



# ENGADINE & HEATHCOTE ANGLICAN

## Financial Controls Policy

This document sets out procedures and policies to be followed by staff and other interested parties to ensure that funds received by, and paid out by, ENGADINE & HEATHCOTE ANGLICAN are processed under a system of sound internal control.

Financial transactions should be made and recorded both accurately and in a timely manner.

The only method of recording Church financial transactions is via its Xero Accounting software. No other method is to be used without the express permission of Parish Council and the Wardens.

## Bank Accounts

Bank accounts in the Church's name must only be opened with the express permission of the Parish Council. No bank account is to be opened in the name of any church related interest group (e.g., Youth Groups).

The adding, deleting, or changing of persons authorized to process or authorize transactions in Church bank accounts must only be made with the express permission of Parish Council.

For effective internal control, two (2) authorisations are required for all transactions. Therefore, the approved method of authorizing electronic transfers is to be the "two to authorize" method.

Parish Council approves the following persons to authorize transactions:

1. The Church Wardens; and/or
2. The Parish Treasurer.

## Income

### **Offertories**

Offertories may enter the Church system via one of two ways:

1. By direct transfer from an interested party's account to one of the Church's approved accounts; or
2. By placement of funds (either cash or cheque) into Giving Boxes placed within Church Buildings during advertised Church service times.

Direct transfers will be picked up by direct feed into the Xero Accounting software and allocated to their correct cost/revenue centre by the Church Treasurer.

In relation to Giving Boxes:

1. At the conclusion of the morning and evening services at ENGADINE ANGLICAN, two unrelated "Responsible Persons" nominated by the Wardens should take charge of the Giving Box, place the gross contents into a plastic bag with a note indicating what service and attendance details (if applicable). The plastic bag should then immediately be sealed and placed in the top of the safe within the bell tower.
2. At the conclusion of the morning service at HEATHCOTE ANGLICAN, two unrelated "Responsible persons" nominated by the Wardens should take charge of the offertory, and count, record and sign the details so recorded on the offertory count sheet. The gross contents plus the count sheet should be placed and sealed in a plastic bag and taken to ENGADINE ANGLICAN in a timely manner and placed in the top of the safe within the bell tower.

The following pool of persons have been approved by Parish Council to take custody of, and count, the offertory:

- a) Any churchwarden or parish councillor; and
- b) Any other person approved by the churchwardens or parish councillors.

Ministry Staff are not permitted to have custody of, or count, the offertory. This averts criticism that they are playing a part in administering Church finances for their own gain.

The total offertory and attendance numbers for each service should be entered into the appropriate Service Register and signed by one of the counters.

### ***Other Receipts***

A number of Church related interested parties (e.g., Anchor Youth, GFS, Playtime, etc) deposit funds into the church's main bank account and draw on those funds when needed. Entry into the church's main bank account can either be by direct transfer or by placing funds in the church safe.

All such deposits (electronic or otherwise) should clearly identify the group concerned to enable correct posting to in the church's chart of accounts.

Where deductions have been made for costs incurred, receipts supporting such deductions should be sent to the Treasurer in a timely manner.

## **Payments**

### ***General Payments***

For every church related payment, a payment voucher is to be generated clearly setting out the payee and, within the constraints of the reference section, what that payment is for and the amount paid.

The payment voucher is to be supported by any relevant supporting documentation (e.g., invoice, email from Warden, etc). The Treasurer should take steps to ensure that the payment is a valid church expense before processing it for payment.

The Authoriser (i.e., one of the Wardens) should receive enough information about the payment to enable that person to form an opinion as to the payment's validity and church related legitimacy before making the authorization.

The payment voucher and its supporting paperwork should be retained and made available to the auditor at least once a year.

Post audit, payment vouchers should be retained for at least seven years and then destroyed.

### ***Payroll***

Payroll payments are to be based on appointments made by the Head Minister and Wardens and at pay rates either approved by Parish Council, based on the "Stipends and Allowances Circular" issued by the Sydney Diocesan Secretariate, or on the Fair Work Act 2009.

Appropriate PAYG deductions are to be made and remitted in a timely manner to the ATO.

### ***Payments Outside Approved Budget***

All such payments must be approved by Parish Council prior to an obligation being entered into.

## **Miscellaneous**

### ***Books of Account***

The only method of recording Church financial transactions is via its cloud related Xero Accounting software. No other method is to be used without the express permission of Parish Council and the Wardens.

*Last Reviewed: 09 August 2021*

The data contained in the church's Xero Accounting software is of a sensitive nature and as a result access to detailed information needs to be limited. Likewise, the allocation of items to various cost centres can be compromised if more than one person has the ability to control data entry at one time.

Xero Access:

Administration:	Treasurer & Warden
Data Entry:	Treasurer & Assistant Treasurer - as appointed by the Wardens from time to time to cover absences by the Treasurer
Read Only Access:	Wardens and other interested parties for limited time periods as determined by the Wardens
Staff:	Individual Pay slip read only

## ***Financial Reports***

**Management Accounts:** The Treasurer shall provide the Wardens and Parish Council with a monthly set of Management Accounts. The data within coming directly from the Xero accounting software and from other church sources (ie attendance records and loan account statements).

Management Accounts will contain:

1. An Executive Summary.
2. A Year to date Profit and Loss Account with comparisons to budget and prior years. Notes to be provided where appropriate.
3. Trend Analysis – showing movements in income & expenditure over the year to date.
4. Balance Sheet - showing the church's current position. Notes to be provided where appropriate.
5. Attendance data.
6. Loan information

**Yearly Accounts:** The Treasurer shall provide the wardens and Parish Council with yearly audited financial statements. These statements will be examined by the Church wardens and signed by them as a true and accurate record of the church's financial results and position as at the 31 December of each year.

## ***The Business Activity Statement***

The Parish Treasurer will submit an approved quarterly BAS statements to the ATO on a timely basis.

## ***Superannuation Levy for Salaried Workers***

The Parish Treasurer, on behalf of the parish Wardens, will ensure that accurate and timely superannuation payments, as defined in the Fair Work Act 2009 and as adjusted from time to time, is paid to the worker's nominated superannuation fund at least quarterly.

Copies of payments to be made available to the auditor.

## ***Other Statutory Lodgements***

The wardens will ensure that all other statutory financial reporting obligations are met as and when they fall due.

## ***Independent Auditor***

Each year, at the annual vestry meeting, the Independent Auditor is elected for the forthcoming year. The auditor so appointed must have the appropriated qualifications and have no financial ties to the parish.

## ***General***

Where the Parish Treasurer is not a parish warden, but instead an appointee of the Parish wardens, the parish treasurer is responsible for ensuring all the tasks delegated to the Parish Treasurer are fulfilled in terms of the appropriate legislation requirements and instructions issued by the Parish Wardens and Parish Council from time to time.