



# PCC Treasurer's Handbook

A guide to being a successful PCC Treasurer



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## Foreward

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### **The role of a PCC Treasurer is a highly trusted and respected one.**

Your considerable time and effort in this role is of huge value to your PCC, and we hope that this handbook will be both helpful and of interest to you.

This handbook is the second edition and incorporates some new advice and contacts, we would welcome your feedback. It has been designed to provide general guidelines on issues affecting PCC Treasurers.

It should be read alongside the publication: 'PCC Accountability, The Charities Act 2011 and the PCC', copies of which can be obtained from the Diocesan Finance Department.

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# Guide for PCC Treasurer's Handbook

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# Part One

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## Personal Specification

A treasurer doesn't have to be a qualified accountant, although this could be an advantage in larger parishes. 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** Financial competence: not only the ability to keep records, but the will and determination to keep track of how finances are going.
- 3** Have the ability to present financial matters clearly to both the PCC and the wider church community.
- 4** Be able to attend PCC meetings, PCC Standing Committee meetings, and any other meeting where a financial input will be required.
- 5** Respect the confidential nature of the information in the treasurer's possession.
- 6** Be willing and able to work as a team member of the PCC, and the wider church.
- 7** Qualify as a Trustee as required by the Charity Commissioners: i.e. be over 18 years old and not be disqualified because of bankruptcy or criminal convictions for financial wrong doing.
- 8** The PCC may wish to consider taking up references.

## Appointment of a Treasurer

The PCC may appoint one or more of its members to act as Treasurer solely or jointly.

Failing such appointment, the office of Treasurer shall be carried out by one of the following:

- 1** by one or more of the churchwardens who are members of the PCC or,
- 2** by some other fit person who shall not thereby become a member of the PCC, provided that such person may be co-opted to the PCC.

Where a person other than a member of the PCC is appointed to act as Treasurer that person may be paid such remuneration (if any) as the PCC deems appropriate provided that the person shall not be eligible to be a member of the PCC.

Where the person appointed is not paid and is not a member of the PCC, it is desirable for that person to be co-opted on to the PCC.

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

### Guidance Notes for Treasurers

#### Duties:

All Treasurers will be expected to do the following:

- 1 Implement the financial policy of the PCC. The finances of the parish remain the responsibility of the PCC, including raising the necessary funds to operate and deciding how these should be spent.
- 2 Participate fully in the decision-making process within the PCC and its various committees.
- 3 Give a forecast of income and expenditure in the forthcoming year based on previous years information and on known information for the forthcoming year, and to be able to comment on the ability of the PCC to meet the known expenditure (see The Parish Budget - Page 16)
- 4 Maintain records of the PCC's financial transactions, ensuring that they are properly authorised and in keeping with the approved budgets. The Treasurer will also need to establish what expenditure can be paid without reference to the PCC e.g. utility invoices etc.
- 5 Keep the parish's finances under regular review and present written reports regularly to the PCC. e.g. at each PCC meeting.
- 6 Ensure the PCC's financial obligations are met on time, including Parish Share, the clergy's expenses if applicable and insurance of church buildings (especially against fire, theft and public liability). The level of insurance should be reviewed regularly at least every year with the PCC after taking advice from the appropriate insurance company and taking account of any long term agreements.
- 7 Maintain a book-keeping system (manual or computerised).
- 8 Draw up the annual financial statements for the PCC's approval, before these are submitted to the Annual Parochial Church Meeting (APCM).
- 9 Arrange for the annual independent examination of the accounts up to £500,000 or a full audit when income exceeds this amount.
- 10 Present the parish accounts to the APCM.
- 11 Ensure copies of the accounts and the Independent Examiners report are sent to the Diocesan Secretary and your Deanery Assessor and that the Return of Parish Finance form is also either sent to the Diocesan Finance Department or submitted online directly to Archbishops' Council after your APCM and before the end of May following the financial year (e.g. Accounts for year ending 2014 to be received by the end of May 2015).

#### Additional Responsibilities for Parishes 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 2005) for year ends up to 31 December 2014 or the new SORP effective 1 January 2015 for year ends after this date, in such a way as to identify the main elements of income and expenditure based on activities. Ensure that once a Parish's regular income exceeds £100,000 that the PCC is registered with the Charity Commission. This may involve completion of Annual Returns (see [www.gov.uk/government/organisations/charity-commission](http://www.gov.uk/government/organisations/charity-commission))

However, if the income reaches over £100,000 because of repair/grant monies received etc. then a letter of dispensation should be sought from the Charity Commission stating there is no need to register fully for the time being.

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# Useful Information to Assist Treasurers in Performing their Duties

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**The following information is provided as a guide to being a successful Treasurer and an easy reference for the more experienced.**

## 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 a retiring Treasurer

- 1 Obtain possession of all cash balances, counted in the presence of the retiring Treasurer and give a written receipt, keeping a copy for PCC records.
- 2 Check the signed list of all monies owing **to** the Parish to the best of the knowledge of the retiring Treasurer.
- 3 Check the signed list of all monies owed **by** the Parish to the best of the knowledge of the Treasurer retiring.
- 4 Receive a list of all bank and investment accounts, including CBF Funds etc. operated by the Parish and take possession of all bank statements, pass books, etc.
- 5 Obtain all unused cheque books and bank paying-in books.
- 6 Following a PCC resolution immediately change signatories on all bank and investment accounts.
- 7 If dividends/interest from investments are not mandated direct to bank accounts, advise payer of any change of correspondent and address.
- 8 Obtain a signed list of accounting/record books kept by the person retiring and take possession of receipt books, cash book and vouchers, bank reconciliations etc.
- 9 Review details of the Gift Aid Scheme. If the Treasurer is the authorised Gift Aid Officer inform HMRC of the change of name and address.
- 10 Gift Aid envelopes for previous 2 to 7 years can be disposed of except for one similar representative month for each year.
- 11 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.
- 12 Where there is a new PCC Treasurer please ensure that the Deanery Assessor, the Diocesan Finance Department and the Data Administrator are notified; and that these guidelines are handed to the new Treasurer. Also ensure that they are set up on the Diocesan Directory as the Treasurer for your Parish in order that they are able to access the Diocesan website and services such as Parish Share Online.
- 13 Receive the permanent file containing investment fund details and holdings, copies of bank/investment statements and copies of public liability certificate.
- 14 Obtain records for at least the previous 7 years, as required by Section C of this guide.

### Note

- 1 Make sure that any PCC officer who receives cash gives a receipt and keeps a copy for the Treasurer's records. Note that these receipts should be pre-numbered.
- 2 It is suggested that a copy of this checklist should be completed on each occasion of change of treasurer and retained in the PCC records. You may like to note the reason for the change.

## B Record Keeping

It is recommended that the following records be maintained:

- 1 The cash book(s).** This can be manual (various designs such as the Guildhall or Collins versions are obtainable from most stationers shops) or computerised. It should contain the record of every item received by the PCC and all payments made. The Diocese of Norwich Parish Accounts Template (PAT) can be downloaded from the Diocese website at [www.dioceseofnorwich.org/pat](http://www.dioceseofnorwich.org/pat)
- 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 tie up with 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 payments should be recorded in a Petty Cash Book and supported by appropriate documentation as set out above for cheque payments.
- 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 standing 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 Bank Statements.** These should be kept for a period of seven years in support of the PCC accounts.
- 7 Bank mandates.** Records should be kept of who the authorised signatories are on each account. Two signatures (as a minimum) 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.
- 8 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.
- 9 Return of Parish Finance.** This annual form from the Archbishops' Council helps the Church of England to compile financial statistics to monitor the Church of England's finances. This form needs to be returned to the Diocese (either by post, email or online) or submitted online to Archbishops' Council immediately after your APCM and a copy retained by the Parish Treasurer.
- 10 Annual Report and Accounts.** The original signed Statements and Reports should be retained indefinitely with a copy being sent to Diocesan House and your Deanery Assessor.
- 11 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.

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# Supporting Documentation

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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 goods 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'.

In a Vacancy, expenses for visiting clergy should be claimed on a standard form, available from the Diocesan Finance Department and the Diocesan website. This should show clearly the nature of the claim and should be signed by the Churchwarden and Rural Dean then sent to Diocesan House for payment, otherwise your PCC will reimburse the appropriate expenses. A guide for the reimbursement of clergy expenses, including a claim form, can be found on the Church Commissioners website [www.churchofengland.org/clergy-office-holders/remuneration-and-conditions-of-service-committee/the-parochial-expenses-of-the-clergy.aspx](http://www.churchofengland.org/clergy-office-holders/remuneration-and-conditions-of-service-committee/the-parochial-expenses-of-the-clergy.aspx)

## IT Issues

When accounting software, such as the Diocesan Parish Accounts Template 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 financial 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 records  | CFY + 6 years      |
| Insurance records   | 40 years           |
| Deeds/leases when Diocese is third party in any agreement | To Diocesan Office |

\* 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 Account

### 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 to be used at a time.
- 3 There should be no practice of pre-signing blank cheques. A signatory should NEVER be asked to sign a blank cheque.
- 4 Invoices should be produced to cheque signatories who should ensure that they are endorsed with the cheque number (audit trail)
- 5 Where any cheques are sent to Diocesan House, for example in relation to the following, please ensure that the cheque is made payable to the Norwich Diocesan Board of Finance Ltd or NDBF Ltd:
  - Parish Share
  - Parochial Fees
  - Lent Appeals
  - Bishops Fund for Ordinands
  - Archdeacons Charge
  - Resources
  - Cormorants
  - Burning Bush

If you are in any doubt of what the payee should be on your cheque, please contact the Diocesan Finance Department for clarification as this saves time rectifying any incorrect cheques at a later date.

- 6 Bank statements should be received at least monthly and the cash book record should be reconciled to the balance on the bank statement taking account of reconciling items such as un-presented cheques. Any errors or omissions should be investigated and corrected.
- 7 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.
- 8 At present most PCCs do not have a charity registration number as they are excepted Charities (as their annual gross income falls below £100,000). If tax recoveries are made under the Gift Aid scheme, the PCC will have an HMRC ref number that can be quoted. This guidance should enable banks and other financial institutions to grant to church bodies the rates etc. appropriate to charities. The Registered Charity number of the Norwich Diocesan Board of Finance should not be quoted.

### 9 Online Banking

Parishes may wish to consider registering for online banking. There are two options available:

1. To review statements on a 'live' basis, rather than waiting for a periodic paper statement to be received, but cannot make any payments/transfers between accounts.
2. In addition, to pay monies (for example: Parish Share, invoices, clergy expenses) and transfer monies between Parish bank accounts.

If a Parish wishes to use the second option, then the recommended process is as follows:

1. Research the online banking system currently available with your bankers.
2. Discuss with and gain the agreement of the PCC to use online banking.
3. Have at least one other user to authorise online payments.

## 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 be counted immediately on receipt where possible (by two unrelated people) and 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

### Collections at Holy Communion

- 1 Money given at services of Holy Communion, whether according to the Book of Common Prayer or Common Worship, forms part of the general funds of the PCC. The PCC has power jointly with the minister to determine the objects to which all money given or collected in church shall be allocated.

### Collections at Institutions, Inductions and Confirmations

- 2 The Bishop has the right to say whether there shall be a collection at any service he conducts but, if there is a collection, at an Institution or Induction for a new member of clergy, these monies should be collected for the Bishops Fund for Ordinands. Cheques and gift aid envelopes (with the amount contained written on the front) should be sent to Diocesan House. Any cheques should be made payable to the *Norwich Diocesan Board of Finance Ltd, or NDBF Ltd*.

### Collections at Other Services

- 3 The purposes to which collections at other services are to be allocated are to be determined by the PCC jointly with the incumbent, and in case of disagreement the Bishop may give directions (see section 7(iv) of the Parochial Church Councils (Powers) Measure 1956). The PCC must keep account of all moneys so collected. The Treasurer of the PCC is the responsible officer of the PCC for this purpose.
- 4 The Churchwardens are the proper officers to make the collection, either alone or with the aid of the sidesmen or other persons selected by them.
- 5 All collections in church, including retiring collections, are subject to the rules laid down by the PCC (Powers) Measure. The amount must be recorded in the Church Service Book, passed through the church accounts, and administered by the Treasurer on behalf of the PCC. All such monies are subject to the independent examination/annual audit.
- 6 A PCC can agree that collections in church at funeral services and other occasional services can go to charities and causes nominated by the family concerned. An officiating minister cannot agree to such requests without the authority of the PCC. Where the PCC has given consent, the procedure laid down in paragraph 5 above still applies. The money must be paid to the charity concerned by the Treasurer, and a receipt obtained. It is possible for the PCC to give general approval for collections at funerals to go to charitable causes nominated by the family of the deceased, and to delegate to the minister their power for giving individual consent.

**7** No monies given to charities by means of any form of collection in church may be passed direct to some collector for that charity without it appearing in the services register and church accounts, unless collected as an agent of that charity.

**8** Where PCCs have agreed to collections at funerals for charities, but subject to a part being retained for other church funds, this must be agreed with the family concerned when the consent for the collection is first given.

#### **Money Placed in Alms Boxes**

**9** Alms placed in the alms box (which should be provided in every parochial church and chapel) are to be applied to such uses as the incumbent and PCC think fit, and if they disagree the Ordinary (usually the Bishop) is to determine the disposal of the alms.

#### **Counting Sunday Collections**

**10** Please note that the good practice guidelines are that all the Sunday collection, both loose cash and envelopes, should be counted on the premises immediately after the service with at least two people, who are independent of one another, present throughout the count. A record should be made at the time of the amount of the collection, and the record initialled by the counters.

#### **Gift Aid**

**11** 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 Gift Aid declaration will usually either cover enduring (ongoing) donations (and it can also be backdated to cover all donations received in the last 4 years),

or it will cover a one off donation, where the declaration is usually printed on to the envelope in which the donation is received. Example wording for declarations and up to date information can be found at:

**[www.parishresources.org.uk](http://www.parishresources.org.uk)**

#### **Gift Aid Small Donations Scheme (GASDS)**

A scheme was introduced from 6 April 2013 which enables churches and charities to claim a top-up payment similar to Gift Aid on cash donations of £20 or less up to a limit of £5,000 per church/community building (from April 2016 it is proposed to increase this to £8,000), 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.

It should be noted that the definition of cash is just that – cash. Cheques and standing orders do not count. Detailed information regarding the scheme can be found at **[www.parishresources.org.uk](http://www.parishresources.org.uk)**

#### **Giving by Text (Txt)**

It is also possible to receive fundraiser donations by text message by registering for a free JustGiving account through the National Churches Trust. In order to find out more, please refer to **[www.dioceseofnorwich.org/text](http://www.dioceseofnorwich.org/text)**

## G Parochial Fees for occasional offices – baptisms, weddings, funerals etc.

A table of fees chargeable by clergy and the PCC is prepared annually by the Church Commissioners and sent direct to clergy, a link to these is also placed on the Diocesan website [www.dioceseofnorwich.org/fees](http://www.dioceseofnorwich.org/fees). Baptisms, Weddings, Funerals, etc. generate an income to the PCC and should be accounted for correctly in the Annual Accounts. From 1 January 2013 the fee previously noted as fee payable towards the stipend of the incumbent became legally the property of the Diocesan Board of Finance Ltd (In a few cases, where an incumbent had previously notified the Bishop, the incumbent will still receive the fee direct, but this is exceptional).

If there are any queries regarding parochial fees it is recommended that you consult the booklet titled 'Parochial Fee Procedure', which can be downloaded from the Diocesan website at [www.dioceseofnorwich.org/feeprocedure](http://www.dioceseofnorwich.org/feeprocedure)

## H Routine expenditure

This section focuses on the routine items that all PCC members need to consider. As trustees of parish funds it is for them to authorise payment and also to find the income to meet that expenditure.

### Ministry expenses/Parish Share

The single largest expense for most PCCs is the parish share contribution which is paid to the diocese either directly or through a benefice. From 2014, the Share is no longer allocated to individual parishes, but to benefices, which is where the costs lie. There are two elements; the first is related to the actual cost of ministry within the benefice. The second contributes to

mission across the diocese where the cost of that mission needs to be shared by us all. Parishes within a benefice will decide amongst themselves how the total cost will be divided between them. If you would like further details regarding Parish Share, please contact the Diocesan Finance Department. A copy of 'The Responsibility is Ours' (TRiO) a review of Parish Share can be downloaded at [www.dioceseofnorwich.org/trio](http://www.dioceseofnorwich.org/trio)

PCCs may wish to consider whether they would like to set up a direct debit scheme to pay Parish Share. Once setup, the PCC can change collection amounts at any time provided they give adequate notice (before the 15th of the month in which the collection is scheduled to take place). The amount collected is flexible and does not necessarily need to be 100% of the allocation, it can be a small regular amount which can be increased as and when a PCC feels they are able to make a larger contribution.

### 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 or allowable under our own or Charity Commission guidance. For further information and guidance on allowable expenses, refer to the Central Stipends Authority booklet entitled 'The Parochial Expenses of the Clergy' available from the Clergy Payroll section of the Church Commissioners website.

### Church running expenses

The PCC is responsible for church running costs such as heating, lighting, insurance and cleaning etc.

### Visiting clergy, organists, cleaners

All visiting clergy, organists and cleaners will normally need to be paid. Further information on Taxation is available from the Diocesan Finance Department.

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

### **PAYE and National Insurance**

The rules on when to register as an employer and report PAYE information in real time are applicable to all employers. Consequently, a PCC will need to register as an employer and report PAYE if any of the following apply:

- The PCC is paying an employee at or above the PAYE threshold;
- The PCC is paying an employee at or above the National Insurance Lower Earnings Limit;
- The employee already has another job;
- The employee is receiving a state, company or occupational pension;
- The PCC is providing the employee with employee benefits.

If a PCC is required to register as an employer then they will need to report all payments made to their employee irrespective of the amount they pay.

Details of the National Insurance and tax thresholds for 2015/16 can be found on the HMRC website at [www.gov.uk/rates-and-thresholds-for-employers-2015-to-2016](http://www.gov.uk/rates-and-thresholds-for-employers-2015-to-2016)

### **Auto-enrolment and new pension duties**

The changes to pension schemes affect every employer – big and small. As an employer, the new pension duties are quite far-reaching. All employers will need 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, most PCCs will be small

employers. Staging began in 2012 and will be complete by 2018.

The employer will need to automatically enrol employees who:

- Are not already in a qualifying workplace pension scheme (QWPS);
- Are at least 22 years old;
- Have not yet reached state pension age;
- Earn more than the earnings trigger in the relevant pay reference period;
- Work or ordinarily work in the UK

The employer must provide information to, and let all other employees join the scheme if they choose to, but the employer only has to make payment for them if they have qualifying earnings.

If eligible employees are not already in a QWPS, the employer must automatically include them in one without asking them to give any information or make any choices. This is known as auto-enrolment. If you use auto-enrolment, you cannot ask employees to:

- Apply to join;
- Choose how much to pay in;
- Decide where to invest their payments.

### **All employees must be advised in writing of their rights.**

This only gives a very basic overview of the legislation and the Diocesan Finance Department cannot give advice on individual cases, for detailed information please visit the Pensions Regulator website: [www.thepensionsregulator.gov.uk/employers/detailed-guidance.aspx](http://www.thepensionsregulator.gov.uk/employers/detailed-guidance.aspx)

## I 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 PCCs activity for the year borne out of prayer, vision, prioritisation and discussion. In particular, it should take into account the allocation of Parish Share 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.

### Regular Monitoring of the Financial Situation

The Treasurer should keep the parish's finances under review and provide regular reports to the PCC.

As most PCCs have income and expenditure that is uneven, it is good practice to produce an estimated cash flow forecast which can be used as a guide to timing of expenditure.

## J 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 earned on the capital can be spent. The donor might have insisted on this or, in the case of a legacy, the condition might be contained in the will.

These could be expendable in certain circumstances, depending once again on the terms of the donation or will.

### 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. It may be decided to set funds aside for a particular purpose, which would then be held in a designated fund, which could be undesignated at a later date by the PCC to use for another purpose.

## K Investments

The PCC may invest wherever it wishes but independent financial advice is always recommended before making any significant investment. NB. Diocesan Office staff cannot give investment advice. They can however advise of an appropriate independent advisor.

### Investment income

Wherever possible, arrangements should be made for investment income to be paid directly into the PCC bank account by BACS or reinvested into the same fund.

As the PCC is a charity, banks should be instructed to pay interest gross before deduction of tax.

## L 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.

Insurance and events involving more than one parish PCCs should check with their insurers and Archdeacons upon the adequacy of insurances. It is likely that a Group Ministry / PCC Event would need separate insurances to those held by the participating PCCs. If any activities are held by third parties outside the Church Building but within its boundaries you should contact the PCC's insurance company before giving permission.

### Risk management

The Charities Statement of Recommended Practice (SORP) requires a Trustees' Annual Report. For those charities that require an audit, they 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 and mitigate those risks. Although this is not a requirement for PCCs with income of less than £500,000, it is nevertheless considered good practice.

Risk management is the responsibility of the whole of the PCC. Useful guidance can be found on the Charity Commission website, [www.gov.uk/how-to-manage-risks-in-your-charity](http://www.gov.uk/how-to-manage-risks-in-your-charity)

## M Additional References

The Diocese recommends the following websites for further reference:

**Diocesan Website: Finance Area** – This is where you will be able to find the online copies of forms which can be submitted to

the Diocese and also includes areas for fees, information from treasurers workshops and information to assist treasurers etc.: [www.dioceseofnorwich.org/churches/finance/](http://www.dioceseofnorwich.org/churches/finance/)

**Diocesan Website: Secure Area** – This is where you are able to access Parish Share Online, which allows you to see the current Parish Share status at any time as the information is refreshed on a daily basis and reflects the same data as held by the Diocese. You can also access CCLA statements for accounts where the Diocese acts as custodian trustee for your parish. To access a guide on registering (if not registered already), search "secure area" on the Diocesan homepage.

**Parish Resources** – The site is run by the Church of England National Stewardship Department and is updated regularly. It covers a wide range of topics including all aspects of PCC accounting including gift aid and guidelines for the year end process: [www.parishresources.org.uk](http://www.parishresources.org.uk)

**Parish Buying** – Buy with confidence from approved suppliers to the Church of England - saving you time and money! Parish Buying includes a range of competitive national deals and helpful buying guides to aid your stewardship. Visit [www.parishbuying.org.uk](http://www.parishbuying.org.uk); call: 0800 368 0887

### The Listed Places of Worship Grant

**Scheme** – This website explains the scheme in detail and guides you through the process of making a claim: [www.lpwscheme.org.uk](http://www.lpwscheme.org.uk)

**Funding Central** – This is a website funded by the Cabinet Office which allows charities to search for grants: [www.fundingcentral.org.uk/Default.aspx](http://www.fundingcentral.org.uk/Default.aspx)

**Parish Funding Support Officer** – geoff.freeman@dioceseofnorwich.org – our own in house officer available to help with Gift days, Stewardship campaigns and grant applications, together with promoting good practice within the PCC and Benefice.

# The Parish Budget

A recommended template to use when preparing a PCC budget:

## A forecast of income and expenditure for the coming year

| Income  |                      | Expenditure   |                      |
|---|----------------------|---|----------------------|
| <b>Regular giving and donations</b>           | £                    | <b>Parish Share</b>   | £                    |
| Planned giving Gift-aid Donations Collections | <input type="text"/> | Our contribution to the Mission and Ministry in the Diocese | <input type="text"/> |
| Gift Days                                     | <input type="text"/> |   |                      |
| <b>Fees received for special services</b>     | <input type="text"/> | <b>Church Running Expenses</b>                              |                      |
| <b>Fund-raising events</b>                    | <input type="text"/> | Repairs and Maintenance                                     | <input type="text"/> |
| <b>Other Income</b>                           | <input type="text"/> | Insurance   | <input type="text"/> |
| Rents   | <input type="text"/> | Capital Projects  | <input type="text"/> |
| Parish Magazine                               | <input type="text"/> | Utilities (Gas, Electric, Water etc.)                       | <input type="text"/> |
| Church Hall                                   | <input type="text"/> | Grounds maintenance   | <input type="text"/> |
| <b>Dividends and interest on reserves</b>     | <input type="text"/> | <b>Cost of Services</b>                                     |                      |
|   |                      | Sanctuary   | <input type="text"/> |
|   |                      | Choir and organist  | <input type="text"/> |
|   |                      | Service Sheets  | <input type="text"/> |
|   |                      | <b>Administration</b>                                       |                      |
|   |                      | Clergy Expenses   | <input type="text"/> |
|   |                      | Lay payments and expenses                                   | <input type="text"/> |
|   |                      | Communications  | <input type="text"/> |
|   |                      | <b>Fund-raising and trading expenses</b>                    | <input type="text"/> |
|   |                      | <b>Donations &amp; Charities</b>                            | <input type="text"/> |
| <b>Total</b>                                  | <input type="text"/> | <b>Total</b>  | <input type="text"/> |
|   |                      | <b>Surplus or Deficit</b>                                   | <input type="text"/> |

### Notes

Don't expect everyone to understand the budget without some added explanation! (For example, what are the capital projects on which you plan to spend money?)

### Income

- Planned income includes Church envelopes and bank standing orders.
- Special services includes weddings and funerals.
- All income from fund-raising and other events is 'gross' – that is, it is the total income before allowing for expenses and costs. These have already been included under 'Expenditure'

### Expenditure

- It is easier to estimate your likely expenditure next year than estimate the income – so do this first.
- Sanctuary costs include such things as communion wine.
- A fund-raising expense would be the costs associated with, (e.g.) a Summer Fete; a trading expense would be the costs associated with (e.g.) running the Church Hall. These should be shown separately and not just deducted from the income from such events.
- All PCCs give to some associated and church-relevant charities – you should let people know what these are.
- Always enter the full Parish Share ask in the budget. Do not reduce your budgeted figure for Parish Share just to avoid a deficit budget.



## PCC Independent Examiner's Check List

A recommended checklist for Independent Examiners is shown below, this is not a legal requirement but can be used as a useful guide.

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|  | Yes                      | No                       | N/A                      | Comment                                    |
|--|--------------------------|--------------------------|--------------------------|--|
| <b>1</b> You have had access to the PCC Cash Book, Petty Cash Book, Invoices, Receipts and any other income and expenditure records that you have requested  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input style="width: 150px;" type="text"/> |
| <b>2</b> You have had access to all cheque books and confirm that they have been entered correctly   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input style="width: 150px;" type="text"/> |
| <b>3</b> You have had access to ALL PCC Bank and Investment Accounts and confirm that their statements of account agree with the PCC accounts  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input style="width: 150px;" type="text"/> |
| <b>4</b> You confirm that fund raising/charity income and donations have been recorded correctly from PCC Minutes  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input style="width: 150px;" type="text"/> |
| <b>5</b> You have had access to all expenses details and vouchers and confirm that they have been entered correctly  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input style="width: 150px;" type="text"/> |
| <b>6</b> You have had access to all paying in books and confirm that they have been entered correctly  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input style="width: 150px;" type="text"/> |
| <b>7</b> You agree that all bank payments and income shown on bank statements have been entered correctly on the PCC accounts  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input style="width: 150px;" type="text"/> |
| <b>8</b> You agree that the totals of ALL Receipts and Payments have been correctly recorded in the PCC Receipts and Payments Account/ Balance Sheet   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input style="width: 150px;" type="text"/> |
| <b>9</b> You agree that all income and expenses shown in the accounts relate to the current year and that all payments received in advance and outstanding amounts owed by the PCC have been clearly recorded as such. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input style="width: 150px;" type="text"/> |
| <b>10</b> You confirm that any PCC fixed assets such as printers etc have been recorded at the appropriate value   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input style="width: 150px;" type="text"/> |
| <b>11</b> You confirm that to the best of your knowledge the accounts represent a true reflection of the PCC's financial position at the end of the Financial Year   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input style="width: 150px;" type="text"/> |
| <b>12</b> You confirm that all investments are held in the name of the PCC or in conjunction with the Norwich Diocesan Board of Finance Ltd  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input style="width: 150px;" type="text"/> |
| <b>13</b> You confirm that any loans held are recorded and interest (if appropriate) is included   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input style="width: 150px;" type="text"/> |
| <b>14</b> You confirm that any stock held by the PCC is recorded at cost and not resale value  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input style="width: 150px;" type="text"/> |

**Best practice:** Does the PCC require two signatories for cheque/bank withdrawals and are there a minimum of three authorised signatories? Yes  No  Comment:

Print Name

Signature

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## Contacts for Treasurers

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### Diocesan Finance Department

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Find your Deanery Assessor via the Diocesan website

**[www.dioceseofnorwich.org/assessor](http://www.dioceseofnorwich.org/assessor)**

The postal address of Diocesan House is:

**109 Dereham Road**

**Easton**

**Norwich**

**NR9 5ES**

The Charities Act 2011 consolidated previous charity legislation into a single comprehensive Act on 14 March 2012.

Reference should be made to the 2011 Act in any document (such as the accounting policies, an audit or independent examination report) prepared on or after 14 March 2012, irrespective of the financial year to which that document refers.

Independent examiners should note that:

- their examination of the accounts was under section 145 of the Act;
- they follow the Directions made under section 145 (5) (b) of the Act;
- the charity keeps accounting records under section 130 of the Act; and
- the accounts comply with the requirements of the 2011 Act.

When preparing accounts, reference should be made to the 2011 Act where the compilation of those accounts is completed (i.e. signed off by the Independent Examiner) on or after 14 March 2012, irrespective of the financial year to which those accounts refer.

