



FINANCIAL OVERVIEW

Select vestry members are charity trustees and stewards of the parish's money and resources. Every select vestry member should know about their own responsibility for managing the parish's money and must work with the treasurer to safeguard the parish finances. It is important to remember that finance responsibilities are shared between all members of the select vestry and not just borne by the treasurer.

FINANCIAL DUTIES OF SELECT VESTRY MEMBERS

The members of the select vestry who work with the treasurer should:

- Understand what their responsibilities are and use their skills and experience to carry out their work
- Understand the parish's financial responsibilities to others (e.g. suppliers, employees, etc.)
- Support the treasurer in carrying out finance tasks and taking an active interest in finances
- Review, discuss and understand the financial impact of any contracts entered into or decisions made
- Receive regular reports of actual income and expenditure for all ongoing parish activities
- Consider the parish's cash flow and plan for unforeseen liabilities
- Make plans to save money for the future financial health of the parish

ASK QUESTIONS TO ASCERTAIN THE PARISH'S FINANCIAL HEALTH

Q. Is money being spent as intended by those who gave it? The select vestry has a duty to manage assets in accordance with trusts (e.g. bequests to the parish) and legislation (e.g. charity law).

Q. How much should we spend? Find out about how much the parish currently owes to decide how much you can afford to spend now while still being able to pay the bills and save some money for the future.

Q. How will we deal with the unexpected? Ask where the parish's money comes from and whether this source is reliable? Consider what you might do in response to unexpected bills, a reduction in donations or delay to grants etc.

Q. Are we planning for the parish's future financial health? Find out what the parish is likely to need to spend in the coming years. Ask how much cash does the select vestry realistically expect to be able to save?

Q. What are we doing with savings? Consider whether money is being wisely invested and the parish's assets carefully protected.

Q. Are we taking steps to balance risks? Is the select vestry (or at least the treasurer and finance sub-committee) aware of the current financial pressures? Do we have sufficient insurance to protect the parish?

FINANCIAL PROCEDURES

Effective procedures should follow good practice and ensure that:

- Two people are involved in handling money and counting cash received
- Payments by cheque or bank transfer require authorisation by two people
- Permission is sought prior to spending
- Expenses are checked and vouched for
- Reporting is thorough, accurate and timely
- Records can be followed easily
- A full bank reconciliation is completed at least monthly

BASIC PARISH ACCOUNTING PRINCIPLES

- Prepare accounts on either an accruals basis or a receipts and payments basis (depending on thresholds)
- Have accounts reviewed by a competent person or by a formal audit (depending on thresholds)
- Always work on a gross basis – netting off is not allowed
- Include all cash, parish bank accounts and investments – don't ignore any which relate to the parish
- Include any amount held in an account by the RCB on the parish's behalf
- Include investments in the RB General Unit Trust and all other investments – obtain a year end valuation from provider of investment services (or use the online valuation calculator on ireland.anglican.org)

PARISH BOOK-KEEPING AND RECORD KEEPING PRINCIPLES

- Select vestries are responsible for keeping proper books of account
- Books must record and explain the transactions of the parish
- Books must enable the financial position to be determined with reasonable accuracy at any time
- Select vestries must enable the accounts of the parish to be properly audited if required
- Records must be kept for a minimum of 6 years in the Republic of Ireland and 7 years in Northern Ireland

FINANCIAL IMPLICATIONS OF CHARITY LEGISLATION

The purpose of charities legislation in both Northern Ireland and the Republic of Ireland is to ensure greater accountability in charities, to protect against abuse of charitable status and fraud and to enhance public trust and confidence in the charities sector.

Under the legislation, parish select vestries are considered to be charities, and select vestry members to be charity trustees. The financial implication for select vestries is that they have to submit a particular format of accounts to the relevant authority, which is the Charity Commission for Northern Ireland or the Charities Regulatory Authority in the Republic of Ireland. The accounts will need to be independently examined or audited and are in addition to a report of activities by trustees.

FINANCIAL LIABILITY OF SELECT VESTRY MEMBERS

If a select vestry decides to enter into a contract, for example to borrow funds for a particular purpose, and the select vestry members execute a contract, it is important to remember that as the select vestry is an unincorporated body, all select vestry members are jointly and individually liable in case of any default or breach of terms.

Prior to any contract being entered into, it is important to consider whether approval from the diocese and from the Representative Church Body may be required. Additionally, the terms of the parish indemnity insurance policy should be checked prior to entering into a contract to ensure adequate cover is provided by the policy. The diocesan council, the Representative Church Body and the parish's insurer should each be consulted.

MORE INFORMATION

More detailed information and guidance on the full responsibilities of select vestries and treasurers for managing parish finances is available at ireland.anglican.org/parish-resources.