



PARISH ACCOUNTING and FINANCIAL ADMINISTRATION

KEY POINT

- The wardens have responsibility for the financial administration of the church or parish, including responsibility for accounting procedures and records and financial reporting obligations.

ACTION ITEM

- The wardens should periodically review the checklist in Attachment 2 to ensure they remain compliant with their various tax and other regulatory obligations.

DETAIL

Financial Functions

The main financial functions of the wardens are detailed in Part 3 of Chapter 3 of the *Schedule to the Parish Administration Ordinance 2008* (Schedule 1 in the case of wardens in parishes administered on the basis of their church or churches, Schedule 2 in the case of wardens in parishes administered as a whole).

The wardens should advise the Diocesan Secretary if at any time they become aware of any significant irregularity in the financial administration of the church or parish.

Delegation of Powers

In exercising the right to appoint a person other than themselves to act as treasurer, assistant treasurer, accountant or bookkeeper to assist them in their functions, the wardens should satisfy themselves as to the person's –

Ability evidence for which should include references from independent persons, and

Practical experience relevant to parish administration.

Auditor / Independent Assurance Practitioner

When identifying a suitable person to be considered for election at the next annual general meeting as the auditor/independent assurance practitioner, the wardens should satisfy themselves as to the person's *independence*.

Meaning no connection with the wardens which might inhibit the impartial conduct of the examination, although the person could be a parishioner not involved in the day to day administration of the parish, and ability and practical experience to carry out a competent examination of the accounts of the parish.

Financial reporting

Under the *Parish Administration Ordinance 2008*, the Standing Committee has prescribed the form of annual financial statements which church and parish wardens are to prepare. The prescribed form is usually circulated to wardens in the last few months of each year and further copies are available from the SDS website (www.sds.asn.au) or by contacting John Chapman, Manager, Parish Support on 9265 1686.

The wardens of a church or parish must present these financial statements, together with the auditor's report, to the annual general meeting of parishioners, which must be held between 1 February and 31 March following the year end.

Parishes can use the *Sydney Anglican Parish Accounting System* ("SAPAS") to tailor the chart of accounts in either Xero or MYOB accounting software to suit Sydney Anglican parish record keeping and reporting requirements. The reports produced from SAPAS satisfy the annual parish reporting requirements and the Standing Committee's prescribed format.

The *Cost Recoveries Framework Ordinance 2008* prescribes the elements to be included in the calculation of a parish's Net Operating Receipts, and each of these elements is identified in the format of the prescribed financial statements determined by the Standing Committee.

A copy of the audited financial statements must be submitted by the wardens to the Diocesan Secretary within 7 days of the annual general meeting of parishioners each year.

Accounting procedures

The wardens have responsibility to ensure proper cash, accounting and administration procedures are followed to ensure –

- (a) security of cash
- (b) appropriate authorisation of payments
- (c) proper accounting records are maintained
- (d) timely reporting
- (e) compliance with tax obligations

The Finance Committee of Standing Committee recommends that for the purposes of discharging their responsibilities, wardens should adopt the following cash, accounting and administration procedures –

Offertories

All money received must be recorded.

Two unrelated persons should take charge of the offertory immediately after each service and count it and record and sign the details on a form like the attached sample offertory count worksheet in this document ([Attachment 1](#) – OR [Excel](#) / [PDF](#) version) which is then retained and made available to the auditor.

The total offertory and attendance numbers for each service should be entered in the service register and one of the persons completing the count should sign the register.

The offertories should be held in a safe place until they are banked without deductions for expenses.

All offertories should be banked promptly by a person who was not involved in counting the offertories.

Other Receipts

All other money received should be banked promptly without deduction.

A report showing actual offertory by service, other receipts banked, and direct credit donations for the month, actuals year to date and budget for the month and year to date should be prepared, analysed by the wardens and any material variations explained in a report to parish council.

Payments

Bank accounts must only be opened and signatories added or changed with the authority of the parish council. Arrangements with banks and other financial institutions should require 2 signatories for all transactions.

The people appointed as signatories for payments should be unrelated persons. (Typically the wardens and treasurer are given this responsibility.)

All payments, whether by cheque, direct debit authority, periodic payment or other electronic form should be effected by 2 signatories.

There should be a supporting document such as a supplier's tax invoice for every payment and the invoice or other voucher should be authorised by an appropriate person to indicate that –

- (a) any goods or services supplied –
 - are as ordered / required,
 - were received, and
 - the amount shown is the correct amount to be paid, or
- (b) any payroll payments –
 - are based on approved pay rates,
 - are supported by records of hours worked, leave taken, etc, where appropriate, and
 - have resulted in appropriate PAYG payments.

Before effecting a payment both signatories should review and initial the supporting voucher(s) and ensure that there is evidence of prior authorisation, including evidence of approval by parish council for any significant payments of an unusual nature. The cheque or other reference number should be written on every voucher and supporting invoice and all vouchers retained and made available for the auditor.

Cheques should be pre-numbered and crossed and stored in a safe place. Blank cheques should not be signed. Cancelled cheques should be mutilated to prevent re-use and made available for inspection by the auditor.

Petty cash payments should only be made from a cash float maintained on the imprest system (a signed voucher for every payment and the total of the vouchers and cash on hand must always equal the imprest amount).

Reimbursements of petty cash should be made against an itemised list of payments supported by signed vouchers.

General Administration

Bank accounts should be reconciled monthly to the cash book or accounting system and any variation investigated and where appropriate an adjustment recorded after comparing with the source document.

Copies of the monthly bank reconciliation and bank statements should be provided to the wardens.

Activity Statements (known as BAS) summarising the parish's PAYG withholding instalments and GST reporting requirements need to be completed and lodged with the Australian Tax Office at least quarterly, in conjunction with the calculated payment due.

Offertory count worksheets, receipt books, vouchers, cheque books, bank statements and other accounting records should be retained for 7 years.

The service register, and the registers of baptisms, confirmations, weddings and funerals required to be maintained by the Parish Administration Ordinance 2008 should be kept in a safe place and retained indefinitely.

It is recommended that each year the wardens ask their treasurer to complete the attached Checklist in this document ([Attachment 2](#)) to assist them in 'self assessing' their parish's compliance with their tax and other regulatory obligations.

Monthly and Annual Reporting

Monthly reports should be prepared for the wardens and parish council (with appropriate detail according to the categories specified in the annual prescribed financial statements) covering –

- (a) receipts/income (actual v. budget, month and year to date),
- (b) payments/expenditure (actual v. budget, month and year to date), and
- (c) balance sheet (or cash balance and outstanding commitments).

Careful planning and preparation for the financial year end is recommended to ensure that draft financial statements in the prescribed format are completed in time to enable the auditor to undertake their work and report, with copies of the audited financial statements then made available to parishioners at least one Sunday before the annual vestry or parish meeting.

The attached timetable in this document ([Attachment 3](#)) is recommended as a guide.

OFFERTORY COUNT WORKSHEET

CHURCH _____

DATE _____

SERVICE

8:00am

9:30am

10:00am

5:00pm

7:00pm

1. Two unrelated persons must be present to count and record the offertory.
2. The total amount in all envelopes (whether for a specific purpose or the general use of the church) should be included in "Envelopes" column in the first table
3. All specific purpose giving (indicated on the envelope or cheque) is recorded in second table.

	Offertory		Other receipts			TOTAL
	Plate	Envelopes	Books	CDs /Tapes	Photocopy	
\$100						\$
\$50						\$
\$20						\$
\$10						\$
\$5						\$
\$2						\$
\$1						\$
Silver						\$
Cheques						\$
TOTAL	\$	\$	\$	\$	\$	\$

Break-up Specific Purpose Offertory (as indicated on the envelope or cheque)					
For the church			For Missions (specify)		
BUILDING PROJECT	YOUTH MINISTER	OTHER (specify)	1	2	3
\$	\$	\$	\$	\$	\$

Duty officers

Name		
Signature		

Include this worksheet with notes, coins and cheques for banking – then retain for audit purposes.

PARISH WARDENS / TREASURER CHECKLIST

ACRONYMS

ABN	Australian Business Number
ACNC	Australian Charities and Not-for-profits Commission
AGM	Annual General Meeting (of parishioners)
AIS	Annual Information Statement
ATO	Australian Taxation Office
BAS	Business Activity Statement
DGR	Deductible Gift Recipient
FBT	Fringe Benefits Tax
GST	Goods and Services Tax
ITC	Input Tax Credit
ITEC	Income Tax Exempt Charity
MEA	Minister's Expense Account
PAYG	Pay As You Go
TFN	Tax File Number

ATO

Do you know your parish's ABN?

Search the [ABR Lookup](#) by name of entity, or call SDS for assistance.

Is that ABN –

- (a) endorsed to access tax concessions for –
 - Income Tax exemption? (essential)
 - GST concession? (highly desirable)
 - FBT rebate? (desirable)
- (b) endorsed as operating a DGR fund? (essential if the parish operates a tax deductible fund)
- (c) accessible via AUSKey? (desirable to simplify sending information to government online)

Are your parish's contact details with the ATO up to date?

(eg. administrator and address)

Are you aware of, and complying with, your obligations to –

- (a) Withhold payments (PAYG) on the payment of salary/stipend and wages to parish clergy and employees?

The definition of employee (as distinct from independent contractor) is based on the common law test for the existence of a "master/servant" relationship (ie whether the person performing the work is substantially subject to the control and direction of the payer in the manner in which the work is done). Under this definition cleaners, gardeners, vergers, organists and office/admin assistants could all be classified as employees.

- (b) Pay Superannuation contributions through SuperStream?
(refer [Circular 26 May 2015](#))
- (c) Lodge quarterly BAS?
(28 days after end of quarter)
- (d) Submit annual (PAYG) payment summaries?
(by 14 August)

Does your parish have any “ancillary parish charities”?

A separately registered entity (such as a DGR Fund or Pre-school) having its own ABN will have responsibilities similar to 1-4 above.

Have you reviewed your GST compliance to ensure –

- (a) tax invoices are retained for all ITC claims?
- (b) ITCs are only claimed where appropriate?
(refer GST Guide for Parish Treasurers, section.18)
- (c) GST is paid on all applicable receipts?
(refer GST Guide for Parish Treasurers, section.19)
- (d) full disclosure in the quarterly BAS?
(refer GST Guide for Parish Treasurers, section.20)

Follow this link to view the document [GST Guide for Parish Treasurers](#)

Have you reviewed your income tax/withholding compliance to ensure –

- (a) Withholding payments are deducted from payments to parish clergy and employees?
- (b) The parish maintains a record of TFN, employment declaration and superannuation contributions for all employees?

ACNC

Are your parish’s contact details with the ACNC up to date?

(e.g. administrator and address)

Have you advised the ACNC of any changes in your Responsible Persons?

(i.e. membership of Parish Council)

Notification required within 28 days (or 60 days if annual revenue is < \$250k) refer [Circular 13 February 2015](#).

Have you lodged your AIS?

Parishes must submit an AIS by 30 June each year, refer [Circular 13 February 2015](#).

Does your parish have any “ancillary parish charities” (such as a separately registered DGR Fund or pre-school with its own ABN) for which it would have responsibilities similar to 1-3 above?

MINISTRY STAFF REMUNERATION

Refer Guidelines for the Remuneration of Parish Ministry Staff (“[Guidelines](#)”)

Are you aware of, and following, the advice in relation to the taxation treatment of ministry staff? (section 4 of the Guidelines) –

- (a) Payments to all members of the ministry staff are subject to PAYG withholding rules.
- (b) Any cash benefits paid directly to ministry staff that is not a precise reimbursement for ministry related expenses incurred is taxable in their hands.
- (c) Allowances paid directly to ministry staff are subject to PAYG withholding and must be included on the annual payment summary.

Are you aware of, and following, the advice in relation to stipend sacrifice arrangements? (section 6 of the Guidelines) –

- (a) A stipend sacrifice arrangement is one where a member of the ministry staff foregoes the payment of a portion of their cash stipend. In return the parish council agrees to make certain payments to third parties on behalf of the ministry staff member.
- (b) Under current tax legislation the value of non-cash benefits provided to a member of the ministry staff are exempt from tax.

Are you aware of, and following, the advice in relation to motor vehicles and travel benefits? (section 9 of the Guidelines) –

- (a) Any amounts paid in cash to the member of the ministry staff (other than a precise reimbursement supported by invoices) are allowances and therefore subject to PAYG tax.

Are you aware of, and following, the advice in relation to utilities, hospitality, computers, books & conference costs? (section 10 of the Guidelines) –

- (a) Any amounts paid in cash to a member of the ministry staff for these expenses (other than a precise reimbursement supported by invoices) are allowances that are taxable income subject to PAYG tax.

Are you aware of, and following, the advice in relation to MEA? (section 11 of the Guidelines)–

- (a) An MEA is a way of keeping account of benefits provided by the parish and the amounts sacrificed from the stipend.
- (b) All amounts transferred to an MEA may be used for the direct payment of, or the precise reimbursement for, any expenses of the ministry staff member which fall within the Guidelines in section 11.2.
- (c) Ministry staff are to supply to the wardens documents to support expenses claimed. If such documents are not supplied the payment to the ministry member should be treated as a taxable allowance.
- (d) Payment of any balance in an MEA to the individual (upon transfer, resignation or death) will attract income tax.

DIOCESAN ADMINISTRATION

Refer [Parish Administration Ordinance 2008](#) (Schedule 1, Rule 3.9 or Schedule 2, Rule 3.8)

Are the wardens aware they are required to –

- (a) prepare for the AGM financial statements, a report and an insurance statement,
- (b) call on the auditor to report on those financial statements,
- (c) make copies of the financial statements and reports available before the AGM, and
- (d) forward copies of those audited financial statements and insurance statement to the Diocesan Secretary within 7 days of the AGM.

BANK(S)

Are your parish's contact details and authorised signatories up to date?

YEAR END TIMETABLE

ACTION	SUGGESTED DATES
Wardens review last year's audit, Auditor's concerns and Treasurer's progress in dealing with Auditor's concerns.	August
<p>Wardens confirm availability of Auditor for this year's audit and provide copies of, or access to, the current Parish Administration Ordinance and Treasurer's response to the Wardens/Treasurer Checklist.</p> <p>Auditor submits timetable for his work including a detailed specification of his information requirements.</p> <p>Treasurer submits plan and timetable to Wardens to meet requirements for Financial Statements and the Annual General Meeting of parishioners.</p>	Early November
Receive Diocesan Circular of Financial reporting requirements.	September – December
<p>Treasurer presents Wardens with a draft of year end Financial Statements.</p> <p>Wardens approve release of Financial Statements to the Auditor.</p>	<p>Not later than</p> <p>Early February</p>
Wardens speak to the Auditor and ensure any questions or issues raised by the Auditor have been satisfactorily addressed.	Not later than End February
Wardens receive final financial statements, sign them and authorise presentation to of parishioners with the Auditor's report.	Not later than Early March
Treasurer and Wardens present financial statements to AGM.	Not later than End March
Wardens forward copies of Prescribed Financial Statements (including signed reports by Wardens and Auditors) to Diocesan Secretary.	Within 7 days of AGM