

Guidance for Parochial Church Councils on their Financial Procedures

A Paper by Stephen Collyer

Introduction

The Diocesan Finance Department has produced the following guidance in response to a growing demand from PCCs for a simple list of actions they can take to help discharge their financial responsibilities as trustees and minimise the probability of error, inadvertent or deliberate.

1. The PCC's finance team

- a. PCC to appoint as treasurer a person who is **known** by the PCC as **trustworthy** and **competent**. The PCC is responsible for the financial affairs of the parish and, if the PCC fails to appoint a treasurer, it will be the responsibility of the churchwarden(s) to cover this role. In such circumstances the Deanery should always be consulted.
- b. Where possible, divide the financial responsibilities of the PCC into jobs done by several different individuals, working as a team led by the treasurer, e.g. gift aid secretary, sidesmen counting collections, bookkeeper. Draw up job descriptions for each role, including that of PCC Treasurer.

2. Budgeting and monitoring

- a. PCC should approve a realistic budget for each calendar year
- b. PCC should receive at least quarterly a receipts and payments account (or income and expenditure account) comparing actual experience in the year to date with budget, with significant variances highlighted and explained.
- c. By end of March PCC should receive and approve the draft statutory financial statements for the preceding calendar year, together with the independent examiner's draft report on those statements. If there is any concern about the statements or the examination, refer to the Archdeacon or Diocesan Secretary.
- d. PCC should approve the method of bookkeeping, including gift aid records, (manual, spreadsheet, accounting package) and ensure that the records are owned by the PCC, accessible by the PCC Standing Committee, and kept up-to-date.
- e. Thank you letters received, in response to any charitable donation should be recorded at the PCC meeting and kept with the appropriate minutes.

3. Procedures for dealing with cash

- a. Immediately after each service the collection should be counted by two people working together, and summarised on to a collections sheet, signed by both people. Gift-aided donations should be summarised separately from non-gift-aided donations. Following counting, cash should be kept in the locked church safe.
- b. Other receipts of cash should be recorded using a pre-numbered receipt book.
- c. Cash in the safe should be banked at least weekly, preferably on a Monday, and preferably not by the bookkeeper or treasurer. Paying-in slip should be as detailed as possible cross-referring to the collections sheet and receipts book.
- d. Cash payments should not be made from collections but from a separately managed petty cash float, or by cheque or electronic banking.
- e. Signatories must never sign blank cheques, and unused cheques should be kept securely.
- f. Payments should be authorised by at least one trustee before the cheque is raised.

4. Relationship with the bank

- a. The PCC should approve the bank mandate and the opening or closing of all bank and deposit accounts. The mandate should clearly state that two signatures are required on cheques or other payment authorities.
- b. The bank should be requested to send copies of bank statements not only to the Treasurer, but also to one other individual, either from the PCC or the finance team. If the bank won't do this, then the PCC Treasurer should automatically send a copy of the bank statements when they are received to the designated individual.

- c. On-line banking is becoming more frequent, but often on-line payments can be made on the authority of only one person, and this represents a weakness which needs to be managed. Where the Treasurer makes an on-line payment requiring the authority of only one person (him/herself) then the PCC should insist that the associated invoice or payment request is signed by two other authorised signatories before the payment is made. The PCC should also give access to on-line banking to another trustee so that the Treasurer's actions can be checked periodically.

5. Independent examination

- a. The PCC's independent examiner/auditor is appointed or re-appointed annually at the Annual Parochial Church Meeting. The motion at the APCM should not be proposed by the Treasurer, but by another individual on behalf of the PCC.
- b. The PCC should ensure that the individual they nominate to the APCM for independent examiner should be both **independent** of the PCC and **competent** to do the job. The PCC, or its standing committee, should interview the candidate before it nominates them to the APCM, and references taken up. Independence means no family connection to any PCC member, and preferably not a member of the congregation. Competence for the role means having the ability and/or experience necessary to undertake the duties.
- c. The independent examiner should be given access to all of the PCC's accounting records and documents each year in order for the examination to be carried out properly. This includes gift aid records.
- d. The independent examiner should deliver his/her report orally as well as in written form to the PCC or its standing committee each year. The PCC or standing committee should be given the opportunity to ask questions of the examiner about the report, the work he/she has done, and any findings or concerns he/she may have connected with the independent examination.

6. Other resources

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a. Parish resources website

<http://www.parishresources.org.uk/resources-for-treasurers/>

<http://www.parishresources.org.uk/wp-content/uploads/PCCFinance.pdf>

<http://www.parishresources.org.uk/wp-content/uploads/tq1-financial-management.pdf>

b. Charity Commission website

http://www.charitycommission.gov.uk/Charity_requirements_guidance/Accounting_and_reporting/default.aspx

c. The Charities Act 2011 and the PCC

d. Association of Church Accountants and Treasurers

<http://www.acat.uk.com/>

e. Diocese of Guildford

www.cofeguildford.org.uk