

# **SO NOW YOU ARE TREASURER**

## **A SIMPLE INTRODUCTION TO THE WORK OF BEING THE TREASURER FOR YOUR PCC**



## INTRODUCTION

These guides are intended to be a practical guide to the work of a Parish Treasurer. Someone coming new to the job should find them a sufficient guide to be able to help them tackle the job 'from scratch'.

Although a specialised knowledge of accountancy is not required - care and attention to detail is. The methods suggested provide clear guidelines that could be adopted by any parish, using either manual or computer based systems. If something doesn't seem to make sense or you are not sure how to approach it in your own parish, please contact one of the Finance team at the Diocesan Office, St Nicholas Church, Rochester (01634 – 560000 or e-mail [finance@rochester.anglican.org](mailto:finance@rochester.anglican.org)) and ask for help.

The phrase '*Parish Treasurer*' is usually abbreviated to *Treasurer* in these pages. For the sake of brevity '*he*' is used throughout. The term '*PCC*' is used in this guide in its legal context, but the good practices recommended are appropriate in all parish or district circumstances.

To ensure that any mailings and other related correspondence are correctly addressed to the Treasurer, please inform the Diocesan Office staff on any change of appointment, detailing name, contact address, telephone number and e-mail address as soon as possible after changes take place, and pass on this guide to your successor.

**If you feel that you need advice over the application of this guide for your own particular circumstances, please refer to the Diocesan Secretary, Diocesan Treasurer or the Diocesan Accountant.**

### DISCLAIMER

Whilst every care has been taken in providing this advice, it is given on the distinct understanding that the Rochester Diocesan Society and Board of Finance cannot accept responsibility for it.

This booklet is for guidance only and is not comprehensive. It is not a statement of law and has no legal force.

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## WHERE DO YOU START?

You have been asked if you will take on the role of PCC Treasurer. Where do you start?

### Appointment

First, find out when you are to be appointed. It is usually done by the PCC at a full PCC meeting (n.b. you do not have to be on the PCC to be Treasurer – but it would certainly help you know what they were discussing!). Once appointed keep a copy of the minute or a letter of welcome if your PCC gives you one.

### Collect the Books and Records

Look at the cash book and bank account. How much cash is there? Is it up to date? If not, find out from your predecessor the situation as a matter of urgency. Ideally a handover period would be preferable, so that you can understand some of your predecessors methods (and writing!).

### Bank Mandates and Signatories

The mandate is the instruction to the bank as to how the PCCs financial business is to be carried out – who can sign cheques, and how many.

What are the terms of the mandates? Who are the signatories? Why? Are they all in the same roles as when they became signatories? Normally you would expect several church officers or PCC members to be authorised to sign, and always for there to be two signatures. (I would suggest the signatories could probably include Vicar, Churchwardens, Treasurer, PCC Secretary, Church Administrator).

Obtain the cheque books and ensure there are no informal arrangements whereby anyone holds a pile of signed blank cheques 'in case of emergencies'.

It would be useful to note where individuals acting as signatories live to avoid a long journey when an urgent payment is needed to be made. Likewise you need to ensure that at certain times (e.g. holidays) you can get the signatures that you require. Work out a 'best time' for signing. During PCC meetings or immediately after a Sunday service are not necessarily the best time as other things will distract from the job in hand.

For every different account there should be a new mandate. A motion needs to be placed before the PCC to agree to the signatures on the mandates and any changes required.

### Job Description: Roles and Responsibilities

Ask for a job description – probably non-existent but it may help focus the PCC on what they want you to do. It is also important to define the boundaries on what is expected of you. For instance, who is responsible for

- Estimating property insurance value
- Recording gift aid contributions
- Reviewing contracts
- PAYE and payroll for any staff employed
- Collection of rents for property lettings
- Setting hire rates for the Church hall

Any discussion can open the debate and the chance for a change. Encourage new ideas and look for opportunities to spread the load, to develop, train, delegate and most important, to start the search for a successor. Consider the possibility of a deputy or someone to handle, say, the cash book.

### Handover

Meet with your predecessor if possible. You may decide he cut corners, filed everything back to front, and you will be far more efficient of course, but you may need help to start with, or over holiday periods, and at the year end etc.

He should be able to tell you:

- What the job involves
- What parts are enjoyable
- What bits are difficult
- Who can be trusted (or not!)
- Who needs supervising
- What is the daily, weekly, monthly routine

You may need two meetings – one to get a general ‘feel’ and one to ask specific questions.

## Accounting Records and Working Papers

Obtain the records from the previous years. This would include cash books, bank statements and supporting vouchers – invoices, correspondence, PCC minutes, finance meeting notes etc.

The next step is part audit, part detective work.

### Bank Statements

How many weekly entries? How often is money paid in? Are there regular transfers to and from the deposit account or Diocesan accounts? What level of balance are you working with?

Are there bank charges? Is there any overdraft facility? What standing orders or direct debits are there and how often? Does the current account receive interest? What interest is the deposit fund receiving? How many parishioners pay by standing order? Are there many errors on banking?

### Expense Vouchers

What is the procedure for telling the Treasurer a bill can be paid? Which bills are always overdue and why? Who are the frequent suppliers? Do any names keep coming up and why? How adequate are the scraps of paper presented for reimbursement? Who never provides receipts? Could you set up a simple expense claim form that everyone could use?

Build up a picture of events.

### Receipt Vouchers

What receipts are there? Who counts and banks the weekly collections? Are there always two non-connected people carrying out the task or is it always the same person? Are all the receipts recorded and acknowledged?

What is the pattern of monthly/weekly giving? Is it regular? When are the busy periods?

What happens about hall lettings or wedding fees? Who collects and banks them? Are there any special appeals (gift days etc) or fund raising events? What happens here?

## Cash Book

Look at the basic layout. How easy can you match cash book entries with the bank statements? Is the cash book analysed into the main income and expenditure categories? Or are all the entries under 'miscellaneous'? If so, could it be changed for the better?

## Ledgers

Are there any? If so how and when are entries made, and who controls them?

## The Published Accounts/Financial Statements

Obtain copies of several previous accounts. For legal purposes you should have at least six years (five years + current). Reviewing the accounts has two purposes

- Identifying trends and changes
- Checking the overall financial position

## Trends and Changes

As a start take the simplest of views. Note down for each year

- total incoming resources
- total resources expended
- total assets
- net assets
- cash

Round to say nearest £100 to avoid unnecessary detail. How have the figures changed? Is there a trend in income and expenditure? If so, do you know why? Are there any 'odd' years?

Next look at the subheadings within the income and expenditure. Are they the same each year? Are there special one-off activities that distort the overall situation?

It may be easy to explain, such as

*"We were fine until the savings, which gave us good interest, were used to refurbish the Church hall. Since then it has been difficult."*

*“Most years we have had a major project and the fund raising has been driven up to match those needs”.*

*“Gift aid contributions have declined since our new vicar arrived”.*

If the analysis of previous years data shows no evidence of the current membership being able to provide funds for a major project, you may need convincing when you are asked to comment on it.

It is also important to review individual fund balances as well as the overall position. Have you got restricted funds that have never been spent? Why? How might you be able to spend them (without breach of trust)?

### Checking the Overall Financial Position

The balance sheet (or statement of assets and liabilities for receipts and payment accounts) is the financial position you are taking over responsibility for. It is essential to satisfy yourself of its validity.

### Fixed Assets

What and where are they? How much are they worth? Is there any evidence of ownership? Will those assets need replacing – if so how much?

If the PCC has land, or property - where are the deeds (should be held by the Diocesan Office – are they?)

All equipment should be in a register showing serial numbers and current location, at the very least for insurance purposes. Do they still physically exist? Often there could be items recorded that have been donated, for example some music equipment. These may be worth more than purchased items, but still need to be included in the insurance inventory. Alternatively some items may belong to parishioners but have been ‘lent’ to the church for the foreseeable future.

### Investments

What are they? Are there share certifications or notice of holdings? Again some may be held in the Diocesan Office – are they? Is there an investment register? Do the amounts in the accounts agree with the register and the holdings, and/or any Diocesan statements?

Are there any restrictions on selling them? Are they in the best type of account for the restrictions contained? Are they being held for short term, medium term, long term or in perpetuity?

Can you work out what happens to any interest or dividends? If not, where is it?

Are any held by the Diocese as custodian trustee? Why? Do all holdings conform to any current ethical policies your PCC may have?

### Debtors

Who are they? What form? How old is the debt and when must it be repaid? Are you actually going to get the money? How often are claims made for reclaiming gift aid tax?

### Prepayments

What for? Are there any calculations showing how? Why was it paid in advance? (n.b. insurance is often paid every year and premiums do not necessarily coincide with the year end). Are the amounts 'material'?

### Cash

How much? Is it earning interest or a reasonable rate of interest? (n.b. the Diocese runs a Diocesan Loans Fund that takes deposits to give reasonable rates of return, and the Central Board of Finance has an investment office – CCLA Investment Management Limited, that can be used for surplus cash. There are other similar alternatives available).

Are you getting the best deal with the bank? What are the arrangements?

### Creditors

Who are they? When should they be paid? Have there been contractual difficulties and has the work been done to satisfaction? The former Treasurer should be able to fill you in on the situation.

### The Different Funds

Why do they exist? What are the restrictions on the restricted funds? Why did the PCC agree to set up certain designated funds and what are the terms of the endowment funds? Are these funds held as cash or are they another asset type (such as property or equipment)?

## Minutes

Look at past minutes of PCC meetings. These may throw light on various matters and others looked at in the accounts so far.

## Auditors, Advisors and Independent Examiners

Meet with the Auditor/Independent Examiner. Does he actually exist? Does he have any concerns or comments that you need to be aware of (even 'off the record' comments). How much might he be able to help at year end, and can he give you any advice over the telephone if required?

Speak to the Diocese Office staff, who may be able to give you additional background information. Are there any ongoing sagas with the Diocese? What help can the Finance Team give? Any legal or property matters currently in progress? What do the Diocesan records show?

## Situation So Far

You have now seen the story so far. Note down the main events and processes, and who does what to whom (!). This would be the basis of an outline manual useful for your successor.

If you have concerns over anything, even the presentation style, it is quite likely someone else has had a similar view. A new person on the job can give a fresh perception and insight to the role and can often avoid 'the way things are done around here' syndrome.

The review will have given you a good idea of the task in hand, the PCC structure, procedures (or lack of them!) and its financial status. Note down any questions, concerns or ideas for change and leave space to follow up.

## MAJOR TASKS

### The Treasurer and the PCC

The Treasurer is an officer of the Parochial Church Council (PCC). He is appointed by the PCC (not at the Annual Parochial Church Meeting) from amongst the PCC members, or 'some other fit person'. In other words, the treasurer need not be on the PCC – but it is probably helpful if he is! If at all possible it is better not to combine the jobs of Churchwarden and Treasurer. Strictly speaking the Treasurer's job is to manage on behalf of the PCC those financial affairs for which **they** are ultimately responsible. When he presents the accounts at the annual meeting he presents them **on behalf of** the Council. In practice a PCC will delegate a good deal of their authority in financial matters to the Treasurer. It is important to remember that **the final authority and responsibility rests with the PCC**

### The Tasks of the Treasurer

In relation to the parish funds the Treasurer has a number of specific tasks, which are set out below. In some cases (e.g. in the counting and recording of Sunday collections) other people must be involved. The PCC should recognise that the Treasurer exercises on their behalf overall management in all the following areas. The Treasurer must:

- ✓ Receive and record income, control banking, and pay and record all items of expenditure.
- ✓ Keep clear, accurate and adequate records with supporting documentation.
- ✓ Prepare the reports and accounts for each year, pass them to the independent examiner (or registered auditor), and then present the verified Annual Statement of Accounts etc. first to the PCC and then on behalf of the PCC to the Annual Parochial Church Meeting.
- ✓ Provide such information as is required by the PCC for setting and monitoring a budget.
- ✓ Advise the PCC and the parish as necessary on the present and anticipated state of all parish finances, and support the PCC in its efforts to provide appropriate and clear information on parish finances to church members.

- ✓ Provide any statements to clergy and other recipients of benefits or wages as necessary under the tax self assessment requirements.

The Treasurer's basic records will therefore consist of

- Cash-book(s), manual or computerised
- A file of invoices/expenses relating to payments for the current year
- Bank statements and investment records
- A file of budgets and annual statement of accounts for previous years
- A file for general correspondence

Cash-book(s), invoices, cheque-books stubs, paying in slips, statements etc. must be kept for 6 years. It is best to label them clearly for storage.

## **OVERVIEW OF THE BASIC FINANCIAL RESPONSIBILITIES** **OF A PAROCHIAL CHURCH COUNCIL** **UNDER THE CHARITIES ACT**

The PCC is responsible for all parish finance, its management and control, including the appointment of a treasurer. While it may delegate some of its duties this does not remove its legal responsibility. These include:

- Keeping proper accounting records, which are sufficient to show and explain all the PCC's transactions and must include a record of all relevant assets and liabilities. The records, together with the annual financial statements, must be preserved for at least six years from the end of the financial year to which they relate. The records must:
  - Show and explain all the PCC's transactions;
  - Disclose the PCC's financial position at any time;
  - Enable the required accounts to be prepared;
  - Show on a day-to-day basis all receipts and payments and what they were for;
  - Include a record of assets and liabilities.
- Ensuring that the finances of the PCC are under its control and only delegated if the PCC can ensure that its wishes will be followed.
- Preparing an annual account (financial statements) and report, which shall be presented to the APCM in accordance with the requirements of the Church Representation Rules.
- Arranging for a suitable independent examination or audit of the financial statements.

## **APPENDIX I - DEFINITIONS**

**A FUND** is an accumulated sum of unexpended resources comprising money and other assets (so is not necessarily cash) from which a defined range of payments may be made. The General Fund is the most obvious example - which every parish has and into which most basic income is paid and from which most running expenses are met. Each different Fund will have its own Account in the PCC's records, although not necessarily its own bank account.

Funds fall into one of these categories.

**UNRESTRICTED** - Expendable at the discretion of the PCC.

Monies which the PCC has set aside from its general fund into a specific fund are not restricted funds – they are known as ***designated funds*** and are unrestricted in that the PCC can choose to move such monies back into the general fund at a later date. For example the Church Repair Fund.

**RESTRICTED** - Expendable only in accordance with the donor's stated intention or the declared purpose for which the money was raised.

**ENDOWMENT** - Restricted funds where there is only power to spend the income, not the capital, in the accounting period.

**THE CASH BOOK** is the book used for recording in detail every sum which is received or paid. One cash-book can be used for all Funds, provided the details of each are kept separate.

**THE PARISH ACCOUNTS** refers strictly speaking to the Accounts of all the Funds which the parish has. Here it also refers to the complete record of the parish's financial transactions. Keeping these records is 'keeping the accounts'.

**The PCC should be aware that the setting up of separate funds does not create separate legal entities and therefore the PCC, through the Treasurer, is as responsible for these Funds as for the PCC's General Fund. This does not preclude the day to day accounting being delegated to another official as authorised by the PCC.**

## **APPENDIX II – USEFUL REFERENCES AND CONTACTS**

### **Manuals**

Accounting and Reporting by Charities: Statement of Recommended Practice (Revised 2000) HMSO

The ACAT Church Treasurers Handbook - available to members of the Association of Church Accountants and Treasurers

The Charities Act 1993 and the PCC (3rd Edition - 2006) A guide to the SORP 2005 revisions Church House Publishing

The Charities Act 1993 and the PCC (2006) Preparing Receipts and Payment Accounts (SORP 2005) Church House Publishing

Fund-raising for your church building (2001-2) Church House Publishing

The parochial expenses of the clergy (2002) Church House Publishing

Your stipend – what you need to know (1996) Church Commissioners

### **Useful Telephones Numbers and Web-sites**

Association of Charity Independent Examiners 01302 828338  
[info@acie.org.uk](mailto:info@acie.org.uk)

Association of Church Accountants and Treasurers 01446 775623  
[www.acat.uk.com](http://www.acat.uk.com)

CCLA Investment Management (formerly the CBF Investment Office) 020 7489 6010 [www.ccla.co.uk](http://www.ccla.co.uk)

Charities Aid Foundation 01732 520001 [www.charitynet.org](http://www.charitynet.org)

Charity Commission 0845 3020203 [www.charity-commission.gov.uk](http://www.charity-commission.gov.uk)

Church of England Parish Resources [www.parishresources.org.uk](http://www.parishresources.org.uk)

Inland Revenue 0151 472 6036 [www.inlandrevenue.gov.uk](http://www.inlandrevenue.gov.uk)

National Council for Voluntary Organisations 020 7713 6300 [www.ncvo-vol.org.uk](http://www.ncvo-vol.org.uk)

Diocesan Office 01634 560000 [www.rochester.anglican.org](http://www.rochester.anglican.org)

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