

PCC TREASURER'S HANDBOOK

A guide to being a successful PCC Treasurer

PCC's TREASURER HANDBOOK

This Handbook is designed to provide general guidance for managing parish treasury. Please also refer to the 'PCC Accountability, The Charities Act 2011 and the PCC', copies of which can be obtained from [Church House Publishing](#) or PDFs are available online [here](#).

This document will be kept under review. The current version will always be available to download from the Diocese of Durham website via the support pages.

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Person Specification and Appointment

Any person fulfilling the role of treasurer should have a high level of honesty and integrity. Probably the greatest skill required is an understanding and appreciation of the mission and vision of the local church.

Managing the church finances is not too dissimilar to managing our day to day finances - paying bills, budgeting for expenditure, checking bank balances and so on. Some accounting knowledge would be helpful but it is not always a necessity. A willingness to learn and an aptitude for finance will put any treasurer in good standing. Some knowledge with computer packages would be an advantage as accounting software is very helpful for record keeping and reporting. Also access to an email account makes the role more straightforward.

To qualify as a Trustee, as required by the Charity Commission, appointed persons must be over 18 years old and not be disqualified because of bankruptcy or criminal convictions for financial wrongdoing.

Where an appointed person is not paid and is not a member of the PCC, it is desirable for that person to be co-opted on to the PCC. The Treasurer is normally appointed or reappointed each year at the first meeting of the PCC following the Annual Parochial Church Meeting (APCM).

The PCC may appoint one or more of its members to act as Treasurer solely or jointly. It is not uncommon for the duties of the treasurer to be shared or for there to be a church finance committee to provide support and guidance to treasurers. Bringing other people on board is likely to make it easier to find a new treasurer who will not be daunted by the size and responsibility of the role.

Duties

You will need to document all income and expenditure of the PCC and monitor all bank and deposit accounts. You will be required to provide financial reports and updates to the PCC during the year. The year-end accounts have to be prepared in a prescribed format but help will be available from the PCC's Independent Examiner (The person appointed to provide an independent scrutiny of the accounts) and your [Diocesan Advisor](#). Treasurers must also be able to explain the numbers in a way non-financial people will understand, via the Trustees (PCC) Annual Report.

Other duties will depend on the size of the congregation; but may include the claiming of Gift Aid from HMRC (you may have the support of a separate [Gift Aid Officer](#)) and may involve some payroll work if you employ staff but there is lots of advice and guidance available to help.

Record Keeping

Records you will need to manage and keep include:

The Cashbook – This is where you record every item of income received and every payment made from your paper records, see vestry, collection and payment records etc. The most used tools to record these transactions are spreadsheets and accounting software - see Further Advice and Guidance -page 11.

Vestry or collection records – (See Appendix A) A place to manually record collections and income from envelope schemes. The sums recorded should tie up with banking deposits. Clear records must be retained to claim any Gift Aid or GASDS grant from qualifying income.

Payment vouchers - Every cheque, or online (BACS) payment should be supported by appropriate documentation, such as invoices, bills, expense claims or a receipt from the payee.

Petty cash –Cash payments should be kept to a minimum and should not be paid out from the collection plate or from other receipts (these should be banked intact). If using a cash float; to add cash you will need to write out a cheque with payee 'Cash' to be presented at the bank. Payments need to be recorded in a Petty Cash book, duly authorised by a bank signatory with receipts retained or the payee signs for the payment.

Bank Statements – Keep all statements for each bank and deposit account in support of the PCC accounts.

Bank mandates – keep a record of the authorised persons and signatories for each bank and deposit account. Ideally PCCs should have authorised four people as designated signatories (usually includes the treasurer and churchwardens) two of which (as a minimum) should be needed for each cheque and online payment.

Giving and Gift Aid – Keep a list of regular givers e.g envelope givers and Standing Orders to identify the giver and their donations. Ensure you are able to identify qualifying gift aid donations. Gift Aid Declarations need to be retained. These records will form part of the 'audit trail' needed to support the tax reclaim from HMRC.

PCC minutes – Keep copies of minutes that note financial decisions and decisions regarding funds. Your Independent Examiner or Auditor may request copies.

Correspondence – Retain all important letters, especially those from HMRC and the Charity Commission.

Contracts – Keep aside information on all contracts, insurance, utilities etc, consider compiling a Contract's Register (See Appendix B).

Annual Reports and Financial Statements – The original signed Statements and Reports must be preserved for a period of at least 6 years with a copy being sent to Cuthbert House each year for retention by the DBF.

Document retention – See Data Retention Schedule – Appendix C

Collections and other income

Safety – Cash should never be solely handled by one person. Cash from collections, giving boxes, etc. should be counted immediately by two unrelated people. All income must be recorded using your vestry records and placed in the safe in a sealed bag until banked.

Access to a deposit safe should be restricted to a Treasurer and Churchwarden with keys kept safe at all times. Cash should be banked frequently, at least every week.

Giving - Regular giving is the primary income for churches and is vital to sustain mission and ministry. Let your church members know how they can support the church through the Parish Giving Scheme (PGS), this is the most efficient way to support your church. See Giving for more details.

Collections – Services - PCCs require proper systems in place for the counting of collections (including the opening of planned giving envelopes). Cash and Cheques must pass through the church bank account and be recorded by the Treasurer on behalf of the PCC. All such monies are subject to the independent examination/annual audit or maybe reviewed by HMRC if they chose to audit. Vestry Records on Appendix A is a helpful way to record collection income.

Money given at services forms part of the general funds of the PCC. The PC has power jointly with the minister to determine the objects to which all money given or collected in church shall be allocated. Money given at services must be recorded in the church service register.

Planned Giving Envelopes –Each giver is assigned a pack of numbered envelopes, you will require a list of envelope numbers per week to record gifts enclosed in each offertory envelope. (See appendix D.) The record should also indicate which envelopes qualify for Gift Aid (where a valid Gift Aid Declaration has been completed) and those which don't qualify for Gift Aid (don't have a Gift Aid Declaration). Sort the envelopes into gift aided and non-gift aided. Open each envelope and record on the front of the envelope the value within. Record the value against the corresponding number on your Planned Giving Record - Envelopes (note that there may be more than one envelope per number if members have brought previous weeks donations). Add up the total gift aided donations and record on the vestry record. Non-gift aided donations should be included in the open plate column with any loose money – see 'open plate'. Total value of envelope gifts is to be recorded in the Church Service Register. (Note that gift aided planned giving envelopes must be retained as proof of giving). See Gift Aid and GASDS for more information.

Open Plate -The amount must be recorded in the Church Service Register and on a Vestry Record sheet (see appendix A) by denomination to qualify for GASDS. Count the money and record by denomination on the vestry record 'open plate' column with any non-gift aided gifts.

To encourage people to support the church, the following wording may be helpful; "This church relies on donations to provide care and support to everyone in this community. Please consider giving generously. Thank you for your help." To explore Christian Giving in further detail, please refer to the Diocese web page, [Giving and Raising Funds](#).

PCC Fees - A table of fees (Weddings, Funerals etc) chargeable by the PCC is prepared annually by the Church Commissioners (see [‘Life Event Fees’](#)) and notified to parishes, a link to these is also placed on the Diocesan website www.durhamdiocese.org (See ‘admin of Parish Finances’). Fees generate income for the PCC and DBF, please refer to the annual table for up-to-date statutory elements of fees. PCCs may charge for ‘extras’. See [Guide to Church of England Parochial Fees](#). It is good practice to review fees annually before the start of each calendar year and to share revised fees with funeral directors. Monthly returns should be made to the DBF for fees collected using the ‘Fees Reporting Form’ and payments should be made using your [parish unique reference number](#). Non-stipendiary clergy are entitled to 80% of the DBF fees, you will have to arrange payment of this element locally, either by Bacs or cheque. Please note that the DBF element of fees are deemed as ‘agency’ money and should not be recorded as PCC income – please refer to [PCC Accountability Guide](#) (Page 27) for more information.

Grants – If grants are given for a specific purpose they must be restricted (see fund accounting) as well as reporting in the annual accounts, the PCC may be required to report directly to the donor how the money was spent. If cash accounting (Receipts and Payments method) grants must be recognised the year it was received, or if accrual accounting, they must be recognised in the period in which the related expenses were incurred – see statutory reporting.

Making Payments

Consider having a policy of authorising expenditure. You will also need to establish what expenditure can be paid without reference to the PCC e.g. utility invoices etc. Always have two signatories sign off a payment, including cheques and online payments. All cash payments are to be paid from petty cash boxes (not collections) and should be authorised and recorded.

Parish Share – The single largest expense for most PCCs is the parish share contribution which is paid to the Diocese to help with cost of ministry. Parishes receive a ‘guided pledge’ each year whereby the parish is invited to respond and commit to a pledge. Parish Share should be paid by regular Standing Order (Please use the correct reference number for your parish available [here](#) or contact the Finance team at accounts@durham.anglican.org so we can ensure your payment is allocated to the correct parish. Queries regarding Share should be directed to guided.pledge@durham.anglican.org.

Clergy working expenses – The expenses of the clergy should be fully covered by the PCC. Paying a lump sum in advance is not acceptable or allowable under our own or Charity Commission guidance, instead clergy should submit a claim form for expenses incurred with receipts. It is usually PCC responsibility to cover water and telephone rates. For further information and guidance on allowable expenses, refer to the Central Stipends Authority booklet entitled [‘The Parochial Expenses of the Clergy’](#)

Clergy Cover – The PCC are to pay non-stipendiary retired clergy (not licensed to the parish) a service fee plus travel expenses for taking a service. During vacancy the Diocese will reimburse fees for up to two services per week (per church) plus travel expenses. Clergy cover forms are available from [Admin of Parish Finances](#) page or send queries and claims to accounts@durham.anglican.org

Church running expenses - The PCC is responsible for church running costs such as heating, lighting, insurance and cleaning etc

DBF Fees – Any fees collected on behalf of the Diocese can be paid by Bacs or cheque. Forms are available from the Diocese website – Admin of Parish Finances. If paying by Bacs please email accounts for a payment reference in order to allocate your payment to the correct parishes. Send queries and returns to accounts@durham.anglican.org.

Employment – PCC members cannot be paid anything by the PCC, other than the reimbursement of actual expenses incurred in respect of PCC business. PCC members that take on ordinarily paid posts e.g. organist, cannot normally be paid. If a PCC member wishes to take up a paid position (employed by the PCC) they must resign from the PCC.

If an employer, the PCC may have to operate PAYE as part of your payroll. PAYE is HM Revenue and Customs' (HMRC) system to collect Income Tax and National Insurance from employment. The PCC do not need to register for PAYE if wages are below a certain threshold, however, you must keep [payroll records](#). To check if you need to pay someone through PAYE visit the government website to check their [employee status](#) and wage threshold.

VAT - Churches, as charities, are liable to pay VAT but do have a few special VAT arrangements. Churches can apply to pay just 5% VAT on utilities used for charitable activities. Check your bills and contact your supplier to apply the correct rate. If less than 60% of the fuel you use is for charitable purposes then you will pay 20% on the VAT that is not related to the charitable usage. For example, if you have a nursery in your church hall then any fuel used by the nursery will have a rate of 20%.

If carrying out repairs to a listed place of worship you may be able to reclaim the VAT from the [Listed Places of Worship Grant Scheme \(LPWGS\)](#). There is no guarantee that the full amount of VAT will be reimbursed as the amount of funds available are limited (however generally the level of claims is not in excess of the budget). You should contact them before agreeing the building work to ensure that you are eligible and confirm the process for making a claim.

Further information can be found on HMRC's website [VAT for Charities](#)

Banking Arrangements

Bank accounts should be held in the name of the PCC. The PCC Treasurer should ensure that the list of authorised signatories (at least 4 minimum) is kept up to date and approved by the PCC annually following the APCM. It should also be reviewed where there is a change of any signatory, e.g. on election of a new churchwarden.

At least two signatories should sign any cheque on the PCC account, the Treasurer should be one of them. The other should not be a partner/relative of the Treasurer. Only one cheque book should be used and cheques written by order of serial number. A signatory should NEVER be asked to sign a blank cheque. Invoices should be produced to cheque signatories who should ensure that they are annotated with the cheque number.

Bank statements should be received at least monthly and the cash book record should be reconciled to the balance on the bank statement taking account of reconciling items such as unpresented cheques. Any errors or omissions should be investigated and corrected.

Online Banking - Parishes are encouraged to register for online banking. There are two options available. To review statements on a 'live' basis, rather than waiting for a periodic paper statement to be received, but with no ability to make any payments/transfers between accounts. Or full ability to set up and make payments.

In addition, if the PCC wish to have the ability to make payments e.g. pay invoices, clergy expenses, etc. and transfer monies between PCC bank accounts, then the recommended process is to research the online banking system currently available with your bank. Discuss with and gain the agreement of the PCC to use online banking, and have at least one other user to authorise online payments.

Fund Accounting

Charity funds typically fall into the following categories which you must account for separately;

Unrestricted Funds – Income with no stipulation on how it should be spent, for example, church collections, regular giving, PCC fees, hall income etc. This income can be used to pay Parish Share, general running expenses and purchases agreed by the PCC. The PCC can decide to set some of these funds aside for a particular purpose, this would be a 'designated fund', which could be undesignated at a later date by the PCC to use for another purpose.

Restricted Funds - This is money received for a particular purpose e.g. grants, fundraising campaigns etc. The intention of the donor(s) is the criteria in determining whether funds are restricted. The PCC cannot choose to restrict unrestricted funds.

Endowment Funds - This is money received whereby the capital must be retained, and only the interest earned on the capital can be spent. Some funds are 'expendable' depending on the terms of the donation or will.

Budgeting and Monitoring

An annual budget should be approved by the PCC before the start of each financial year. It should reflect and plan the PCCs activity for the year rooted in prayer, vision, prioritisation and discussion. In particular, it should consider the parish Guided Pledge for the forthcoming year and any major repairs needed to church buildings. The budget is 'owned' by the PCC and not merely imposed by the Treasurer. Once approved by the PCC, the budget becomes a policy document that provides a framework for mission and ministry within which the Treasurer operates.

Regular monitoring is essential, the treasurer should keep the parish's finances under review and provide regular reports to the PCC (at least quarterly).

Cash Flow and Managing Reserves

Reserves Policy – The Charity Commission requires all PCCs using accruals accounting to include a brief statement of their reserves policy in their annual report. For smaller churches this is good practice. ['A Simple Guide to Parish Reserves Policies'](#) gives more information on how best to devise a reserves policy for your parish.

Should the PCC forecast any financial difficulty it will need to monitor the level of reserves closely. If general income is no longer covering expenditure consider the following;

- Review the priority of expenditure, can some payments be deferred temporarily? Some expenditure may be no longer necessary such as heating the whole building and some administration costs. Talk to utility and insurance providers and offer to spread payments out over the year. Seek to reschedule any loan repayments over a longer timescale.
- Cancel contracts (according to your contracts register) where costs currently outweigh benefits. Check if there are any penalty charges and whether there is any option of waiving these.
- Defer all but essential maintenance to church buildings e.g. only work to keep buildings water-tight/safe/secure.
- Draw down any funds on deposit with consideration given to any notice period required and loss in value.

Churches as charities are permitted to spend their reserves to help cope with the unexpected. You should identify which of your funds or assets have restrictions on their use. Designated funds may be reprioritised by the PCC. If there are restrictions, in some instances there may be ways to amend these, but accessing or releasing restricted funds should only be considered if other options are not available. The Charities Act 2022 has improved access to restricted funds so do seek advice on this or consult the Charity Commission for help and guidance. All decisions on such financial matters should be taken collectively as a PCC with significant decisions and actions recorded in the minutes.

Stewardship has a helpful article on a cash flow management [here](#).

Statutory Reporting and Year End Accounts

The church financial year runs with the calendar year ending Dec 31st. The Treasurer will be responsible for compiling the annual financial statements for the PCC's approval, before these are submitted to the Annual Parochial Church Meeting (APCM). If gross income is below £250,000 annually the PCC is allowed to use 'receipts and payments' accounts (simple cash-based accounting) rather than accrual accounting. A written annual report should accompany the financial statements. The PCC need to arrange for an annual independent examination of the accounts (or full audit when income exceeds £500k). The annual report and statements are then presented at the APCM. (templates are available if required). Also see the [PCC Accountability Guide](#).

Ensure copies of the annual report, statements and the independent examiners report are sent to the Diocesan Secretary and that the Return of Parish Finance form is submitted online directly to Archbishops' Council after your APCM and before the end of June following the financial year. Parishes Registered with the Charity Commission will also be required to make a return to the Commission by October.

Giving

Regular giving is the primary income for churches and is vital to sustain mission and ministry. Let your church members know that they can support the church through the Parish Giving Scheme (PGS) or by setting up a Standing Order - these are the most efficient ways to support your church.

Parish Giving Scheme - If your church has registered with PGS, new givers can now sign up over the phone or online via www.parishgiving.org.uk in addition to completing a paper gift form. Churches not yet registered with the PGS can take steps now to register. Please request a PGS Registration Form at PGS@durham.anglican.org A PCC resolution must be obtained to join the scheme.

Standing Order – If your church does not currently use the PGS, standing orders will be of benefit to you. Ask those who currently give by weekly envelope or by cash on the collection plate to set up a Standing Order. Make bank details available or use a template Standing Order form ([available here](#)), just amend the details in red to suit your church. Make the form available to your members and accessible via your church's website, email or a closed Facebook group etc. Members can either print it out and post to the bank or set up an order via their online banking.

Weekly Envelopes - Where church members continue to give by weekly envelope, do encourage members to set aside their gift each week and let them know where to return or arrange to collect.

Online Donations - Placing appeal notices on websites and social media is standard practice and a good way to remind people that the church is a charity that needs support. Online giving enables giving via smartphones as well as from a computer. Creating an online giving account is simple - a helpful video is available [here](#) to guide you through the set-up process. For the best rates please visit the Parish Buying Scheme [here](#)

If your church uses management software such as ChurchSuite or IknowChurch, these programmes can be used as an online giving platform.

You will need to ensure any online giving button, link or page is easily found on your church website or via QR codes. Again Parish Resources provides helpful instruction on how to share your online giving. If your church doesn't have its own website, you can create a 'donate now' on 'A Church Near You' via the Resources Hub.

Telephone giving – Churches that have a 'sum up' account can accept donations payable by card over the phone. Check to ensure you have 'Virtual Terminal' enabled on your Sum Up dashboard. If not, the primary account holder must email support@sumup.co.uk and request access. Sum Up provide 'Getting Started' details for their virtual terminal facility [here](#).

Gift Aid and GASDS

Churches can claim gift aid on regular and one-off donations. Where donations are made, ask if the giver is a UK taxpayer who is eligible to 'Gift Aid' their gift. You will need to make a note of the donors Title, Initial, Last Name, House Number or Name and Postcode via a Gift Aid Declaration and be able to identify their gift in church accounting records e.g. bank statements, envelopes etc. The church does not need a signed copy of this declaration, but instead you must provide a copy of the declaration to them (email is ideal) if they've provided a verbal declaration and retain details of when you provided this. A template is available [here](#). To claim gift aid you will need to identify the total amount donated and be able to demonstrate how the donation was received, e.g. envelope, standing order etc.

If collecting gifted envelopes, keep envelopes and records as proof of regular gifts. Gift Aid Declarations can be made via contactless payments taken via the 'give a little' app when used with the Sum-up card payment machine.

For donations NOT covered by a Gift Aid Declaration; one-off gifts of £30 or under by cash or contactless ONLY are eligible for GASDS (Gift Aid Small Donations Scheme). This scheme enables churches to claim a top-up payment equivalent to Gift Aid without the need for the donor to complete any paperwork or the requirement for the donor to be a taxpayer. Electronic bank transfers and cheques are NOT eligible for GASDS. A PCC can only claim GASDS if also making a Gift Aid claim in its own right. See [Parish Resources – GASDS](#) for more information.

Further Advice and Guidance

Further advice and guidance is available from the National Church via the **Parish Resources** website. Available [here](#)

All parishes in the Diocese are block members of the [Association of Church Accountants and Treasurers \(ACAT\)](#). To access their online facilities please email samantha.amsdendurham.anglican.org for a copy of your username and password.

The **Charity Commission** has published guidance [here](#).

The Charity **Stewardship** has also published Resources and Guidance for Churches. Regular updates are posted on their website [here](#).

A basic excel cashbook for smaller churches is available from the [Diocese website – Admin of Parish Finances](#). Commercial software options include:

- Finance Co-Ordinator or the online version (My Fund Accounting) - see www.datadevelopments.co.uk Discounts are available via the [Parish Buying](#) Website
- Liberty Accounts - Integrates payroll and Gift Aid; see www.libertyaccounts.com
- ExpensePlus - Integrates expenses processing; see expenseplus.co.uk
- Paxton - Designed for charities; see paxtoncharities.co.uk
- Also see, Sage, Xero and Quickbooks

Vestry Record

Date:	Regular Giving Env.	One-off Gift Aid Env. ¹	Open Plate and Non-Gift Aided Donations ²		Non-Donations ⁴	TOTAL
	No of Envelopes:	No of Envelopes:	Eligible for GASDS	Not Eligible for GASDS		
Notes: £50						
£20						
£10						
£5						
Coins: £2						
£1						
50p						
20p						
10p or 5p						
2p or 1p						
TOTAL						
Cheques						
GRAND TOTAL						

Please complete this sheet in conjunction with the 'Vestry Record Notes' provided.

Signed _____ and _____

Vestry Record

Notes to complete the Vestry Record Sheet

This sheet helps parishes claim on small donations through the Gift Aid Small Donations Scheme; a Gift Aid style payment on the first £8,000 of eligible donations.

This record should be completed when counting collection receipts, using the following notes:

- 1 Include in this column any one-off donations that you know to be covered by a Gift Aid declaration, and make a note of the donor's name /Envelope number for your Gift Aid and Tax Repayment Claim.

- 2 As well as open-plate collection, you should include in this column any donations from individuals not accompanied by a Gift Aid declaration. The Gift Aid Small Donations Scheme (GASDS) only applies to cash donations of £30 or less, so ineligible donations such as £50 notes and cheques should be recorded in the grey cells in the right-hand column. Any donations that are known to be over £30 from an individual donor (e.g. two £20 notes in an envelope, or secured with an elastic band) should also be recorded in the greyed cells.

4. Non-Donations includes trading receipts from bookstalls, magazines etc.
5. Don't forget to sign and date the record.

The following is a guide to the minimum periods for which different financial records should be retained. Everything should be retained for the current financial year (CFY) until the independent examination or audit has been completed. The following need to be kept longer:

Financial forecasts and budget working papers	CFY + 6 years
Workings for annual financial statements	CFY + 6 years
Final annual report and financial statements	CFY + 6 years
Suppliers' invoices, expense claims	CFY + 6 years
Petty cash claims	CFY + 6 years
Collection sheets	CFY + 6 years
Bank statements and paying in books	CFY + 6 years
All payroll records CFY + 6 years	CFY + 6 years
* Gift Aid records and occasional (one-off) GAD envelopes	CFY + 6 years
Gift aided planned giving envelopes (supported by an 'enduring declaration' covering all donations).	CFY+ one month's envelopes per tax year for 4 years
Insurance records	40 years
Deeds/leases when Diocese is third party in any agreement	To Diocesan Office

* If gift aid declarations are open ended, these need to be kept for as long as they are still valid, plus six years

