alms boxes, etc. should not be placed in a safe to which more than one person has a key (unless the safe has more than one lock) or to which people other than the one who placed the money in has access. Cash should be banked frequently, at least every week. A key to the money safe should only be held by the Treasurer and a Churchwarden who should be responsible for its safekeeping at all times.

F COLLECTIONS

Cash collections – church services

Money given at Holy Communion services forms part of the general funds of the PCC.

The Bishop has a right to decide if there will be a collection at any service he/she conducts (inductions, confirmations etc.), but if there is a collection, the destination rests with the PCC.

The purposes for all other collections are determined jointly by the PCC (PCC (Powers) Measure) and the incumbent.

The church wardens are the proper officers to make the collection, but may be aided by other people selected by them. Each collection should be counted immediately after the service, on the premises by at least two people. A record should be made at the time of the amount of the collection, and the record signed by the counters. The collection should be banked as soon as possible.

Cash collections – funeral services

The purposes for which money may be collected must be agreed by the vicar and PCC. It may be easier to have an official policy so that the vicar can speak with the family without reference to the PCC. Collections could be for the general fund of the PCC, for a specific PCC project, for an outside charity or a combination of these.

If the collection is to be for PCC funds, whether general funds or a specific project, it should be counted in the normal way and recorded according to its purpose. If the collection is for an external charity, it should be counted but not recorded as church funds. The amount should be banked and then a cheque forwarded to the charity or funeral director.

G GIFT AID, GASDS AND PARISH GIVING SCHEME

Gift Aid, Gift Aid Small Donations Scheme (GASDS)

Gift Aid is a Government scheme which allows charities to reclaim the basic rate of tax paid by donors on donations. This can be applied to any amount of money, large or small, regular or one-off, providing the donor pays sufficient tax, and that a Gift Aid declaration is received.

The GASDS enables churches and charities to claim a top-up payment similar to Gift Aid on cash donations of £30 or less up to a limit of £8,000 per church/community building, without the need for Gift Aid declarations. Parishes are advised to continue to obtain Gift Aid declarations where possible, and to use GASDS for those cash donations which are not eligible for Gift Aid. Cash excludes cheques and GASDS can only be claimed where the cash is banked (so payments should not be made from GASDS income to top-up the petty cash float).

There must be a clear trail from every donation received under Gift Aid/GASDS to the eventual claim. Further information on claiming Gift Aid and GASDS can be found in the finance section of the Diocesan website.

Parish Giving Scheme

The Parish Giving Scheme (PGS) is a Direct Debit system developed originally by the Diocese of Gloucester to provide a professional, effective donation management system to support parishes fund their mission and ministry. It reduces the burden of work on parish volunteers and provides a professional service to donors. The advantages of PGS include:

The Gift Aid is administered and collected by the Scheme and paid directly to the PCC

Gift Aid is received monthly rather than irregularly

The donor can sign up to annual inflationary increases in giving, which helps to combat the static nature of cash and standing order gifts.

For more information, please refer to the PGS pages on the Peterborough Diocesan website.

H FEES FOR OCCASIONAL OFFICES – BAPTISMS, WEDDINGS, FUNERALS

A table of fees due to the Peterborough Diocesan Board of Finance (PDBF) and PCC is prepared annually by the Church Commissioners and sent direct to clergy. Baptisms, Weddings, funerals, etc. generate an income to the PCC and should be accounted for correctly in the Annual Accounts. The table of fees can also be found on the Diocesan website.

The full statutory fee should be sent to the Finance Team, The Diocesan Office, The Palace, Peterborough PE1 1YB. This should be done on a monthly basis using the forms available on the Diocesan website.

If the service is taken by a Voluntary Minister, their element of the fee is paid by the PDBF rather than the PCC. The Voluntary Minister should submit their claim to the PCC Treasurer who will then forward it to the Diocese having ensured that the statutory fee has already been paid to the Diocese.

I ROUTINE EXPENDITURE

The Treasurer must ensure that there is adequate supporting documentation for all transactions.

Invoices from suppliers should be signed by the person in receipt of the goods or service to the effect that the goods or service have been received. Each invoice should show a description of the supply sufficient to identify what has been supplied. If, for example, an invoice simply states 'Services for November' it would be necessary to mark the invoice with a better description such as 'cleaning'.

Expenses should be claimed on a standard form, should show clearly the nature of the claim and should be signed by the claimant and authorised by a member of the PCC.

Parish Share

The single largest expense for most PCCs is the Parish Share which is paid to the diocese directly. Parish Share covers the cost of clergy stipends, pension contributions, housing costs plus a share of wider ministry and ministry support costs.

Parish Share communication is sent out to each PCC from the Diocese in the towards the end of the previous year.

Clergy working expenses

The expenses of the clergy should be fully covered by the PCC or through the Team Expenses account. The parish priest must only be reimbursed for actual expenses. Paying a lump sum in advance is not acceptable to HMRC. Further information and a useful booklet is available from the Church of England website.

Church running expenses

The PCC is responsible for church running costs such as heating, lighting, insurance cleaning etc. Most PCCs insure their church buildings through Ecclesiastical Insurance.

Visiting clergy, organists, cleaners

All visiting clergy, organists and cleaners will need to be paid. Basic information about employing people can be found on the Parish Resources website: www.parishresources.org.uk/people. If further information is required, please contact the Peterborough Diocesan Finance Department.

Sometimes the organist, for example, might be on the PCC. In that case the organist cannot be paid as PCC members cannot be paid anything by the PCC except for the reimbursement of actual expenses incurred in respect of PCC business.

Auto-enrolment and new pension duties

Changes to pension legislation have introduced the requirement for all employers to include their eligible UK employees in a qualifying workplace pension scheme (QWPS) and make payments to the scheme for their employees.

Each employer will receive a staging date. This is the scheduled date for the start of the new pension duties. The date depends on the size of the employer and the PAYE reference number.

Care must be taken for employees who are paid through another organisation, but where the employment contract sits with the PCC. In such cases, the PCC, not having a PAYE reference is unlikely to be contacted by the Pension Regulator. Instead, the PCC must write to the Pension Regulator to explain the situation and register. Further information can be obtained from the Pension Regulator website: www.thepensionsregulator.gov.uk

Charitable Giving

Most PCCs like to support the Church's wider mission and so donations are made to other Christian organisations and sometimes to secular charities. Receipts should always be obtained for charitable donations.

Where collections are taken for a specific charity, these must be held in a separate fund and passed onto the charity with any Gift Aid.

PAYMENTS – Parish Buying

Parish Buying is an organisation that uses the purchasing power of PCC's to negotiate reduced rates for a wide range of services and commodities including gas, electricity, photocopiers, IT and insurance.

To obtain quotes or view the reduced rates, the Treasurer must first register with Parish Buying.

J BUDGETS AND BUDGETARY CONTROL

Annual Budget and Financial Plans

An annual budget for the forthcoming year should be approved by the PCC before the start of each financial year.

The basis for the budget should be a coherent plan of the PCC's activity for the year borne out of prayer, vision, prioritisation and discussion. In particular, it should take into account the Parish Offer for the forthcoming year and any major repairs needed to church buildings. It is important that the budget is owned by the PCC and not merely imposed by the Treasurer. The budget once approved becomes a policy document that provides a framework for mission and ministry within which the Treasurer operates.

ACCOUNTS – regular PCC reports

The Treasurer should make regular finance reports to the PCC. These would normally be quarterly but for a small church every six months may suffice.

The report should compare budget income and expenditure to actual income and expenditure for the period with a forecast to the end of the year. Any large variances should be explained.

ACCOUNTS – annual

Every PCC is required according to Church Accounting regulations to produce a set of annual financial statements and to have them Independently Examined. Although most churches are not registered charities (they are exempt from registration unless their annual income exceeds £100,000), they are still a charity and the accounts must therefore follow a prescribed format:

Annual report

Financial statements:

- o Receipts and Payments statement (or SOFA if accruals accounts)
- o Statement of assets and liabilities (or Balance sheet if accruals accounts)
- o Notes to the accounts

Independent Examination

An example set of receipts and payments accounts can be found in the book 'PCC Accountability'. This excellent book sets out the full requirements for a set of accounts, produces examples and explains what is and is not included within each heading. Alternatively, you can access the relevant sections via the PCC Accountability Guide on the Church of England website.

RETURN OF PARISH FINANCE – annual

Every PCC is required to make a Return of Parish Finance to the national church. This is also valuable for review and planning purposes at deanery and diocesan levels. The deadline for the return is 31 May each year and is usually made after the accounts have been presented at the APCM.

The Return of Parish Finance is a summary of the accounts for the year. To make the collation of the numbers straight forward, it is recommended that the financial accounts are set up with the same headings as the Return of Parish Finance.

Each PCC will have a login and password in order to access the Parish Returns on-line system. If the password can't be found, please contact Peterborough Diocese on 01733 870000.

K INVESTMENTS

Investments can be made directly by the PCC except where permanent endowment funds are to be invested and the Peterborough Diocesan Board of Finance is named in the endowment. In such cases the PCC will be asked to state the criteria for investment (i.e. income, income + capital growth or capital growth) and the monies will be invested in the CCLA CBF Church of England Investment Fund

Treasurers are encouraged to ensure that surplus PCC funds are used to earn a good return consistent with prudent investment. Cash should not remain idle in a current account or even a low interest deposit account for long.

It is important to choose investments wisely and any parish requiring specific investment advice should contact a professional adviser authorised under the Financial Services Act.

The Central Board of Finance of the Church of England (CBF) is a very good option for the investment of parish money, offering deposit accounts, shares for investment with an emphasis on capital growth or fixed interest securities where the emphasis is on the annual rate of return. CBF funds are administered by CCLA Investment Management Limited.

Where PCC funds are held by Peterborough Diocese as custodian trustee, a statement will be sent out to the PCC at the end of the year to show the value of the deposit/investment so that it can be brought into the PCC accounts.

L FUND ACCOUNTING

The Charity Commission's regulations specify three types of funds, which should be clearly set out in the PCCs Annual Financial Statements, as follows:

Endowment Funds

This is money received by the church or PCC with the stipulation that the capital must be retained intact and only the interest/dividends earned on the capital can be spent.

Restricted Funds

This is money received for a particular purpose from the outset. The intention of the donor(s) is the criteria in determining whether funds are restricted. The PCC cannot choose to restrict unrestricted funds.

Unrestricted Funds

These are monies received with no stipulation on how they should be spent, for example, church collections or stewardship income. These may be applied to pay Parish Share and general running expenses

or to purchase any item agreed by the PCC. The PCC may decide to set funds aside for a particular purpose, in which case they would be held in a 'designated fund', however, the PCC can undesignated such funds at any time.

Unrestricted funds are the most useful to PCC's in so far as they can be used for any purpose. The PCC should therefore seek to allocate costs to restricted funds, as far as possible before unrestricted funds. An example might be paying for general church repairs out of a fabric fund, if the restrictions permit, rather than out of unrestricted funds.

M INSURANCE AND RISK MANAGEMENT

Insurance

Churchwardens are primarily responsible for maintaining adequate insurance cover. Insurance is needed for buildings and their contents, for public liability and for employer's liability, where the PCC has employees. Competitive quotes can be obtained through the Parish Buying scheme (see above).

Risk management

The Charities Statement of Recommended Practice (SORP) requires the Trustees' Annual Report. For those charities that require an audit the Report should include a statement confirming that the major risks, to which the charity is exposed, as identified by the trustees, have been reviewed and systems or procedures have been established to manage those risks. Although this is not a requirement for the PCCs with income less than £1m, it is nevertheless considered good practice.