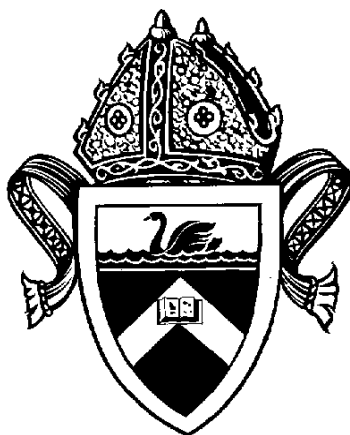


**ANGLICAN CHURCH OF AUSTRALIA**

**DIOCESE OF GIPPSLAND**



# **Guidelines for Parish Treasurers**

**June 2003**

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# THE PARISH TREASURER

## 1. INTRODUCTION

It is said that solvency is a matter of temperament and not of income and the way a parish feels about its financial position is sometimes significantly influenced by the attitude and temperament of the Treasurer.

The Treasurer will desirably be a person who is strongly involved in the life of the parish particularly its vision for the future and the financial implications of that vision.

While this means that the Treasurer needs to realistically assess the parish's resources before giving advice, he or she, along with the other members of parish council needs always take care that money is seen as the servant and not the master in any situation. Sometimes a parish becomes so worried about money that it becomes a constant niggle at every parish council meeting and the parish frequently drifts into a situation where it seems to have lost its sense of direction.

Sometimes there may not be enough money available to embark on a particular course of action; but if it is right, if it is fully explained, and if it catches the imagination of the congregation, then more often than not, the money will be forthcoming.

This is why the treasurer needs to be more than simply the person who knows how to keep a cashbook or to prepare a budget. He or she needs to understand the mission of the church in the parish context and to have a feel for what is right and possible.

The Treasurer, along with the other members of parish council has to be in a position to be able to appreciate the church's needs and resources, and to know that needs and resources are not only measured in money terms. The needs of the church include the need to proclaim the whole Gospel to the whole world. The resources of the church can be defined so as to include the abilities and depth of commitment of the church members and supremely in terms of the infinite resources of God, who calls us, and who enables us to respond to his call.

The parish treasurer is vital to the health of every parish and God alone knows the debt, which the church owes to the devoted service of its many thousands of parish treasurers.

The treasurer is typically a low-key character who often hopes that his or her work will go unnoticed so that the parish can carry out its work largely unaware of any financial constraints. Parish finance is only noticed when it is going badly; like a thumb, we only remember we have one when it is sore. But we need our thumbs and we could not get very far without them.

If the treasurer can take from the rector and the parish council that debilitating strain on their spiritual energies which is created by financial worry, he or she can release them for the work of the Gospel through the life of the parish fellowship.

This is the justification for the Treasurer's work and the satisfaction of it.

Now to some detail.

## **2. FUNCTIONS OF THE TREASURER**

The functions and duties of the Treasurer are set out in the following two sections of the Parish Administration Act:

### ***2.1 Financial responsibilities of parish council***

- (1) *The parish council, subject to and in accordance with Part 5, shall arrange for money received by the parish to be deposited with a bank or such other institution as is approved by the Bishop in Council.*
- (2) *The parish council shall ensure--*
  - (a) *that there are kept records of all receipts and payments of the funds of the parish, including funds of all centres of the parish and all organisations of the parish (other than funds to which sub-section (3) applies); and*
  - (b) *that the accounts of those funds are made up and closed as at 31 December in each year; and*
  - (c) *that the audited financial statements of those funds are laid before the annual meeting of the parishioners.*
- (3) *If, with the approval of the parish council, there are separate funds for a church in a parish, the parish council shall ensure--*
  - (a) *that there are kept records of all receipts and payments of those funds; and*
  - (b) *that the accounts of those funds are made up and closed as at 31 December in each year; and*
  - (c) *that the audited financial statements of those funds are laid before the annual general meeting of the parishioners.*
- (4) *The parish council shall direct the administration of parish funds, subject to any specific trusts.*
- (5) *The parish council may raise funds for the purposes of the parish by direct giving or such other appropriate means as it determines, subject to this Act.*

- (6) *The parish council shall pay out of the funds at its disposal the stipends, remuneration and allowances of the incumbent and ministers of the parish and the salaries of any lay workers.*
- (7) *The parish council shall pay promptly all accounts required to be paid under this or any other Act or by resolution of Synod.*

## **2.2 Treasurer of parish council**

34. (1) *The parish council of a parish, at its first meeting each year after the annual general meeting, shall appoint from among its members a treasurer of the parish.*

(2) *The duties of the treasurer of the parish council are -*

- (a) *to present a statement of the financial transactions of the parish at each meeting of the council;*
- (b) *to ensure that copies of the audited financial statements are placed on a notice board at all churches in the parish at least 7 days before the annual general meeting;*
- (c) *to carry out such other duties as are assigned to the treasurer by the parish council.*

In Part 5 of the Parish Administration Act the following matters are dealt with:

- Banking
- Administration of Funds
- Money raised by Parish Council to be used for church purposes
- Borrowing
- Parish Funds

Part 5 of the Act is in the Appendix.

### **3. APPOINTMENT AND QUALIFICATIONS**

A parish treasurer does not have to be a qualified accountant or a trained bookkeeper. The parish council from its own membership appoints the Treasurer annually.

The appointment of a Treasurer is one of considerable importance to the effective working of a parish council so careful consideration needs to be given to the selection of the right person prior to any meeting at which appointments will be made.

What then, are the qualities and qualifications to be sought in a treasurer?

**(a) General**

The treasurer needs to like and be comfortable with figures. A person who has difficulty balancing his or her chequebook would probably not be relaxed about being a treasurer.

**(b) Methodical and Orderly**

The parish treasurer needs to be:

- Tidy and precise in attitudes towards information on sources of funds received and expenditures incurred, budgeting and preparation of financial statements.
- Prompt in banking all moneys and payment of accounts and other commitments subject to approval by the parish council.
- The treasurer needs to be able to think ahead, foresee problems and to suggest clear ways for the parish council to deal effectively with its financial resources and to rise to any financial challenge.
- The treasurer needs to be able to present a realistic picture of the parish's financial position and be in a position to do so as far as possible at all times.

**4. GETTING ON WITH THE JOB**

**4.1** When a new treasurer takes over there will be many practical details he or she will grasp quickly. If he or she can work for a while in collaboration with the former treasurer, much of this will be passed on at that time; but some of the information only crops up once a year, so ideally the new treasurer should work in tandem with his or her predecessor for a whole financial year so that he or she can see what happens at various stages. This is sometimes quite impossible. Treasurers may leave the district at short notice. Sometimes they can fall ill and be unable to share the work with a successor or to explain it to him or her. For all these reasons, it is most helpful if the treasurer keeps the books up to date at all times.

**4.2 Treasurer's Notebook**

A treasurer's notebook is also invaluable. Such a notebook would contain general information and also a checklist of matters which need attention at particular times of the year. This approach will greatly simplify the task of handing-over to a new treasurer as well as being a useful aid to the person who has compiled it.

The general pages would contain such information as:

- name and address of bank;

- bank's branch number;
- full title(s) and account number(s) of parish account(s);
- details and whereabouts of investment documentation, loan documents, etc.;
- names and addresses of persons authorised to sign cheques on behalf of parish council or subsidiary accounts;
- how many signatures are needed on cheques;
- name and address of auditor;
- name and address of stewardship recorder (if any);
- names and addresses (and telephone numbers) of diocesan personnel whom it has been found useful to consult indicating the subject matters for each person;
- names and addresses of missionary and other church bodies customarily supported by the parish;
- copies (with dates) of any relevant parish council minutes authorising opening of bank accounts or relating to treasurer's procedures, etc.;
- details of any items held in safe custody by the bank;
- details (with amounts and due dates) of any periodical payments made by the bank.
- Parish's ABN number and relevant GST material.

In addition there may be a page of information which needs to be checked through every month. Each parish will need a different one, but the following is a sample of what monthly pages might contain:

- stipend/salary details for
  - rector
  - curate
  - parish secretary, etc.
- regular items contained in Diocesan account (assessment amount, superannuation, long service leave, family allowance)
- reminder to remit mission money received from parishioners.

Then there will be a series of pages, one for each calendar month throughout the year on which some of the above information could be repeated. Again, each parish's details will be different, but these are the kinds of things that might feature in such a list:

### **January**

Close accounts for year ending 31 December.  
 Take all necessary documentation to auditor.  
 Ascertain date of Annual Parish Meeting.  
 Prepare budget (if not done in latter part of previous year).

### **February**

Present audited accounts to parish council at this month's meeting.

Electricity bill due.

### **March**

Water and sewerage rates due.

Prepare copies of annual accounts for annual parish meeting.

... and so on.

An additional benefit of this kind of monthly checklist is to help plan cash flow by noting the months in which heavy bills come due for payment (e.g. the gas bill in August if the rectory is on gas fired central-heating), or put on deposit if it is not going to be immediately needed.

## **4.3 Methods**

### **4.3.1 General**

The person who takes on the administration of parish accounts, takes on a great deal of responsibility. So does anyone who takes over the accounts of any organisation, be it tennis club or football club; but there are additional constraints in the case of the parish treasurer. A tennis club probably exists only for the sake of its own members, and is not involved in a wider association or organisation within which it has "family" loyalties as well as legally binding links. The parish is different for these reasons.

The treasurer does not have a free hand in what he or she does. The treasurer is the servant of the parish council and the parish council is subject to church legislation and practices developed over time by the wider church.

All money placed in the parish council's care includes all money put on to the collection plate in church, becomes trust money, to be used for religious and charitable purposes in accordance with laws and ordinances relating to trust funds. For this reason the treasurer is particularly responsible to ensure that the cashbooks and other records and documents are kept accurately and in proper order.

### **4.3.2 Retention of Records**

All cashbooks should be kept permanently. The current and the immediate past ones will be needed for use and reference; the older ones should be kept in the church safe or other safe place of custody. Vouchers such as bank pay-in-slips, bank statements, cheque stubs and receipted accounts should be retained at least until the accounts to which they relate have been properly audited.

### **4.3.3 Transactions**

For everyone's protection, all transactions should be made, as far as possible, by cheque or bank transfer. This means that all movements of money are recorded and anyone who has a right to do so can see from the books exactly what is happening. This is desirable, not because there may be a suspicion of dishonesty (that, fortunately, is extremely rare), but so that everything may be open and above board and that anyone who wishes to make enquiries can be assured that no money is being misappropriated. It protects voluntary workers, and guards against that kind of well-meaning sloppiness by which so many small voluntary associations get into a hopeless mess.

#### **4.3.4 Petty Cash**

There will often need to be a petty cash float so that the rector and assistant clergy together with other church officers may buy small items and be reimbursed in cash rather than by cheque. However, all such transactions should be recorded and based upon written petty cash vouchers (pads of which are available from most stationers), accompanied by receipts where possible. The vouchers will be kept so that they may be examined by the auditor at the year's end. Again, if a church officer is allowed a cash float he should keep account of amounts received and expended, and should submit statements from time to time to the treasurer with vouchers attached so that the treasurer has the information for audit purposes.

#### **4.3.5 Bank Orders**

Many regular payments may be made by standing order, credit transfer, or direct debit. These methods do not involve letters, envelopes, or stamps, and save a great deal of time and expense. The treasurer, however, needs to keep an eye on them if he wants to maintain a proper cash flow - it is easy to forget and run up an expensive overdraft unnecessarily.

#### **4.3.6 Bank Signature Authorities**

When a new treasurer is appointed (or a new bank account opened) the bank will require a new authority. This will state who may sign cheques. The treasurer will hold the chequebook so he or she is an obvious signatory; but in case he or she is ill or away there ought to be alternative names - the rector, churchwardens or the parish council secretary. Under section 25(2) of the Parish Administration Ordinance it is stated that cheques drawn on parish accounts are to be signed by not less than two members of the council authorised by the council for this purpose.

#### **4.3.7 Church Collections**

Church collections should be counted as soon as possible after the service, always by two persons authorised to do so by the Parish Council. The amount collected should be recorded in the service register immediately. It is usual for collections to be divided into loose cash and envelope offerings. Envelopes need to be opened and recorded separately. Procedures vary from parish to parish but the rector, treasurer, and parish council should satisfy themselves that the methods adopted are as efficient as possible.

As soon as the collections and contents of stewardship envelopes have been counted and recorded and their accuracy verified, they should be bagged ready for banking and put into the church safe overnight. In many areas, it is possible to put money into the night safe at the bank if arrangements have been made in advance. Every effort should be made to avoid having parish money overnight (or even during the day) in a private house.

#### **4.3.8 Banking of Church Funds**

All money should be banked as soon as possible, preferably on Monday morning. This does not need to be the treasurer's job. He or she may need to delegate it, particularly if his or her work does not permit a weekday visit to the bank.

When parish council money is banked, the person doing so should make sure that the counterfoil of the pay-in slip, or the deposit book, states the source of the money paid in e.g. 'cash and envelope collections 21 June 1993', or 'Christmas Card Sales December 1993', or 'proceeds of coffee morning at 24 Smith Street', etc. This is a useful cross check and, more importantly, if money is paid in by persons other than the treasurer, the counterfoil allows him or her immediately to know which part of the accounts to enter the credit. Without the counterfoil, he or she may simply get a bank statement with an amount he or she is unaware of and might waste a great deal of time on detective work finding out who paid it in and for what purpose.

After money has been paid in, the pay-in slip or book (with the bank's stamp on it) should be returned to the treasurer so that he or she can enter the amounts in the books. Alternatively, it may be put back into the church safe to be collected by the treasurer in order to make up the books.

#### **4.3.9 Bank Interest & Charges**

Large sums of money should never be left in a current account where they will earn no interest, though the balance kept in the account should always be large enough to ensure that anticipated withdrawals do not cause an overdraft and attract interest charges. Some banks waive charges for transactions if a minimum balance is maintained in the account. It is important to find out from the bank what their

arrangements are in respect of charges and to work the account in such a way as to minimise charges and maximise earnings. Any amount over and above immediate needs should be transferred to an interest bearing deposit account.

#### **4.4 How many bank accounts?**

Some parish councils like to have a multiplicity of separate bank accounts, each dealing with one section of parish business - a general account for the parish council, separate accounts for other church centres, a furniture and fittings fund, a Sunday School account, a fete fund, etc. In this case, each account will have its own chequebook, passbook and bank statements and some accounts could have different signatories to others. All the separate accounts will be subject to annual audit, and their transactions summarised in the annual accounts of the parish.

There may be occasions on which this may be desirable or necessary such as giving a measure of freedom of decision-making to a vestry of one of the parish centres where the parish has decided to delegate day-to-day management functions. Another case could be where the parish council has decided to establish a rector's discretionary fund or hospitality account on which the rector operates alone or with another authorised person.

However, before acquiescing too easily in requests to open separate bank accounts, consider the snags. It can create difficulties and misunderstandings as to who is actually responsible for which accounts or who is authorised by whom to initiate expenditure. It can complicate the work of the treasurer if he or she has many sub-accounts to administer and sub-treasurers responsible to him or her. If money is raised for some parish purpose it is generally more satisfactory to have it handed over to the parish treasurer so that members of the parish council are fully aware of all items of income and expenditure relating to the church. This is particularly true if the sum is earmarked for some particular purpose. Little sub-accounts hidden away here and there by particular groups can cause trouble, especially if the parish council thereby gets the impression that there is parish money over which it has no adequate control.

If a member of the congregation has a coffee morning or some other function to raise money for, say, church kneelers, new hymn books, church repairs or missionary work, the proceeds should be given to the treasurer or paid into the parish council account, so that the council is aware of all that is being done in the name of the Church by members of the congregation. If the money has been raised for a specific purpose, then the parish council will have to ensure that it is used for that purpose. This procedure enables a parish council to be in effective control, and not, for instance, to find someone re-furnishing part of the parish hall, a project which it has not approved.

To have a single composite parish council account under the control of one treasurer may also avoid bank charges or an overdraft. One section may well be in temporary deficit but generally other sections will be in credit so that overall no financial penalty is incurred. It is easy for the treasurer to use a cashbook with a multi-column analysis layout so that all the parish council's financial affairs are contained within the one bank account.

#### **4.5 The Cash Book**

There are no rules governing the type of cashbook which should be kept. Some treasurers prefer to keep their accounts on scraps of paper (even on the backs of envelopes). Treasurers of this kind need to be quietly replaced as soon as possible.

A very small parish with the minimum of transactions might be able to get by with a cash-book showing income on one side and expenditure on the other, and no more than a single column of figures on either side of the book; but the most satisfactory way is to have a multi-column cash book with headings approximating to the main budget headings. In this way it is much more easy to extract figures at the end of the year for the annual accounts, but it is also very useful for keeping a watch on the figures during the year, so that if income or expenditure is very different from the expectations as forecast in the budget, a parish council may be alerted to the situation.

The treasurer should make up his accounts regularly (at least monthly). The bank could be asked to send a statement automatically made up to the last day of each month. The treasurer should reconcile his or her accounts with the statement each time it arrives. If any cheques are still outstanding after, say, nine months at the most, a letter should be sent to the payee since cheques cannot be presented later than thirteen months from their original date.

#### **4.6 Income**

In most cases, the main source of parish giving will be through the Sunday collections, both loose and envelope.

Many parishes, however, will have additional sources of income. Some will have a parish hall which is let out; some are fortunate enough to have bequests held by the Property Trust on which regular income is received; occasionally there are investments made from past savings; and there can be few parishes which do not have coffee mornings, fetes, or other fund-raising functions.

The parish accounts can reveal a great deal about the parish. Are the special events the financial lifeline of the parish? Is the regular giving of the committed congregation sufficient to keep the wheels turning?

Or does the church have to rely on the impulse buying of the less-committed well wishers who are persuaded along to a fund-raising event?

Some parishes insist that any special efforts should help cement the social and fellowship aspects of the life of the congregation (and this should never be despised - fetes can be great fun), but that any proceeds accruing from them should go outside the parish to some missionary or charitable cause. This is excellent so long as an adequate amount does thereby go out of the parish.

What the parish must not do is regard the ministry cost and pledge to the diocese as charitable giving in this sense. It is not; it is part of the inescapable commitment of being part of a larger diocesan family and is second only to maintaining the stipendiary ministry in the parish.

If the parish has income from specific trusts held by the Diocese, care should be taken to comply with the terms of these trusts. If there is doubt as to whether certain payments fall within the orbit of a particular trust, the Diocesan Registrar will be able to assist.

No further explanation is required about most of the items marked 'income' in parish accounts, except for three matters - bequests and collections.

#### **4.7 Appropriation of Church Collections**

Special gifts to the church are usually given with a specific purpose in mind and the expenditure of these gifts should conform to that purpose. However, the case of general gifts given through the collection plate during services are not as clear as the specific case referred to above. It is not always easy to know what was in the mind of the donors in the pew on Sunday morning but it may be said with certainty that members of congregations know and understand quite clearly that their contributions will be applied to the general purposes of the church.

In the hands of rectors and parish councils such collections are undoubtedly moneys held in trust and must be so administered. The purposes of the trust would cover all legitimate expenditure on the maintenance of the parish ministry, any church-sponsored social welfare work, contributions to the Diocese and missionary work.

Contributions to non-church organisations would not come into this category and specific fundraising would be necessary if contributions were to be made in this direction.

#### **4.8 Bequests**

The Church has reason to be grateful to those who in the past have left money to it; without the permanent results of such giving, we would be

hard put to maintain the ministry and services we now do. Such cushioning is, of course, a mixed blessing in that it may leave the living church complacent about its financial responsibilities for the furtherance of the Gospel.

Bearing this in mind, however, we should never despise bequests and from time to time members of the Church should be reminded that they ought to remember the Church in their own will. Too many Christians refuse to face the fact that death is an inevitability which needs to be prepared for in a Christian way.

There is an embarrassed conspiracy of silence about it and even preachers who dare to make death the subject of their discourse are often criticised for being morbid. They are not - they are being realistic, and reminding their congregation that, since Christ has drawn the sting of death, they can look the facts of death in the face without fear. Many people have not made a will at all, and for this there is no excuse. Christians do not have to be particularly wealthy to be able to leave some of their possessions to the Church. When doing so, it is advisable to discuss the matter with a solicitor who may then choose to contact the Diocesan Registrar for further advice.

Bequests, which are hedged in with too many conditions, can be a burden rather than a help to the church. A badly worded legacy can cost the church a great deal in legal fees to determine what the testator really meant and whether a certain proposed allocation of the bequest is within the terms laid down. Nevertheless, if conditions are laid down they must be strictly adhered to because a bequest is a trust.

Bequests left to the Diocesan Foundation 'for the general purposes of the Diocese of Canberra & Goulburn' can be of tremendous value in enabling the Church to embark on some pioneer work which might otherwise be impossible but the testator must be able to trust the Bishop and the Diocesan Council enough to lay down so wide a definition of the purposes.

It is possible to include more specific wording such as 'for the evangelistic work of the diocese' or 'for educational purposes within the diocese', or 'for the purposes connected with the maintenance or extension of the fabric of a parish church building', but all these phrases are of doubtful interpretation, and should be resisted if possible. If a particular solicitor is not an expert in ecclesiastical law (and few are) it may be wise to ask the Diocesan Registrar for advice.

#### **4.9 Missionary and Charitable Giving**

Many items of expenditure in a parish budget are self-explanatory. However, something needs to be said about missionary and charitable giving.

Often we are well enough aware of the need to ask individuals to give to the Church through the parish council, yet tragically blind to the need for the parish council itself to look beyond its own immediate needs and its own boundaries to the needs of the wider Church and to all humanity.

Many parish budgets are too inward-looking, and the parish council which can easily be persuaded that gas and electricity bills must be paid and the church building kept clean and tidy and properly equipped, shuts its eyes when the wider Church is mentioned.

Well-worn slogans like 'charity begins at home' are trotted out, or the parish council is told that 'we would like to give to missions, but if we did we could not keep our own plant going', or 'it is for individual church members to give to the charities of their choice, not for the parish council to do their charitable giving for them'.

Just as an individual's Christian credibility rests upon whether he or she is prepared to back his or her profession of faith by acts involving the disposition of possessions so the credibility of the parish council as a Christian body rests upon whether it spends all its money on itself or whether its eyes are open to wider needs.

Many parishes teach that their congregation should tithe either literally by giving a tenth of their income away or metaphorically by setting aside some lesser percentage of their disposable wealth. On this principle, a parish council should aim to give away no less a percentage of the parish budget. Some do this by ensuring that there are gift days specially devoted to missionary giving.

Others ensure that the tithe is met first and the gift days are additional offerings. Some parishes are known to give away half their income and that does not include the ministry cost and pledge to the Diocese which is not counted as missionary giving but as bearing the parish's due share of necessary centralised expenditure. If a parish is asking members of the congregation to be good stewards of their money, parish council in its turn must likewise not spend all its income on its own internal needs. These principles must be borne in mind when the budget is being drawn up.

The means of distributing the parish council's "tithe" needs to be carefully thought out. It is all too easy to have a list of bodies customarily supported, and to divide the amount available in the same proportions year by year as an agenda item taking up less than five minutes of the parish council's time each year. In that way, the recipient bodies may be materially supported but the understanding of the congregation and its commitment to the work it thereby supports is minimal.

There needs to be information and education, so that the congregation knows something of the work of the missions and charities supported. Some missionary societies provide link persons who correspond with supporting parishes and send personal news and pictures, even tape-recorded messages. The parish council needs to discuss means by which the congregation may become aware of the realities behind donations and the means by which the congregational awareness may be fed back to the parish council in order to affect the pattern of giving.

#### **4.10 Audit**

Parish auditors are appointed at the annual general meeting of parishes. The provision in the Parish Administration Act reads as follows:

*42(g) the appointment of a person who is a certified practising accountant or who holds a similar qualification as auditor or, if no such person is available, of 2 persons as joint auditors;*

If a professional fee is likely to be incurred, the proposed auditor should be asked in advance for an estimate. The annual meeting should be asked to bear this in mind when making the appointment, though if it has been previous practice to employ a paid auditor, the previous year's fee may be shown in the annual accounts and the treasurer will already have inserted a figure in the proposed budget for the year.

As soon as the books for the year have been closed, the treasurer will need to send or take to the auditor all the papers which will be needed in order to carry out the audit. This will include the cash book(s), receipted bills, pay-in slips or deposit books, bank statements, cheque stubs, interest statements, etc.

It is not for the auditor to prepare an income and expenditure account or statement of funds and other assets held. This is the treasurer's job. The auditor's function is to check those statements, to see that all items purporting to have been paid have in fact been paid, that all items purporting to have been received have indeed been received, and that payments which have been made have been properly authorised.

When the auditor is satisfied that the accounts are correct and complete, and in accordance with the vouchers and receipts examined, he or she will sign a statement at the foot of the accounts such as "I/we have examined the foregoing receipts and payments accounts for the year ending 31 December 19.. (and the statement of funds and property held as at that date) with the books and vouchers and certify the same to be correct and in accordance therewith'.

The audited accounts are then presented to the annual general meeting of parishioners. The parish council will have seen copies of these

accounts and should have discussed them and their implications with the treasurer at a meeting between the end of the financial year and the public presentation of the accounts. The parish council should formally adopt the accounts for presentation to the annual general meeting.

#### **4.11 The Annual General Meeting of Parishioners**

The presentation of accounts at the annual general meeting is governed by section 42 of the Parish Administration Act which reads in part, as follows:

*42(c) the report of the parish council, including a report on the finances of the parish, the presentation of the audited balance sheet and other financial statements of the parish and the presentation of a budget for the financial year of the parish ending on the next 31 December;*

*(d) .....*

*(e) a report by the parish council on the diocesan assessment payable by the parish in respect of the financial year commencing on the preceding 1 January;*

The Act would be complied with if the treasurer held the only copy of the accounts and simply read the figures from them to the annual meeting. The meeting would be asked 'Any questions?' and if there were none, 'Do you approve of the accounts?'; the presiding member would sign them and the signed copy would be filed and that would be that.

This, however, would be a travesty. Nobody at the annual meeting can take in the significance of a mass of figures as they are read out. At the very least, the treasurer should see that copies of the audited accounts are duplicated and made available to each member of the annual meeting to examine. He or she should take the meeting through the main headings and point out their significance. It is helpful to print for comparison the corresponding figures for the previous year in a column parallel to figures being presented, so that any changes can be immediately obvious and questions asked and explanations given.

Even this is not really enough, because many of those present at the annual meeting will not be sufficiently familiar with figures and numbers to take in the significance of a column of them. The treasurer may want to include with the accounts a supplementary statement showing what percentage of income and expenditure is represented by each item. The meeting then knows without having to calculate it, whether the parish council has given one per cent or fifty per cent of its income to missions and charities, or whether the heating of the church

and premises accounts for ten or seventy-five per cent of the total. The percentage increase in the totals between the last year and the previous one can usefully be given, and compared with the Consumer Price Index as published by the Australian Bureau of Statistics.

In this way, the congregation can see whether its income and giving is keeping pace with inflation, or whether an apparent increase in giving represents a fall in real purchasing power. At times a comparative chart showing trends over a number of years may be useful, since particular years may not be typical.

The visual chart (e.g. a circle divided into segments or a row of ten cent coins showing how much of each \$1.00 received came from what source, and how much of each dollar spent went to each purpose) is even more revealing than a column of percentages. This kind of presentation helps many of the congregation who are better at visualising than at abstract thinking. They can then see where the money comes from and where it goes.

If the treasurer is not very good at this kind of thing (or, particularly, if he or she is not helped by it, and thinks it is beneath the dignity of the annual meeting) he or she ought to ask a friend who is good at visual aids to prepare some charts on the basis of the figures supplied. The Treasurer will probably be astonished at the way this contributes both to the ease, and the depth at which, the annual meeting grasps the financial facts presented.

#### **4.12 The Budget**

The treasurer needs to prepare a realistic budget for a year knowing the pattern of expenditure in the previous year. Ideally the total year's figures would need to be available to prepare a reasonably sound budget; but if the Treasurer prepares it a month or so before the end of the year, he or she can do a bit of intelligent estimating of the annual totals on the basis of ten or eleven months' figures and the knowledge of previous years' pattern of receipts and payments (do annual donations all arrive in December? Is there a fuel bill to be paid that month?). The advantage of having complete and relevant information is obvious, but many treasurers feel that this leaves the adoption of the budget too late in the year, and that a budget ought to be adopted by a parish council before the first day of the year to which it relates. Each parish must make up its own mind about that.

The budget will be drafted by the treasurer and probably discussed with the rector and the committees of parish council before going to the full parish council. If the receipts and payments cannot balance without budgeting for a deficit, this must be resolved. Providing there are reserves which can be called upon, a small deficit in one year is tolerable; but unless there are exceptional reasons, to **budget** for a deficit is a very unwise thing to do. It means that the church plans to

spend money it does not expect to receive. In that case, expenditure must be contained until such time as income improves, and the budget will reflect this. A budget should be monitored over the course of the year and if the position improves, a supplementary budget may be considered.

When the parish council has agreed on the budget for the year, it should be publicised so that the parishioners may know the details of how the parish council intends to spend the money it expects to receive in the year ahead.

#### **4.13 Borrowing Funds**

From time to time parishes need to borrow money for a capital purpose such as a new building or a major renovation. The parish may need to borrow funds to enable it to meet extra commitments such as a stewardship campaign.

Section 56 of the Parish Administration Act which is in Part 5 of that Act and may be found in the Appendix governs borrowings by parishes.

Any project requiring funds to be borrowed needs to be carefully costed and preliminary negotiations with a lending institution need to be undertaken.

There needs to be a clear resolution by parish council to proceed and if appropriate, consultation with parish members.

## APPENDIX

### *Extract from Parish Administration Act 1994*

#### PART 5 - FINANCE

##### *Banking*

53. (1) All parish or church funds shall be kept in an account, or accounts, at a bank, or at another institution approved by the Bishop in Council.

(2) An account for funds referred to in sub-section (1) shall not be opened at a bank, or another institution without the authority of the parish council.

(3) Money shall not be withdrawn from an account except on the signature of 2 or more persons authorised by the parish council.

(4) The parish council shall keep a record of all accounts opened by the parish council or any parish organisation.

(5) In this section, "**church funds**" includes funds of parish organisations.

##### *Administration of funds*

54. The parish council shall administer its general funds subject to the following obligations and order of priority:

- (a) payment of the amounts given in the monthly invoices issued by the Registrar in respect of -
  - (i) the incumbent and other ministers of the parish, including amounts payable in respect of long service leave, the provident fund and insurance;
  - (ii) the parish assessment and all other outgoings;
- (b) payment of expenses incurred in the conduct of the parish's affairs;
- (c) payment of contributions from its funds towards the work of the Church beyond the parish in accordance with any diocesan scheme for parish giving for this purpose;
- (d) payment of reasonable expenses incurred by the clergy and lay representatives in Synod or conferences approved by the parish council;
- (e) payment of other expenses.

*Money raised by parish council to be used for Church purposes*

55. (1) Money raised in the parish by a person or organisation in the name of the Church shall be used for such purposes as shall be decided by the parish council, having regard to any views submitted to it.

(2) A parish organisation shall not raise funds except with the authority of the parish council, and must not borrow money.

*Borrowing*

56. (1) The parish council shall not borrow money for any purpose without the consent of the Bishop in Council.

(2) The Bishop in Council -

(a) may approve a loan by way of overdraft of current account the amount of which does not exceed one fifth of the total income of the parish as shown in the last audited accounts or as estimated by the Bishop in Council;

(b) may approve a special loan for an amount that does not exceed either -

(i) the aggregate income of the parish for the last 2 financial years as shown in the audited accounts or as estimated by the Bishop in Council; or

(ii) an amount which when aggregated with all existing debts of the parish would exceed the amount referred to in subparagraph (i);

(c) must not approve a loan to replace or renew a loan the terms of which have not been complied with, unless the Bishop in Council determines that there are special circumstances;

(d) must not approve a loan the period for repayment of which exceeds 20 years.

(4) Nothing in this section applies to a mortgage of property of the parish held by the Trusts Corporation.

*Parish funds*

57. (1) A parish council must ensure that the amount of parish funds held for the time being by the parish council (whether on deposit with a bank or other institution or otherwise than by the Trusts Corporation or on deposit with the Diocesan Rolling Fund) does not at any time exceed twice the amount of the invoices under section 54 (a) last received, or such lesser sum as the parish council determines from time to time.

(2) A parish council must ensure that parish funds, other than an amount or amounts not exceeding in total twice the amount of the invoices under section 54 (a)

last received, or such lesser amount as the parish council determines from time to time, are deposited with the Registrar for investment -

- (a) by the Trusts Corporation on behalf of the parish; or
- (b) in the Diocesan Rolling Fund.

(3) If a parish, or the incumbent for the time being, or any organisation or church of a parish, is a beneficiary under any trust or is entitled to the income, or any part of the income of any property, the property of the trust or other property must be held by the Trusts Corporation, except to the extent that the terms of the trust or other deed otherwise provide.

(4) Nothing in sub-section (2) affects the right of a parish council to use parish funds in any manner it determines, subject to compliance with the terms of any trust or conditions applying to the use of the funds.

(5) The Registrar must ensure that -

- (a) parish funds deposited with the Registrar for investment -
  - (i) are invested by the Trusts Corporation in accordance with the **Church Funds Act 2001**, whether in a common fund or otherwise; or
  - (ii) are invested in the Diocesan Rolling Fund;
- (b) parish funds are made available to the parish council for use as it determines;
- (c) interest earned on the investment of parish funds in accordance with this section is credited to the account of the parish in accordance with the terms of investment or as otherwise determined by the Bishop in Council;
- (d) appropriate accounting and other records are kept so that all transactions affecting parish funds are properly recorded;
- (e) statements and accounts of parish funds are provided to the parish council at least twice a year and at such other times as the Bishop in Council determines.

(6) In this section, "**parish funds**" includes money of the parish council or any church of the parish or any organisation of the parish or any church of the parish.