

D BOARD OF MANAGEMENT - TREASURER

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D1 WHO CAN BE TREASURER ?

Extract from "Parish Treasurer's Handbook"

By R.W.Pilkington(Queensland)

Although the Treasurer need not be a qualified accountant, obviously someone with some knowledge of handling accounts is essential.

When the position of Treasurer is to be filled, the most qualified person can be approached. People tend not to volunteer for voluntary work, but should be asked to do a job which others think they can do well.

The Treasurer is elected by the Board of Management, usually annually. It should be recognised that the Treasurer is not expected to remain in office indefinitely. There is no disgrace in standing down after a period of service, to enable another appointee to obtain experience in the office.

The work load can be kept to a minimum by:-

- appointing an assistant who is given specific work of a quality and quantity to make the appointment worthwhile. The Treasurer can go on holidays confident that the work will not be delayed because of absence.
- delegating as much work as possible, provided regular feedback occurs.
- having work so organised that payment of accounts and general accounting is done monthly.

D2 TREASURER'S PROCEDURES

D2 . 1 Collections Journal

An adequately bound book or a recording sheet should record collections, appropriately dissected over headings and initialled by two people who take responsibility for the dissection of the amounts recorded and agreement with the cash/cheques received.

The Treasurer records the details from this collections journal in a Multi-column Cash Book which records the receipts and payments (or computer if in use).

All monies received **should be banked intact** - with no payments being made from them before banking.

Numbered receipts should be issued for all monies received other than through the collection plate, even though the original may be retained. Thus, there is a complete record of all receipts either through the Collections Journal (or Collection Recording Sheets), and the Numbered Receipt Book.

Collections should be counted, following the service, by at least two people, and never taken home by one person to be counted later. Collections are public monies and no person should be put at risk by being in a position which could be questioned. This does not infer that there is a lack of trust in any individual, but is a sound commercial safeguard.

Collections should be stored in a safe place, preferably under lock and key and banked promptly, using the Bank Deposit Book. If discrepancies occur between the Collection Book/Journal/Receipt Book and the sum banked, it should be reported and investigated and the Treasurer should inform the Board of Management at its next meeting. Cash in Transit insurance cover is part of the Industrial Special Risks Insurance arranged through the Trustees.

D2 . 2 Bank Accounts

Bank accounts should be opened in the name of the Congregation and the Board of Management should minute the procedure, noting the agreed signatories and authorising any variations. A monthly bank statement should be obtained, and a full monthly bank reconciliation prepared by the Treasurer and then tabled at each Board of Management meeting.

A person other than the Treasurer may attend to the periodical banking of monies.

Exemption from State Debit Duty should be obtained. Whenever a new bank account is opened, apply for tax exemption.

D2 . 3 Payment of Accounts

The Board of Management should minute the procedure agreed which would generally require two signatures to a cheque although several specific office bearers would normally be nominated as authorised cheque signatories. Whenever changes occur in incumbents in the nominated positions new signatories must be registered with the Bank

All payments should be by cheques crossed "not negotiable".

Payments made are recorded in a Columnar Cash Book and computer if in use. The Receipts/Payment Cash Book is reconciled monthly with the Bank Statement and forms part of the monthly Bank Reconciliation.

There should be a supporting voucher for each cheque drawn, either in the form of a suppliers invoice, or a standard format of a prepared voucher showing payee, amount, date reason for payment and both cheque signatories should sign / initial the supporting voucher and record the cheque number and the date thereon. Any suppliers statements should be reconciled monthly and outstanding items followed up promptly until cleared. An appropriate rubber stamp would ensure

uniformity of operation in recording the above. Typical cheque voucher and payment advice forms are included in this Manual.

Minor amounts may be payable from a Petty Cash Imprest but should be fully recorded in the Petty Cash Book. That is, an amount is advanced as a Petty Cash Imprest and reimbursement is made from time to time to bring the advance up to the original amount. If available, dockets should be retained for items of Petty Cash Expenditure. Petty Cash should be kept in a small locked box under the personal custody, usually, of the Treasurer.

D2 . 4 Control of Purchasing

The Board of Management should minute the recommended procedure to be adopted for use by those authorised to purchase goods/services e.g. Minister, Sunday School Superintendent, Convenor of the Property Committee etc.

As soon as a purchase is made, the supplier's invoice should be passed on immediately to the Treasurer, and the recipient of the goods / service should endorse "received in good order and condition" or similar words on the supplier's invoice, as the authority for the Treasurer to pay the account.

The Treasurer maintains an adequate file of paid vouchers, preferably in a 2 or 3 ring binder file.

D2 . 5 Goods and Services Tax (GST)

GST is assessed for each transaction. Most purchases by a church will include GST but the church may claim reimbursement of GST paid for most transactions, provided a Tax Invoice is held, or a suitable receipt for items less than \$50.

The Presbyterian Church of Tasmania is registered for an Australian Business Number (ABN) and for the GST. Local congregations may receive reimbursement of GST paid by submitting details for inclusion on the BOIF Business Activity Statement (BAS). Details of any GST collected from sales of tapes or books must also be remitted through the BOIF BAS. Sale and purchase of motor vehicles will involve GST even if a trade-in is made. Other taxes included on the BAS are PAYG (section D3.2) ~~and FBT (section D3.3)~~.

The Prescribed Payment Scheme has been replaced by the PAYG arrangements. If a supplier, building contractor or other, does not provide his ABN then we are obliged to apply a withholding tax at 48.5% which must be submitted with the BOIF BAS return together with the Contractors details so that a statement of tax withheld can be prepared the next July. A form certifying exemption from the withholding provisions for hobby activities and under age is available.

The Church ABN is in the name of **The Presbyterian Church of Tasmania ABN 80 266 574 133**. This name and number should be on any order given for the purchase of goods or services over \$50.

D2 . 6 Reporting to the Board

The Treasurer prepares monthly statements of Receipts and Payments and these are tabled at each Board of Management meeting. Preferably each member of the Board of Management should receive a copy of the statement (photocopy as required).

Reports should be submitted in such a way as to be understood by persons who may not be familiar with interpreting accounts and financial statements.

It is advisable for the financial reports to include information concerning progress against budgeted receipts and payments. A sample report format is included in this manual.

The statement should be minuted in the Board of Management books as having been received, as well as authorising payment of such other accounts which the Treasurer may table. It is a wise audit procedure for the Chairman of the Board of Management to sign a copy of the statement submitted

and received for filing by the Secretary in the official reports of the Board of Management, for audit inspection, as required.

The Board of Management should minute any ongoing authorities given to pay accounts as required, e.g. stipends, electricity/rates, where deadlines may mature before the Board of Management meets.

The Board of Management should minute such details from the Treasurer's Report as they decide is adequate.

D2 . 7 Reporting to the Congregation

Reports for the Congregation should give full and adequate details of receipts and payments for the information of the congregation. A Balance Sheet(Statement of Financial Position) including all congregation assets may be prepared to complement the Receipts and Payments(Statement of Financial Performance) statement.

The reports should be audited, presented to, and adopted by, the Annual Meeting of the Congregation.

Information required for annual reporting to Presbytery on the statistical return form is extracted from these reports.

An audited copy of the annual reports is required by both the Presbytery and the BOIF.

D2 . 8 Accounting Policies

In handing the books of account to the Auditor the Treasurer should prepare a statement of accounting policies adopted by the Board of Management.

Appropriate accounting policies include:-

The accounts are Special Purpose Financial Report that is prepared for the sole purpose of reporting to the Church Members on the Financial Position of the Church.

The Church is not a Reporting Body.

The Accounts are prepared on the Cash Basis of Accounting using Historical Costs with maintenance, repairs and minor renewals charged as expenses.

Church Real Property, and Personalty resultant from the sale of Real Property, is vested in the Trustees of the Property of the Presbyterian Church of Tasmania in Trust for the local Congregation as beneficial owner.

The Treasurer and Board of Management are responsible for the preparation of the Financial statements and the information contained therein.

The Code of the Presbyterian Church of Tasmania requires the presentation of audited Annual Accounts to the members of the Congregation.

The Audit is to be conducted in accordance with Australian Auditing Standards to include examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report.

The Financial Statements should present a true and fair view of the Financial Affairs of the congregation.

D2 . 9 Auditors

The Auditor is appointed at the Annual Congregational Meeting. The Auditor should be duly qualified and should be available for consultation with the Treasurer, or nominee of the Board of Management, as required.

The Church Accounts are public monies and it is important that things be done correctly and be seen to be done correctly. The audit is an independent examination of Church records, and the Auditor

forms and expresses an opinion on the adequacy of the records kept and the financial statements presented. The Auditor would obtain an independent confirmation of the bank balances from the bank and would attend to such a matter personally, to preserve his independence. The Chairman of the Board of Management should sign the letter to the bank, authorising the issue of a copy of the bank statement of the Auditor.

D2 . 10 Budget

The Treasurer, with the finance committee, if one is appointed, should prepare, and the Board of Management adopt, the annual budget which in turn may be presented or adopted at the Annual Congregational Meeting.

A budget is simply an intelligent estimate, based on past experience, interpreted in the light of what is expected to happen in the coming period.

Other organisations may be required to be consulted in preparation of certain receipts or payments figures.

The setting of the budget is an opportunity to set realistic goals and see where the Parish is heading financially.

D2 . 11 Reserves

It is prudent financial management to create reserves for heavy outgoings for maintenance e.g. painting, organ maintenance, etc.

If a realistic estimate is made of such irregular expenses, and these are brought back to an estimated monthly figure, then an item should occur each month in the payments side of the monthly accounts, e.g. "Transfer to Maintenance Reserve". Preferably a separate bank account should be opened to receive regular deposits, so that money will be available when the inevitable expenditure is incurred. The BOIF offer favorable daily interest deposit rates on such savings.

The discipline involved in following such a practice will relieve a problem of "where will the money come from", when a costly maintenance job has to be funded.

D2 . 12 Other Parish Organisations

Within a Parish, other groups may run their own accounts e.g. Sunday School, P.W.A., Presbyterian Youth and the basic rules outlined above have equal application for them. The Treasurer should liaise with such groups and provide guidance as required.

D2 . 13 Security of Assets

Property and furnishings should be adequately insured and values reassessed annually.

Any investments should be recorded in a special book, or on a computer, and adequate control exercised over debenture certificates, passbooks, etc., and also to insure interest is received regularly. The Secretary of the BOIF will assist with guidance as required, in the investment of surplus funds.

An Asset Register of valuable equipment / furnishings is desirable so that regular verification of assets occurs and is available should a fire or theft cause a loss of assets.

A Key Register should record who holds keys, as authorised and minuted by the Board of Management, to enhance security.

D2 . 14 Insurance

The Trustees will provide guidance on all insurance covers required. Refer to the Insurance section in the Property chapter of this Manual.

D2 . 15 Stewardship

Regular systematic teaching on the Biblical principles of stewardship is essential in every Parish. Offering envelopes are useful in regularising the giving of members.

D3 CONDITIONS OF EMPLOYMENT

D3.1 Stipend and Wages *704

The Stipend, or living allowance, paid to Ministers is made up of several components.

The level of earnings differs for various purposes. The table below indicates what is included for various purposes.

Included parts of wages for various considerations

	Base Stipend	Misc. Benefits (part of Stipend)	Benefits		
			Housing	Travel standing	Travel running
Comments	Set by GAT	Max 30% of base stipend	Set by GAT & spelled out in Terms of Call		
Superannuation	Yes	No	Yes	Yes	Yes
Centre Link	Yes	No	Yes	Yes	Yes
Workers Comp	Yes	<i>reduce benefit by</i>	<i>No</i>	<i>No</i>	No
LSL to Minister by Congregation	Yes	No	Yes	Yes	No
LSL to Congregation by Fund	Yes	No	No	No	No
Aust Tax Office	Yes	<i>reduce benefit by</i>	No	No	No

If a Benefit is provided, rather than paid, then the equivalent value of the benefit is included in the calculation.

Terms of settlement need to spell out the methodology for calculating or paying travel benefits.

For part time workers the Assembly has determined that the Presbytery must approve, annually, terms of employment to ensure a living wage is being paid.

Terms of settlement, or the letter of appointment, are vital as they will dictate the termination payment due when the employee finishes work.

D3.2 Income Tax

For Income Tax purposes each Minister is zero rated for withholding tax as they are technically self employed. However they are treated as an employee with tax withheld as a convenience for the Minister. Therefore an Employee Declaration is required from the Minister prior to commencement so that the appropriate level of Income Tax deductions can be determined. The Trustees are the employer so the Declaration, for all employees, should be sent to the Secretary of the BOIF for processing and a copy will be returned to the Treasurer.

It is illegal to pay any employee without deducting the appropriate amount of Income Tax.

The Income Tax deducted must be included on the quarterly BAS statement.

D3.3 Fringe Benefits Tax

The Church, as an employer, is exempt from Fringe Benefits Tax and Fringe Benefit Tax Reporting provisions for Pastoral Workers (which includes Ministers). It is therefore advantageous to pay up to 30% of the Assembly Recommended Stipend as benefits as well as travel and manse benefits which are usually over and above the stipend.

Possible benefits include:

Library, Ministers Income protection Insurance premium, Health Insurance premium, Children's Education, Rates, house insurance premium, Hospitality etc.

These benefits are paid into a Ministers Benefit Account that is opened in the name of the Church with the Minister and Treasurer as Signatories with either to sign. The Minister would normally operate the accounts to pay benefits related expenses. GST may be claimed on Church related expenses paid from the Benefit account if suitable receipts are given to the Treasurer and the personal use component is deducted.

For part time workers the following guidelines have been determined by the BOIF.

The living allowance, or wage, for part time pastoral workers should comprise:

- Housing Benefit max 33% of package
- Travel Benefit max 33% of package
- Balance of package of which up to 30% may be paid as Benefits.

Non pastoral workers should not be paid Benefits as we are not registered for FBT.

If we abuse the FBT exemption we will lose it.

D3.4 Superannuation

All Ministers are required by law to be members of an approved Superannuation Scheme. Usually the New South Wales Beneficiary Fund or Victorian Superannuation Scheme is used by Tasmanian Ministers.

The Superannuation Guarantee Charge (SGC) legislation requires employers to provide occupational superannuation support to employees of 9% of their wages. Where the employer fails to provide the relevant level of support, the employer is required to make good the shortfall by way of payment to the Australian Taxation Office.

Under the SGC an employer will not be required to provide superannuation support for:-

- * employees who earn less than \$450 in a month;
- * employees under 18 years of age who are not working full time;
- * certain employees in their capacity as members of the Defence Reserve Forces;
- * employees who are aged 65 and over;
- * non-resident employees who are paid solely for work undertaken outside Australia;
- * resident employees who are employed by non-resident employers and are paid solely for work undertaken outside Australia; and
- * certain overseas executives working in Australia.

It is prudent to pay a superannuation contribution to the employees Fund for low paid part time, or other exempt, workers so that we are seen to be giving maximum support to our workers. For low paid employees, Tasplan, managed by AXA, offers the lowest administrative charges.

Management committees are responsible to ensure that any SGC requirements are met for all employees.

It is now a requirement that all employees be formally notified how much the Church has contributed to their Superannuation Fund each quarter.

D4 LONG SERVICE LEAVE

The BOIF administer a fund to provide certain benefits to the Congregation and the Minister during Long Service Leave.

The Tasmanian scheme provides for:-

- Ministers to qualify for 90 days after 10 years (after ordination) and thereafter leave accumulates at 9 calendar days per year.
- Churches contribute 1.25% of the Assembly Recommended Stipend annually;
- During the long service leave the charge continues to pay the Minister his stipend and manse and travel benefits (including the standing cost of vehicle);
- The Long Service Leave Fund pays to the Minister a cash benefit of 10% of the weekly stipend;
- The Long Service Leave Fund pays to the charge a cash benefit of 100% of the weekly stipend (which does not include Manse or Travel Benefits.)

Long Service Leave Regulations are appended to this Chapter.

D5 BEQUESTS / TRUSTS

In May 1994 the General Assembly resolved:

That all bequests received by the congregations be notified to the Trustees of the Property of the Presbyterian Church of Tasmania and that all bequests for special purposes shall be handled by the Trustees who will see to their application in accordance with the benefactors' wishes.

The Trustees, as the Church body corporate, are the only body that can legally issue an official receipt as discharge to the executors. On receipt of notification of a bequest / trust the Secretary of the Trustees will contact the solicitor / executor to ascertain details and expedite completion of the bequest / trust.

Details are entered in a bequest register and details are reported to the Trustees.

The Secretary will contact the Solicitors / Executors each six months to keep track of progress with the will settlement.

On receipt of the bequest / trust the bequest is acknowledged with a letter of thanks and an official receipt signed by the Secretary of the Trustees, who is authorised to grant a valid discharge to executors.

Details of all bequests received are reported to the General Assembly in the Trustees' report.

Copies of all correspondence are automatically given to the Beneficiary.

Bequests for general purposes of a congregation are remitted direct to the Beneficiary by the Secretary of the Trustees.

Bequests for specific purposes are held by the Trustees earning interest.

When a Beneficiary (congregation or committee) requires interest or the capital sum itself to be released, it is necessary to write to the Secretary of the Trustees explaining the purpose for which the funds are required, and provided such purpose is in accordance with the terms of the Bequest or Trust, the funds will be released.

A suitable form of bequest is:-

I direct my Trustees to pay to the Trustees of the Property of the Presbyterian Church of Tasmania, 188 Macquarie Street, Hobart, the sum of \$..... to be spent in such a manner as the Trustees in their absolute discretion shall think fit for the purposes of that Church and I declare that the receipt of the Secretary of the Trustees of the Church shall be a full and sufficient discharge to my Trustees for the said legacy nor shall my Trustees be bound to see to the application thereof.

If in doubt please contact the Secretary of the Trustees.

FORMS AND SAMPLE FORMATS

Cheque Voucher

Payment Advice

Monthly Report

Petty Cash Account

Passed for Payment Stamp

Bank Reconciliation

Business Activity Statement Return

Long Service Leave Regulations

CHEQUE VOUCHER

Treasurers record when an invoice or statement is not available

PAYEE _____
address _____

PARTICULARS

Cheque No. _____ \$ _____ Includes GST/ GST Free
Date _____
Payment authorized by _____ Signatory
_____ Signatory

PAYMENT ADVICE

TAX INVOICE

Advice to accompany cheque when invoice or statement is retained

The Presbyterian Church of Tasmania ABN 80 266 574 133

Phone _____ Fax _____
PAYEE _____ ABN _____
address _____

PLEASE FIND ATTACHED CHEQUE BEING PAYMENT FOR

Cheque No. _____ \$ _____ Includes GST/ GST Free
Date _____
Any Queries to: _____
Honorary Treasurer

Please return a receipt or sign and return this form to simplify audit

RECEIVED

BY _____

DATE _____

Petty Cash Account

1996	Jan	1	Advance		20.00
		4	Postage	10.80	
		7	Envelopes	2.05	
		31	Balance on Hand	<u>7.15</u>	<u> </u>
				<u>20.00</u>	<u>20.00</u>
	Feb	1	Carried Forward		7.15
		2	Reimbursement		12.85
		5	Postage	15.30	
		etc.			

Passed for Payment Stamp

Cheque Number.....
\$.....
Date.....
Signatory.....
Signatory.....

Bank Reconciliation

Statement Balance (month end)		700.20
Less unrepresented cheques Nos.	245	25.20
	246	135.00
	247	<u>120.00</u>
		<u>280.20</u>
Balance as per Cash Book		<u>420.00</u>

BUSINESS ACTIVITY STATEMENT WORK SHEET

BAS	Congregation				
Ref.	RECEIPTS	July to Sept.	Oct to Dec	Jan to March	April to June
R	Total Receipts				
C	Collections and donations				
GSTR	GST you have collected				
	PAYMENTS				
P	Total Payments				
GSTP	GST you have Paid				
	Ensure that Tax Invoices are held for all items claimed (can include payments from Minister's Benefit account) and that items were for Church not personal use.				
	PAYE TAX PAYABLE				
W1	Wages not incl Non Cash Benefits or Allowances				
W2	Total PAYE Tax withheld from Stipend / Wages				
W4	Tax withheld where no ABN quoted	\$0	\$0	\$0	\$0
9	Tax Payable/ Receivable W2+W4+ <i>GSTR-GSTP</i>	\$0.00	\$0.00	\$0.00	\$0.00
	Cheque must be attached if tax is Payable		Negative indicates a refund		
	Date Employees notified of Superannuation payments				
Please return form within 2 weeks of the end of the Quarter					