



# Parish Finance Committee Handbook



## FOREWORD

As a body required in Canon Law, the assistance given by Parish Finance Committees to Parish Priests in oversight and governance is not only necessary, but also an important support.

This Handbook is a most useful and concise resource at a time when responsibilities for care of parish staff, for finances, for property and for reporting are increasing. I encourage you to make full use of it in the work of your Parish Finance Committee.

Thanks go to Sarah Kilmartin, our Chief Operating Officer, and the members of the Finance Team at Bishop's House for providing this Handbook and to all who serve on the Parish Finance Committees across the Diocese for the important work that you carry out in support of the Church's Mission.

*+ Richard Mott*

Bishop of Arundel & Brighton

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# 1 Introduction

## Role and Composition of the Parish Finance Committee

In Canon Law, the primary responsibility to administer all parish goods rests with the Parish Priest, and cannot be delegated. To support him in this, the priest must ensure that an effective Parish Finance Committee (PFC) is formed and that all relevant information is made available to its members. All members of the PFC are appointed by the Parish Priest, and he may freely replace any member at any time. The PFC should comprise the parish clergy together with a minimum of three lay people drawn from the members of the faithful. The Gift Aid organiser and Health & Safety Representative should be included on the committee along with an accountant or someone with bookkeeping ability and one person with relevant property expertise. The Chair of the Parish Finance Committee must not be the Parish Priest, and should not usually be a member of the parish clergy.

The term of office for members is usually three years, with a possible further appointment for three years. When the Parish Priest replaces committee members a rolling programme of succession is advised, so that multiple members do not exit the committee at the same time.

As we recognise the challenges of the Bishop's Pastoral Plan, the Word Who is Life, it is clear that the role of the Parish Finance Committee has never been more important. The regulatory environment surrounding our activities becomes ever more complex and demanding with increasingly high standards of compliance expected in the areas of financial control, fundraising, data protection, employment tax compliance and safeguarding. At the same time our clergy are being asked to take responsibility for additional parishes and to work in a new way at deanery level. This handbook summarises the ways in which the committee can give the best possible support to the Parish Priest so that administrative responsibilities are lightened and the mission of the parish remains our first priority and concern.

## Membership roles on the Parish Finance Committee

- Chair
- Treasurer/bookkeeper
- Gift Aid Organiser
- Health & Safety Representative
- Property / maintenance expert

## Meetings of the Parish Finance Committee

The PFC should meet regularly – at least quarterly. Meetings should have an agenda and minutes should be maintained. Agenda items should include the following (by rotation where appropriate)

- Quarterly update of management accounts
- Review of financial progress versus the annual budget
- Spending for the Mission – Deanery projects as well as Parish ones
- Progress of quinquennial works
- Other projects
- Planned expenditure over £2,000
- Reporting to Hove
  - Any planned expenditure over £7,500 (contact Hove to seek approval from Diocesan Finance Committee)
  - Donation or legacy over £7,500 (contact Hove)
- Investing surplus money in the Diocesan Deposit Scheme or Multi-Asset Investment Fund
- Report from Health and Safety representative
- Report from Gift Aid Organiser (at least annual)
- Setting a budget (annual)
- Note the ongoing appointment within the parish of Safeguarding Representative (annual)
- Fundraising
- Staff costs and payroll compliance
- Contribution to schools/chaplaincy
- Sharing of projects and resources with the parishes of the deanery
- GDPR

The parish finance council is the only committee mandated in Canon Law, so it is asked to note the presence of a Safeguarding Representative in the parish each year. The Finance Committee does not deal with Safeguarding matters.

Parish finance committees often conduct business outside of meetings, for example when quotes are received for a parish project these may be circulated and discussed via email. These deliberations should be minuted at the next meeting to ensure that there is a formal record of the consideration by the committee.

## 2 Financial Monitoring by the Finance Committee

The Finance Committee must be in a position to understand the financial position and issues facing the parish so that it can play its advisory role.

### Parish Budget

The Parish Priest has a canonical responsibility to plan a budget for the year ahead. This should take into account expected income from Offertory and any plans to make appeals for Planned Giving or other fundraising targets. It is not necessary for the budget to be set at a line by line and month by month level and reflected in the accounting system, although it is possible to do this. An annual discussion on budget financial performance for the year ahead should be minuted at the first finance meeting of the year. The resulting budget agreement should include

- Expected income
- Expected overall expenditure
- Expected costs for specific projects to be undertaken
- Fundraising plans
- Special events in the parish or further afield
- Quinquennial works to be undertaken
- Money to be invested, put on deposit or withdrawn from deposit

### Record Keeping

In order to prove the validity of expenditure undertaken in the parish, and to comply with legal expectations for the wider charitable organisation, it is necessary to retain all invoices, receipts and contracts for services. In recent years this has proved challenging with the parish credit card, as clergy need to retain receipts for filing in

the parish office. The Finance Office in Hove has reminded clergy that these records showing the use of charitable funds should be retained in the parish office for six years, and a declaration has been signed and returned by priests who hold cards.

Detailed record keeping also applies to mileage and other expenditure that may be claimed from the parish by clergy or staff. These are claimed under HMRC guidelines.

### Cash handling and petty cash

Handling cash and banking is an ongoing issue for parishes as we suffer progressively more branch closures on the high street. Some parishes banking with the Post Office retain coin in the parish until round amounts are achieved (as part-filled bags are not accepted). Please contact the Finance Office for advice on accounting for petty cash. For full and transparent income accounting it is crucial that gross offertory is recorded, and our Accounts IQ system can be used to account correctly for cash received and counted but not banked.

The use of petty cash should be kept to a minimum as it exposes the parish to a number of risks and pitfalls.

## 3 Financial Reporting

### Parish Finance System

It is essential that all parishes use the shared system AIQ. Contact the Hove office for training and ongoing support [finance@abdiocese.org.uk](mailto:finance@abdiocese.org.uk)

### Management Accounts

Reviewing simple management accounts is required to achieve financial oversight of the parish. The Diocesan parish accounting system AIQ produces reports grouping income and expenditure. From 2020 onwards year to date reporting with prior year comparisons will be available.

### Collections

Reporting to the Diocese has been fundamentally changed through the launch of the AIQ system. Many third party collections for charitable causes can be paid over to recipients by the Diocese. Third party collections input correctly via the cash collection sheet create a liability in the parish books, with the Diocese as the creditor. Following the next bank reconciliation, a collection will be notified by the Diocese and then implemented on the designated date. The collections are then forwarded to the recipient organisations.

## Year End Returns

Similarly the year-end return to the Diocese will be consolidated after the December bank reconciliation has been finalised, and no specific submission is required in order to report parish income, expenditure and bank balances to the Diocese. However a GASDS and Offertory declaration will be required, and should be received by the Finance Office in Hove by the end of the February following Year End. This declaration covers:

- GASDS: retention of counting records, claimed amounts banked in full, no donations over £30 included;
- Completeness of Offertory: confirmation that all First Collections have been booked to the GL code used in the accounting system for this. In parishes where petty cash or other amounts are withdrawn from the cash income before banking a journal will be required to ensure that the gross amount is booked to parish income;
- The declaration must be signed by the Parish Priest and Chair of Finance.

## GASDS

The Gift Aid Small Donations Scheme is a grant awarded in relation to up to £8,000 per church per tax year. The grant enables a claim equal to 25% of the cash donated each year in cash or contactless donations less than £30 can be submitted (this has increased from £20). The cash collections reported in the online cash sheet module can be used to prepare the data for each church's Gift Aid Small Donations Scheme annual claim. However, a declaration from each parish is still required relating to the scheme's rules. Only cash received for qualifying donations (less than £30) banked in full and recorded by denomination is eligible under the rules of the scheme. Accordingly a declaration will be issued to each parish for each church at year end, this must be signed by the Parish Priest and returned to the Finance Office in Hove.

## Legacies and Donations

Exceptional reporting of any legacies or donations greater than £7,500 must be reported to the Diocese so that due diligence can be applied. If a donation or bequest is given for some specific purpose it is important that this wish is honoured, and it may be necessary to create a restricted fund if the money will be retained over a long period in order for it to be applied for the intended purpose.

## Fund Accounting

All parishes are likely to have at least one restricted account, as Christmas and Easter offerings are applied to the restricted account for the support of parish clergy. Parishioners making offertory donations on those feasts should be informed that the receipts are applied in this way. These funds can be paid over to the parish clergy as income, and comprise the bulk of annual income received by priests. More information on the support of priests is included in the Clergy Handbook. This is available on the finance website via [www.abdiocese.org.uk](http://www.abdiocese.org.uk) – the Finance committee should be familiar with this document as it lays out the parish's obligations towards the priest.

Parish accounts should be maintained in the simplest practical form, so funds should not be created except where specific restrictions apply to gifts received.

## 4 Looking After the Parish Estate

### Stewardship of Assets

Parish accounts do not include Fixed Assets: all expenditure is booked within the year in which it occurs. New Fixed Assets are created in the Central accounts when very significant expenditure has been undertaken and a new asset for the Parish has been created (for example a new church, presbytery or hall).

However, all parishes are asked to maintain an inventory of important items owned by the parish. The Diocesan auditors have approved an inventory workbook which parishes are asked to use to keep track of important items in the parish. It is suggested that items with a cost or value in excess of £250 are included in the inventory. This is particularly helpful when clergy join or leave the parish, and enables clarity as to the ownership of presbytery items. The inventory record can be found at [www.abdiocese.org.uk](http://www.abdiocese.org.uk).

### Maintenance of Properties

The quinquennial survey, which reports on the condition of parish buildings every five years, is a key tool in planning ongoing maintenance of parish properties. This should be used as a guide to budgeting for an agreed programme of works each year, and highlighting any need for fundraising or liaising with the Diocesan Finance Office in Hove when works with a cost greater than £7,500 are required.

### Communication with the Diocesan Finance Committee

The DFC and its subcommittee must authorise all expenditure greater than £7,500. Financial approval thresholds are found at **Appendix 1**. The DFC comprises experienced Parish clergy and property and finance experts, and is able to provide guidance and support for parish projects as well as the necessary authorisation to undertake them. Papers are normally submitted in advance to DFC. The project outline form is used for this and is found at **Appendix 2**. The DFC will support best practice in relation to project management and CDM (Construction, Design and Management) regulations, and will also highlight any additional consents required from HCC (Historic Churches Committee, which oversees works to listed churches) and the Art and Architecture Committee.

Where a parish will enter an overdrawn position as a result of completing a project the Diocesan Finance Committee will expect to see a plan for returning to a positive cash position: normally within five years.

### Health and Safety

The Diocese uses Safety Toolbox as a management and monitoring system for health and safety in the parishes. The property team and colleagues at Safety Toolbox are always willing to support the parish with actions to improve the safety of those using our sites and the use of the parish database to document these actions. The Diocesan approach to Health and Safety has been commended by our insurers and this is an area of ongoing focus and commitment for our Diocesan trustees. In assessing projects for approval, the Diocesan Finance Committee is required to be satisfied that Health and Safety compliance has been evidenced.

## 5 Managing Properties

### Lettings and Leases

Many parishes receive rental income for the hall, car park or a residential property.

#### Hall Lettings – one off or short-term

Hall lettings are managed by the parish directly. The PFC is advised to balance the income generation potential of lettings with the needs of the parish to use its own amenities for pastoral or catechetical purposes. A recommended Hall Hire agreement is published on the finance pages the Diocesan website [www.abdiocese.org.uk](http://www.abdiocese.org.uk). This outlines compliance aspects of the hire that must be considered: the hirer must not use our premises for purposes contrary to the

teachings of the Catholic Church or which could cause offence. Safeguarding, insurance and licensing implications must be considered. The health and safety status of any premises provided to the public must be carefully monitored. It is not acceptable for hirers to use bouncy castles on Diocesan property.

### Leases and Tenancies

Longer term contractual arrangements must involve the Finance Office in Hove as parish itself cannot be a party to lease or tenancy agreement. In civil law the parish is not the legal owner of the properties: all parish properties are owned by the Diocesan Trust or Connected Trusts and are vested in the custodian Trustee the Arundel and Brighton Diocesan Corporation Limited. The Diocesan Trustees are the directors of this company, and any two of them are needed to sign off on any lease or tenancy. The Diocesan solicitors are always used to produce the legal documents required. Longer term licences such as those giving Nursery providers access to the parish hall during specific hours are treated in the same way. A Charity Act report prepared by a suitably qualified surveyor is required to confirm that the best possible value has been achieved for the Diocesan charity. Full details on the property management pages via [www.abdiocese.org.uk](http://www.abdiocese.org.uk).

### Property Disposals

The sale of any part of the parish estate also goes through a carefully supported process with the close involvement of the Finance Office in Hove. The Bishop and Trustees must approve any disposals, and must receive a Charity Act report in support of the transaction. Any sale of land or buildings triggers a Windfall Levy, whereby 35% of the proceeds are retained as a contribution to Diocesan funds. This can be waived or reduced in situations where the parish faces a major capital project or other financial cause for especial concern.

## 6. Staff Matters

Compliance with HMRC expectations that all staff are paid via a payroll has been highlighted by our auditors as an increasingly urgent issue in our charity sector. All parishes are expected to pay staff via the Diocesan payroll by the end of the 2019/2020 tax year. This protects the parish and Diocese from issues such as inadvertent failure of auto-enrolment into the pension scheme, which is mandated for all employees earning £10,000 per annum or more.

### Employees treated as self-employed

Constant vigilance is needed to ensure that the treatment of those regarded as self-employed is correct. Consultants and contractors for cleaning, gardening, maintenance and music services must all be reviewed carefully and periodically. If you are in any doubt please contact the Finance Office in Hove as soon as you think there might be a problem.

### Living Wage

We have a canonical obligation to pay employees justly and the UK Living Wage is the mechanism for doing this. Please look out for announcements from the Finance Office in Hove each November as the increase to the Living Wage is made public. This is announced through quarterly finance letters, the Ad Clerum and at [www.abdiocese.org.uk](http://www.abdiocese.org.uk).

### Cost of Living Increases

Staff of the central Diocesan offices receive an annual cost of living pay increase consistent with the Civil Service award. This will be announced to parishes at the end of the year, and it is advised that parishes adopt the same increase where possible so that wages of parishioners keep pace with the real living costs experienced by our staff.

## 7. Other issues

### GDPR

New data protection regulations have caused our parishes to become more conscious of the privacy rights of those we hold data on. Practical templates to help us understand and embrace best practice are found on the diocesan website [www.abdiocese.org.uk](http://www.abdiocese.org.uk).

### Fundraising Regulator

The Diocese is now registered with the Fundraising Regulator and expected to abide by the Fundraising Code. This has a particular focus on how we approach donors who may be vulnerable or experiencing reduced capacity to make decisions. A Fundraising Policy outlining our obligations is at [www.abdiocese.org.uk](http://www.abdiocese.org.uk).

### Surplus Cash Balances

Parishes with surplus cash balances should consider using the Diocesan Deposit Scheme to earn interest. This is managed from Hove and funds can be retrieved quickly if they are needed. The Diocesan Multi Asset Investment Funds can be used

to seek growth over the longer term. A description of the funds and investment strategies is available at [www.abdiocese.org.uk](http://www.abdiocese.org.uk). Parishes are not permitted to enter into investment or savings arrangements outside of the Diocesan deposit scheme or investment portfolios.

### Whistleblowing

If you have any concerns about the conduct of financial or administrative matters in your parish, you have a responsibility to raise your concerns. Contact the COO by phone or email [coo@abdiocese.org.uk](mailto:coo@abdiocese.org.uk). The Whistleblowing policy is found at

**Appendix 3.**

# Appendix 1

## Financial Approvals Overview

Value	Approval	Notes
<£2,000	By Parish Priest or equivalent	
<£7,500	By Parish Priest with consent of PFC	
<£20,000	As above, but also DFC permission, usually by sub-committee where expenditure exceeds £7,500.  Initial permission should be sought to commence design and proceed to tender and then to contract and construction. Permission should also be sought for any feasibility studies.	The DFC may ask to agree the specification of a project.
£20,000 <£50,000	As above	Building works under JCT contract (Joint Contracts Tribunal - a set of standard documents used by the building industry to help deliver your project) (usually minor works). Professional contract administration is therefore required.
>£50,000	As above, but permission of Full DFC required.	Where all the criteria will be met, and works are say <£100,000 the sub-committee may recommend that the application be considered by full DFC without a presentation in person.
Major projects	Permission required of Full Trustees	The ultimate responsibility for all approvals lies with the Trustees.
>£6.5 Million	Permission of Holy See may be required as an Act of Extraordinary Administration	

### **Note on Professional Services.**

- Building professionals are required on all except the simplest parish building or repair projects. Either a Surveyor or Architect.
- Appointed by the parish with the agreement of the DFC (usually by sub-committee).
  - Parishioners should not normally be engaged, but the DFC is prepared to consider particular exceptions, particularly in the case of small project.
- The supervision of projects by building professionals is an important way of ensuring that the major legal and safety issues of projects are addressed and of managing the risk of inadequate work.

### **Note on Tendering**

- Small projects of <£15,000 may be accompanied simply by a comparative quote, but a range of 3 quotes is best practice and is encouraged.
- Projects in excess of £15,000 should have a formal tendering process, led by building professional, whose report should accompany the application.
- Projects in excess of £80,000 should include a Quantity Surveyor in the professional team.

### **Criteria.**

Does the application demonstrate all of the following?

- A need for the project in line with the mission of the Diocese?
  - Does it fit with the Diocesan Property Strategy?
  - Does it relate to any safety or condition report?
- Local support and approval?
- That the opinion of the Art & Architecture Committee been sought?
- That it is being carried out with the support of an appropriate professional team?
  - Architect/Surveyor
  - Quantity Surveyor
- That the specification and design are free from any obvious flaws?
- That it represents good value? (As demonstrated, for example, by tender.)
- That funds are available? If not, is there any appropriate plan in place?
- There are not other matters which the parish should tackle first (e.g. repairs, statutory H&S items).

## APPENDIX 2

### Property Submissions for Approval or Review by DFC

Location:
Value of proposed works:
Brief Description :
<b>Supporting Information</b>
Comments on how this relates to works required after an inspection:
Comments on Professionals involved. (Who are the professional team? Are they parishioners?)
How up to date are the parish on Very High Health and Safety Items? (The DFC may consider these higher priorities and wish to ask these to be

dealt with before works commence.)

Current Parish Bank Balance:

Notes: (e.g. comments on particular pastoral needs or financial situation of the parish)

Attach (as appropriate):

- Extracts from Professional Reports
- Specifications of Works
- SOFA for last available year

Is Advice from Art & Architecture Required? (Y / N)

Will a faculty from HCC be required? (Y/ N)

**Decision:**

Approved / Approved with conditions / Refer papers only to Full DFC / Request presentation to Full DFC / Refer to Trustees / More Information Required

# APPENDIX 3

## Whistleblowing Policy



The Diocese of  
Arundel and  
Brighton

### 1. The policy

#### 1.1

The purpose of this policy is to clarify the Diocese's policy regarding the protection against victimisation or dismissal for employees who blow the whistle on criminal behaviour or wrong doing. The policy applies to all employees, visitors, contractors, including directors, officers, consultants, clergy, trainees, part-time and fixed-term workers, casual and agency employees.

#### General

Whistleblowing is the reporting of suspected wrongdoing or dangers in relation to our activities.

Employees may feel that they have a lot at stake when considering whether and how to blow the whistle where malpractice has occurred.

Whistle-blowers may fear that management will be tempted to 'shoot the messenger', but this policy will clarify how and when a whistle blower will be protected from disclosure.

We hope that employees will feel able to voice whistleblowing concerns openly under this policy. Completely anonymous disclosures are difficult to investigate. If you want to raise a concern confidentially, we will make every effort to keep your identity secret and only reveal it where necessary to those involved in investigating your concern.

#### Qualifying for protection

An employee will qualify for protection from victimisation or dismissal for disclosure of information if it relates to one of the following incidents;

- A criminal offence
- Financial impropriety of any kind
- A failure to comply with a legal obligation
- A miscarriage of justice
- The endangering of an individual's health and safety

- Damage to the environment
- Deliberate concealment of information relating to any of the above

#### Procedure

It is important that you are aware of the procedure that will generally be followed should you wish to disclose information regarding the above.

Employees should disclose information to the Chief Operating Officer based at Bishop's House in Hove on 01273 859705 or by email to [coo@abdiocese.org.uk](mailto:coo@abdiocese.org.uk) or to the Vicar General on 01273 859707 or by email to [vg@abdiocese.org.uk](mailto:vg@abdiocese.org.uk).

Where the matter to be disclosed relates to the COO or other managers, you may raise the matter with any of the Diocese's Trustees.

The investigation will take place as quickly as reasonably possible by either the COO or the HR Consultant retained by the Diocese (or if appropriate, the respective Trustee), and will normally be concluded within 7 working days (depending on the extent of the disclosure).

The COO (or, if appropriate, the respective Trustee) will notify you in writing of the outcome of disclosure of information. Where investigations exceed 7 days you will be notified as to the progress and status of the matter.

Employees must not suffer any detrimental treatment as a result of raising a genuine concern. If you believe you have suffered such treatment, you should inform the COO or HR Consultant (or respective Trustee) immediately.

The disclosure must be made in good faith and the employee must have reasonable suspicion that the alleged malpractice has occurred, is occurring or is likely to occur. If we conclude that a whistle-blower has made false allegations maliciously or with a view to personal gain, the whistle-blower may be subject to disciplinary action.

The aim of this policy is to provide an internal mechanism for reporting, investigating and remedying any workplace wrongdoing. It is therefore hoped that it will not be necessary for workers to alert external organisations. However, in very serious circumstances, or following an internal report which has not been addressed, the Diocese recognises that it may be appropriate for an employee to report their concerns to an external body, such as a regulator. It will very rarely if ever be appropriate to alert the media.

The Diocese strongly encourages employees to seek advice before reporting a concern to anyone external.

The independent whistleblowing charity, Public Concern at Work, operates a confidential helpline. They also have a list of prescribed regulators for reporting certain types of concern. Public Concern at Work can be contacted by telephone on 020 7404 6609 and by email at [whistle@pcaw.org.uk](mailto:whistle@pcaw.org.uk).

**Prayer for the Diocese**

Lord, the Word who is Life.

May all the people of our Diocese

grow in openness

to the power of the Holy Spirit,

so that through a growth

in understanding and courage,

and truly open to your call,

we may bear powerful witness

to all around us,

for you are Lord for ever and ever.

Amen.