



Help! I've lost my church treasurer

February 2015



Stewardship Briefing Paper

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CONTACT DETAILS

Stewardship

1 Lamb's Passage, London EC1Y 8AB

t: 020 8502 5600

e: enquiries@stewardship.org.uk

w: www.stewardship.org.uk

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introduction

Finding good church treasurers is not always easy. Losing one could even be considered to verge on carelessness!! However, should you find yourself in that position, now is not the time to despair or to panic. You might well imagine your church to be unique; facing a unique financial situation, but in reality much that a treasurer does is consistent between churches and once the job is broken down into bite-sized pieces it does not seem quite so daunting or mysterious.

Indeed, many of the functions normally carried out by the treasurer can either be delegated to other members of the church or, where they are more technical in nature, perhaps be outsourced to other organisations with larger specialist resources.

This paper seeks to:

- Look at some of the distinct functions carried out by the church treasurer
- Consider which of these functions can be:
 - Delegated to other members of the church
 - Outsourced to specialist external organisations
- Touch upon the broader issues of the treasurer's role in leadership and decision-making.

Before getting into the detail, there are two more general points that are worthy of a mention.

Finance is a team game

As with so many aspects of church life, finance is a team game. It is desirable that your current or future treasurer is not left to work alone, but that a suitable team is built up alongside them. Initially, this will help in sharing the load, but eventually it is also likely to be a source of succession planning in the event that you find yourself facing the loss of a treasurer in the future.

Bringing other people on board and cultivating their skills will stand the church in good stead for the future and having a finance team in place is likely to:

- provide a more robust system of accountability
- provide reassurance to church members and external parties alike
- make it easier to find a new treasurer who will not be daunted by the size and responsibility of the role.

Creating the right environment

It was Jesus himself who elevated the status of money to that of a god when he said that "you cannot serve both God and money" and we should not underestimate the power that money has. Creating the right environment of openness, transparency, controls and accountability is important in order to: protect those handling finances in the church; protect the reputation of the church, and protect the reputation of the Kingdom.



The framework that shapes this environment will naturally differ from church to church and will be a matter of judgement for the church's trustees after taking into account the church's own situation. For more information and guidance on what a framework of controls might look like, please see our [paper](#) or the Charity Commission's own [guidance](#) (CC8).

Key functions of the treasurer

At the heart of this paper is a breakdown of the key functions which are traditionally undertaken by a church treasurer. This shows that 'it' is not one role but a number of different roles which traditionally have been handled in smaller churches by one person but certainly do not need to be. It also helps to show that those in the church who look after these functions do not need to 'know it all', which in turn helps release people to serve the church without undue concern.

Although this list is perhaps not strictly in priority order, it does consider first some of those functions which have to be dealt with in short order.

Offerings, cash and financial authorisation

The way in which churches handle cash and offerings is particularly important. The Bible reminds us that the love of money is the root of all kinds of evil and no church should underestimate the lure and temptation that cash brings with it. Also, being seen to be honest and above board in the way that it handles money helps protect the reputation of the church and indeed the Kingdom of God (the importance of this is seen in the teaching that the New Testament gives in 2 Corinthians chapters 8 and 9.) As such, it is important that churches learn how to handle cash well.

Accountability

Most cash transactions that flow through a church will have little supporting documentation. It is therefore all too easy for cash transactions not to be recorded properly or, in the extreme, for cash to go missing. Accountability lies at the heart of good cash management. Having a team of people involved; counting cash in pairs (periodically rotating those pairs if at all possible); banking cash as soon as possible; all help to keep cash management well-controlled and to provide assurance to those outside the church (individuals and governing bodies alike) that all is being properly managed.

Counting cash and recording cash entries is not a specialist financial task and does not require someone to have financial training. For churches without a treasurer (or indeed with one), this task can be readily assigned to a small group within the church. It is not a task that can realistically be handled by an outside third party.

Using cash from the offering to reimburse church members for expenditure is fraught with danger. Wherever possible, we would advocate banking all cash received and paying out expenses subsequently via cheques or bank transfers. Where this is not possible, members should provide invoices and/or written authorisation (see later) to provide supporting documentation.

Offerings and banking

For most churches, income is predominantly received through offerings, either given during a church service or directly paid into the church's bank account via a Standing Order or some other form of bank transfer. It is important in this regard to ensure that cash is handled appropriately, securely and banked quickly, and that all income is properly recorded.

Where offerings are largely in cash it is always important that this is handled well (see above). For example, it is good practice that cash offerings are counted immediately and preferably by two people; it is a good idea (essential if participating in the Gift Aid Small Donations Scheme—see later) that all cash is banked before paying expenses or other cash disbursements, and it is essential that all cash transactions are properly and fully recorded.



Appendix A sets out a typical church service offering recording sheet, and our [briefing paper](#) speaks more of the financial controls that churches should put in place around cash and offerings.

Payment authorisation

Traditionally, the authorisation of payments by the church has fallen to the treasurer. Arguably, however, this should not be the case even for churches that still have a treasurer to call upon, because often they will not be the people who understand the nature and the need for the expenditure in the first place. A better approach is to have a number of budget holders within the church, perhaps ministry leaders, who will be responsible for operating a budget and authorising expenditure which falls within their budget. Further, it is best practice from a financial controls perspective, that the person who pays the bills is not the person who initiates or authorises expenditure to be incurred.

It may be that where a single item of expenditure exceeds a pre-agreed limit (this may vary depending upon the size of the church) then authorisation should be required from two people. The first may be the budget holder as outlined above, the second might be a member of the church's senior leadership team.

In some denominations, it may be that items of expenditure that are not included in the budget and that exceed a certain amount may need church congregation approval. Whilst this does add an additional layer of accountability, it can also be quite restrictive and should be avoided wherever possible.

It is important that the 'paperwork' that comes with orders and payments is maintained and filed. This will include order documentation and financial receipts. This is particularly important for cash payments which can easily be 'lost' otherwise.



Making payments

Once payments have been authorised, there remains the administrative process of actually making the payment. Traditionally this has been by cheque, but more and more churches are making use of the on-line banking systems provided by all the major banks to streamline the process.

Regardless of the payment method used, payments can only be made in accordance with the bank mandate. It is usual that the treasurer is one of the authorised persons recognised by the bank for this purpose, and as such the mandate should be checked to ensure that there are sufficient persons included for the payment process to operate smoothly and that these persons are considered to be of 'appropriate' standing within the church.

Recording and reconciling

Recording financial transactions

Regardless of the method used (see below), it is important that transactions are fully and properly recorded in the first place. This recording should be systematic, timely and comprehensive. Going back a few months and trying to remember the details of a financial transaction is not always easy but is **always** time consuming.

It is important to record all the relevant details of each transaction. This will include: the date of the transaction; the amount; the supplier, payee, or donor detail; and the nature of the transaction. The more relevant detail recorded at the outset, the easier it will be to construct the annual accounts at the end of the year (see later).

This recording should be handled by someone in the church, but that person does not need to have a high level of financial knowledge or training (although a basic knowledge would be helpful) and does not necessarily have to be the treasurer. If office administrative support is provided by the church this might provide a suitable resource to carry out this function. Otherwise, finding a suitable person/team within the church to undertake this recording will really help the construction of the annual accounts at the end of the year.

Spreadsheets and accounting packages

It is now unlikely that many churches will choose to keep their accounting records in paper form (although there is nothing inherently wrong in doing this). Most will make use either of spreadsheets or of a recognised accounting software package. These packages vary both in complexity and cost and our [briefing paper](#) explains a little more about the packages more generally used by churches.

There are considerable time saving advantages to using either a spreadsheet or an accounting package to maintain the most basic financial data and records, analysing income and expenditure by category. Each accounting system will handle this analysis differently; below is an extract from a typical spreadsheet analysis.

Spreadsheet based expenditure analysis

			Ministry costs					
Payment date	Payment type	Date on bank statement	Speakers fees	Teaching materials	Equipment less than £250	Pastoral expenses	Refresh'ts	Other ministry costs
07/01/2015	Cheque 0047011	12/01/2015	75.00					
10/01/2015	Cheque 0047012	21/01/2015		37.56				
15/01/2015	Standing order	15/01/2015						25.00
21/01/2015	Cheque 0047013					31.76		
25/01/2015	Bank transfer	25/01/2015			199.99			
28/01/2015	Cheque 0047014	12/02/2015	75.00					
30/01/2015	Bank transfer	30/01/2015		87.05				
Totals			150.00	124.61	199.99	31.76	-	25.00

The extract shown shows ministry costs only but can be extended to cover all types of income and expenditure. Appendix B provides a suggestion as to what income and expenditure categories might be appropriate. Remember, depending upon the size of the church and the activities that they are involved in, not all the headings will necessarily be required or more may need to be added.

Bank reconciliations

Bank reconciliations form a significant and important part of financial record keeping. These reconciliations are more technical than much of the other record keeping, but can still be managed reasonably well by someone with basic financial knowledge and a little training.

The heart of a bank reconciliation is tracking receipts and payments from their source (cheque, Direct Debit, Standing Order, donation etc.) through to the bank statement. In doing this, it ensures that financial records are complete and that nothing has been missed out. For this reason it is important that reconciliations are carried out regularly (normally monthly, but perhaps even weekly for larger churches) and that they are not left until the end of the year.

This task is really best handled by someone in the church, preferably with some financial experience. If no suitable person(s) can be found, this task can be outsourced to more specialist accounting firms, but this is likely to be costly solution for what is generally for most churches a relatively straightforward process.



Payroll, pensions and benefits

Payroll and pensions is an area which will impact all churches that employ staff. In recent years, the administration of payrolls has become more onerous, with tight timetables and penalties for errors, to the extent that for most churches the sensible option is to outsource payroll administration to an outside party. This service could be provided by local accounting firms, specialist payroll firms or by ourselves at Stewardship.

[Click here](#) to find out how the Stewardship payroll service operates and what the benefits and costs would be for your church.

Gift Aid

Generally speaking, Gift Aid as a concept is well understood by most churches and individual donors. However, because it involves the reclaim of tax paid, it must be handled properly to comply with the relevant law. The two most important elements in ensuring Gift Aid is properly claimed are that:

- proper Gift Aid declarations are completed by all eligible donors;
- Gift Aid claims are submitted using one of the three ways introduced in 2013.

For more information on both of these aspects we would point you towards our [briefing note on changes to gift aid declarations](#) and [charities online](#). As an alternative to administering your own Gift Aid scheme, you could make use of Stewardship's 'giving services' to make Gift Aid recoveries on gifts to them for the church, providing both the gift and the Gift Aid to your church on a regular basis.

This works particularly well where givers prefer electronic and online payments or in cases where the church wishes to see a more even cash-flow and Gift Aid recovery throughout the year. Stewardship claims Gift Aid on a weekly basis, whereas for most churches a claim will be made quarterly or even annually, putting a potential strain on cash-flow in the months immediately preceding the next claim.

Allowing Stewardship to handle Gift Aid recoveries also means that there is one less job to consider. For further information on how this might work for you, please go to the [Stewardship website](#) or call us on 0208 502 8566.

Although not technically Gift Aid, recent legislation has seen churches (and other charities) able to claim a 'gift aid-like' relief on small cash donations received. This could result in churches claiming an additional £1,250 (or even more in certain circumstances) in income from the Government. Our two briefing papers explain more about the workings of the Gift Aid Small Donations Scheme and the criteria that you need to fulfil in order to be able to make a claim. See [here](#) for the practical guide and [here](#) for the comprehensive guide.

This scheme is good news for churches and should be utilised if at all possible.

Financial budgeting and reporting

Budgets

It is helpful for a church to construct an annual financial budget (perhaps longer in some cases) and often this task falls to the treasurer. At its very simplest level, a budget is a projection of expected income and expenditure that a church believes it will incur in the coming year or period. Factors such as the type of church, the number of activities that a church is involved with and the size of its income and expenditure will go a long way towards determining the level of complexity required from a budget.

Although the construction of the budget normally rests with the treasurer, it should not be merely a financial exercise, either as a tick box exercise or taking last year's figures and adjusting for inflation. Rather it should be a financial expression of the vision and strategy of the church (see our [blog](#)) and as such be jointly owned by the whole of the church leadership team, and indeed by the church congregation itself. As it is a plan, any material deviation should be understood and considered, with appropriate corrective action taken if required (see periodic reporting below).

Because of this, outsourcing the construction of a budget is not straightforward and not normally a worthwhile exercise although with the right level of interaction and communication it is not impossible.

A simple and straightforward budget can be constructed quite easily for most churches and Appendix B suggests some income and expenditure headings that you might want to consider if you are seeking to construct your own church budget.

Periodic reporting to church congregation and leadership

A budget really 'earns its corn' when it is used in conjunction with periodic (monthly or quarterly) reporting back to the church leadership and, in some situations, the congregation. The structure of this reporting should be aligned to the budget and will therefore be dependent on the same types of factors.

The key issue is that of communication. Data only becomes useful when it is communicated in a way that listeners/readers understand and is meaningful to them. Presenting church leadership and congregations with a mass of figures is not particularly helpful. Clear communication of one or two issues is preferable, allowing the leadership and congregation to absorb the implications of the financial situation and giving them time to respond in ways which might be appropriate.

Appendix C sets out what a typical church leadership financial report might look like. We would suggest that a congregational report be made more straightforward, perhaps using just the main headings alone.

Annual accounts

Churches will need to produce annual accounts for their own use and for submission to the relevant charity regulator (Charity Commission in England and Wales, OSCR in Scotland and CCNI in Northern Ireland) and depending on their legal status perhaps even as a requirement of Companies Act law. These accounts will be more formal than the internal reporting mentioned above and will often have to adhere



to strict accounting regulations. Increasingly, completed accounts are freely available on the charity regulator websites and so provide a good way to communicate the work of the church to those outside.

Even if your church has people with reasonable financial knowledge, the production of these formal accounts is not always straightforward and can readily be outsourced either to a firm of knowledgeable accountants and bookkeepers or alternatively to an organisation like ourselves. The better the quality of financial records maintained by the church, the easier and therefore less expensive it will be to compile the annual accounts.

Regardless of where the accounts are produced, they will often be required to be independently examined, or for really large churches with gross income in excess of £500,000, audited. This can't be done internally and will need the involvement of local auditors or other qualified persons. Stewardship is qualified to carry out independent examinations and has significant experience in the church and charity sector. To find out more how Stewardship can help in this area, please visit our [website](#) or call us on 0208 502 8588.

Insurance

Although not technically financial in nature, dealing with insurance often falls within the remit of the treasurer. Again, this does not need to be the case and this responsibility can be passed across to someone else within the church. As insurance is not always straightforward, it is advisable to work in conjunction with an insurance broker. Kingdom Bank is experienced in this field, understands the requirements of churches, and because of this is a widely used broker for many churches.

The place of the treasurer within the senior team

Whether formally part of the senior management team or not, the treasurer has a significant role to play in the strategic leadership of the church. Often, they will be able to provide a financial perspective into the church's vision, sometimes 'grounding' it within the financial constraints faced by the church.

They may also have significant input into financial decision-making with regards to salaries, missionary budgets etc.

Undoubtedly, it is some of these 'softer' financial skills that cannot be easily replicated if a church has no treasurer. Much of the treasurer's input comes not only from their understanding of the financial system, but also their close acquaintance with the records of the church and a deep knowledge of the church's activities and of its attendees.

Because the value derived comes largely from the relationships that are developed, this input is difficult to obtain from outside the church. Some aspects can be gained from outside agencies and the Stewardship [consultancy helpline](#) is intended to help church leaders and trustees. Our [briefing papers](#), [technical updates](#) and [money educational material](#), many of which are free, can also help.

So, what to concentrate on first

In summary, it is worth considering what it is that you might want to concentrate on first; what you can delegate to others in the church; and what you might want to outsource to external organisations that have more dedicated resource.

Delegate	Outsource	Priority
Counting weekly offerings		High
Payment authorisation		Med/High
Recording financial transactions		High
Bank reconciliations	Bank reconciliations	High
	Payroll and pensions	High
Gift Aid	Gift Aid	Med/High
Budgets		Medium
Periodic financial reporting		Med/High
	Annual accounts preparation	High
Insurance requirements	Annual accounts examination	High
Financial input to leadership		High
		Med/High



Appendix A

Pro Forma offering record template

[Enter name of church] – offering record template

Meeting location:

Number of attendees: (estimated)

Date:

Offerings Gift Aided	Denomination	Offerings Not Gift Aided ineligible for SDS	Offerings Not Gift Aided eligible for SDS
		Gifts greater than £20 are not eligible for SDS	
(A)		(B)	(C)
<input type="text"/>	Cheques (1)	<input type="text"/>	NIL
<input type="text"/>	£50	<input type="text"/>	NIL
<input type="text"/>	£20	<input type="text"/>	<input type="text"/>
<input type="text"/>	£10	<input type="text"/>	<input type="text"/>
<input type="text"/>	£5	<input type="text"/>	<input type="text"/>
<input type="text"/>	£2	<input type="text"/>	<input type="text"/>
<input type="text"/>	£1	<input type="text"/>	<input type="text"/>
<input type="text"/>	50p, 20p, 10p, 5p	<input type="text"/>	<input type="text"/>
<input type="text"/>	2p, 1p	<input type="text"/>	<input type="text"/>
<input type="text"/>	Total cash (2)	<input type="text"/>	<input type="text"/>
<input type="text"/>	Total offering (1)+(2)	<input type="text"/>	<input type="text"/>

Must be banked to claim GASDS

→ (A) + (B):

Cash retained for church expenditure:

Offering to bank:

Counted by:

Signed:

Countersigned:

Appendix B

Suggested income categories

*Suggested income categories
(select/amend or delete as appropriate)*

Donations and Gift Income

Offerings: Gift Aided
Offerings: Not Gift Aided
Gift Aid claims (including GASDS)
Grants from organisations
Other donations

Other income

Rental income (hire of premises)
Income from organisations
Bank interest
Other income

*Suggested expenditure categories
(select/amend or delete as appropriate)*

Staff Costs

Gross salary
Employers National Insurance
Employers Pension contributions
Other staff costs

Expenditure categories continued

Ministry costs

Speakers fees
Teaching materials
Equipment less than £250
Equipment more than £250
Pastoral expenses
Refreshments
Other ministry expenditure

Premises costs

Rent or mortgage costs
Rates
Utilities
Repairs
Other premises costs

Administration costs

Insurance
Communications (e.g. telephones, post etc.)
Professional fees
Finance and auditing costs
Office supplies
Other administration costs



Appendix C

Suggested church financial report to leadership

Suggested income categories

(select amend or add to as appropriate)

	(A) Actual £	(B) Budget £	(A) - (B) Variance £
Gift Income			
Offerings			
Gift Aid claims			
Grants from organisations			
Rental income			
Other income			
Total income (1)			

Suggested expenditure categories

(select amend or add to as appropriate)

Expenditure

Ministry costs			
Speakers fees			
Equipment less than £250			
Other ministry costs			
Total ministry costs (a)			
Staff costs			
Gross salary			
Employers NI			
Pension contribution			
Other staff costs			
Total staff costs (b)			
Premises costs			
Rent & mortgage costs			
Rates			
Utilities			
Other premises costs			
Total premises costs (c)			
Administration costs			
Insurance			
Communications			
Professional			
Finance and auditing			
Office supplies			
Other administration costs			
Total administration costs (d)			
Total expenditure (2) - (a) = (b) + (c) + (d)			
Surplus or deficit (1) - (2)			

It is important that where significant variances do occur that a brief commentary on the reasons for the variance should be provided.

This is not to explain away or excuse the variance, but rather so as to enable the leadership to evaluate the financial implications of decisions already taken and to take remedial action, change direction or re-plan as appropriate