

THE ROMAN CATHOLIC DIOCESE OF EAST ANGLIA



PARISH HANDBOOK

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FOREWORD

This Handbook has been produced to provide parishes with information on the financial accounting and approval procedures within the Diocese. It has been designed so that if procedures are amended, revised sections can be added without the need for a complete reprint. The Handbook also contains sections which include advice on such matters as the formation of Parish Finance Committees, taxation procedures as well as recommendations on parish banking and investment with the Diocese.

On accounting matters, the July and October 1996 editions of 'Money Matters' referred to the stringent financial and accounting regulations which have been introduced under the Charities Act 1993. That Act merely underlined the principles that all charities are accountable to the public for the resources they control. The Regulations under Part VI of the Act were issued at the beginning of 1996 and the resultant accounting requirements have been endorsed by the Charity Commissioners, the Accounting Standards Board and a Committee of the Diocesan Financial Secretaries representing the Catholic Church in England & Wales.

The accounting procedures in this Handbook comply with the above regulations and have been designed to help parishes to meet their obligations under charity law. The main points affecting parishes are:

- * with effect from 1997 parish accounts were combined with the Diocese's accounts to give the complete financial position of all the activities of the Diocese Trustee.
- * the accounting year for the Diocese and its parishes starts on the 1st January and ends on 31st December each year.
- * the diocesan accounts will be subject to a full audit. This will necessitate random checks and audits on parish returns by those same auditors.
- * parishes must be careful to distinguish between general funds and funds for restricted purposes.
- * parishes will need to keep all accounting records for a further six years after the year end.
- * social club accounts do not come directly under the Diocese Trustee, and so their accounts should be kept separate.
- * the format of the annual Financial Return will be revised at intervals not only to provide the Diocese with the requisite information to aggregate the parish and diocesan accounts but also to make it more useful to parishes.

* as the Diocese Trustee is obliged to submit its audited accounts to the Charity Commissioners soon after the end of the accounting year, parishes are requested to send in their annual parish financial return promptly but not later than the end of March.

As from 2006 this Handbook should be read in conjunction with the following documents:

- a) The Parish Employment Guide – issued November 2006
- b) Employee Handbook – issued November 2006
- c) Parish Financial Procedures – a policy document issued January 2007 – Appendix 8

1. GENERAL REQUIREMENTS OF DIOCESAN & PARISH ACCOUNTS

1.1 Introduction

Any organisation needs accounts to know its current financial position, to plan and budget for the future and to check progress and monitor transactions. For a charity like the Diocese, accountability is even more crucial because its main sources of revenue come from its member parishes (via offertories, legacies or donations), from central and local government grants and from various rating and tax concessions. Indeed a charity's income can continue to grow only if there is general confidence in the way that its trustees are managing and applying the fund entrusted to its care. It is therefore vital that all charities should provide full and accurate financial information in their published accounts so that public accountability is established and other external bodies e.g. banks, the Inland Revenue, etc are able to safeguard their own particular interests.

1.2 The regulations require aggregation of accounts

The main catalyst for requiring more stringent and consistent reporting standards in a charity's existing accounting procedures is the accounting regulations issued under the Charities Act 1993. The Diocese Trustee is now obliged to account for all funds connected to or under its control. With effect from the accounting year beginning on 1st January 1997 the accounts of all its branches, i.e. the parishes, were aggregated with the Diocese's central accounts to give the complete financial position of the Diocesan Charity and to provide the basis for an external audit of the overall accounts of the Charity.

1.3 Aggregations will be achieved via the Parish Financial Return

The prime document used by the Diocesan Finance Office to aggregate all parish accounts is the annual Parish Financial Return (PFR). The details of the Return, which have been revised as a result of comments from different parishes, are discussed further in Section 5 of this Handbook. Some parishes may wish to have a more detailed analysis of their receipts and payments for their own particular purposes. This should not present a problem provided that any breakdown or summary fits into the standard analysis contained in the return.

1.4 Basis of Accounts – Accruals v Receipts & Payments

Under the charity accounting framework, the Diocese is obliged to prepare its accounts on an "accruals" basis where income and expenditure are recognised as they are earned and incurred, not as money is received or paid. On the other hand, parish accounts will generally be prepared under the "cash" basis of receipts and payments and will therefore need some adjustment to be aggregated into the Diocese's accounts. The Parish Financial Returns call for additional information to enable the Diocese to make necessary changes. Thus the returns include not only revised statements of receipts and payments, but also a movement of funds statement and lists of amounts due to and by the parish. Needless to say the revised receipts and payments statements will need to contain all parish transactions including those transactions shown in the parish's account with the Diocese. This account is discussed in greater detail in Section 4 of this Handbook.

1.5 Accounting for separate funds

The main purpose of a set of accounts is to give an overall view of the total resources made available to a charity during the year and how they have been expended. Where several funds are involved there are additional requirements. Here there is a need to account for the proper administration of the individual funds in accordance with their respective terms of trust. To discharge this obligation, the regulations require that accounts provide a summary of the main funds, differentiating in particular between "general" and "restricted" funds.

1.6 General and restricted funds

Funds raised by a local church for the general purposes of the parish will be accounted for as “general” or “unrestricted” funds of the parish in the Diocese’s accounts. On the other hand, many parishes receive money that is earmarked either by the donor or the terms of an appeal for particular projects. Such projects represent “restricted” funds requiring separate accounting. Depending on the materiality of each, the accounts should group the restricted funds under one or more heads.

1.7 Standardised accounts

Under accounting regulations, the Diocese is obliged to ensure that its parishes maintain standard accounts and records. The procedures contained in this handbook provide the basis of a standardised system. Parishes are urged to adopt the system. A standard system will benefit priests particularly when moving from one parish to another because the same system will be in use in every parish. In essence the system must record:

- total income of the parish
- total expenditure
- monthly and year end bank reconciliation

1.8 Audit of Accounts

Under the regulations, the Diocese’s accounts are subjected to a full audit. “Audit” is an examination of a set of accounts leading to the giving of an independent professional opinion on those accounts. The external auditor will clearly need to consider accounting and financial systems within the organisation. Also because the Diocese’s accounts include all parish accounts, the external auditor will need to be assured that accounting systems within parishes are satisfactory and that the figures produced by parishes via their financial returns are accurate.

1.9 Minimum requirements of accounting systems

The minimum requirements for a parish accounting system would include receipts and payments written in ink and laid out in the format of the Parish Financial Return, together with:

- Primary records, cash slips analysing sources of income, bank statements, cheque book stubs, bank paying-in books and petty cash vouchers.
- A cash book/s suitably analysed for receipts and payments and reconciled with bank statements.
- A petty cash book recording all cash transactions and links with the main cash book.
- Record of covenanted/gift aided receipts by envelope, standing orders and cheques.
- Invoices and other documents filed as supporting evidence of expenditure & income.
- Documents e.g. minutes, letters etc providing evidence of expenditure & income approvals.

1.10 Basic accounting principles

Parishes should continually review their own procedures to ensure that basic accounting principles are being observed in the parish. Foremost among specific accounting principles is the need to ensure that:

- a) receipts/vouchers are kept for all payments, unless trivial. Auditors need to be able to see independent confirmation of expenditure.
- b) cheque book stub details accurately reflect the nature of the expenditure and that the payee details included on the stub are the same as that recorded on the paid cheque.
- c) cheques should not be pre-signed or issued to third parties with the payee's details left blank.
- d) all income should be banked promptly and should be accurately recorded on bank paying-in-slips and a Weekly Cash Sheet (See Section 2).
- e) offertory collections should, wherever possible, be banked promptly and "in toto". There is a danger that if monies are retained for cash expenditure, e.g. staff wages, the result could be an understatement of offertory collection income and expenditure.

NB. In some instances cash payments are unavoidable. In such circumstances the need to use offertory monies can be avoided by having a petty cash float which can be fed at regular intervals from the main parish bank account.

- f) all income & expenditure is accurately recorded on the annual Parish Financial Returns and sent promptly to the Diocesan Finance Office. Parishes should not include significant sums of money under "Sundries" and "Miscellaneous".
- g) personal monies should always be kept separately from parish monies. If and when priests do require re-imburement for payments made on behalf of the parish, they should ensure that all relevant receipts/vouchers are retained for future inspection/audit.

1.11 Computerised accounting systems

Some parishes will already be operating computerised parish accounting systems. The Diocesan Finance Office will continue to hold discussions with those parishes which do have such systems with a view to establishing best practice within the Diocese and providing advice on a standardised system which will benefit all parishes which are keen to adopt such a system.

1.12 Retention of accounting records

It is a legal requirement that all accounting documents should be retained for a further period of six years from the end of the Diocesan financial year which is 31 December

2. COLLECTIONS & BANKINGS

2.1 Cash Handling

The main source of income in a Diocese is the parish offertory collection and this is mainly in cash. It is essential that all income, cash and cheques, is accounted for and banked as promptly as possible or at least once a week. Accounting for cash spending is also crucial. Accurate records of cash expenditure must be maintained with receipts and signatures on all petty cash vouchers for cash spent. The amount banked must be reconcilable with the parish accounts.

2.2 Counting and recording the offertory collection

Parishes should wherever possible consider separating the duties of counting from recording the weekly offertory collection. This could be achieved by operating a weekly rota with at least two people present, one to count and the other to record parish giving. In this way no one person holds the entire responsibility for the cash income of the parish. Care is needed to keep the different collections and other income separate from each other before counting. All collections/receipts should be recorded at least weekly on a Cashesheet. (See section 2.6 below for further details). Gift Aid or planned giving envelopes should have the amount written on the front and be recorded on a Weekly Envelope Collection Sheet or Gift Aid Register. **All** envelopes for at **least one month** per year **must** be kept for **6 years** for audit purposes. The total received in all the envelopes should be added to the relevant collection. Further information on gift aid records and procedures is contained in a separate handbook for “Gift Aid and Planned Giving”,(copies available from the Diocesan Finance Office).

2.3 Security of Cash

Every effort should be taken to protect cash before banking. Money should, if possible, be kept in a safe and not left unattended in the Presbytery. Parishes with very large offertories should consider the use of the night safe at the branch of their local bank. Parishes in the process of large fund raising events, particularly where this has been well advertised, should exercise particular care in protecting their funds. There are well defined limits on the insurance of cash, and any individual involved in cash handling may be at risk from theft or personal injury. For information on insurance limits, please contact the Diocesan Finance Office on 01508 492540. On request a copy of the latest Insurance Guide will be sent to individual parishes.

2.4 Weekly Banking

As noted earlier, monies collected should be banked at least once a week. As a general principle, parishes should bank all receipts and draw cash as required using a cheque. Only in exceptional circumstances should cash be taken from the weekly offertory collection. If it is absolutely necessary to do so, the amount extracted should be recorded on the Cashesheet in the space provided and an entry made in the Petty Cash Account & Main Cash Book to record the receipt of cash and its subsequent spending. This ensures that gross income is recorded in the books of accounts.

2.5 Housekeeping Purse

Parishes may pay regular sums (by cashing a cheque) into a housekeeping purse for the day to day expenditure on household items. Detailed receipts are necessary for the various purchases comprising of household cleaning materials, food and drink. As far as the latter is concerned it is imperative, for tax purposes to differentiate between expenditure on food and drink on the one hand for the priest’s personal consumption and on the other for parish activities, e.g. refreshments for parish meetings. The former may be assessed as a taxable benefit; the latter not. Wages, office costs or other non-domestic items should be paid either by cheque or through the petty cash system with detailed receipts.

2.6 The Weekly Cashesheet

In Section 2.2 reference is made to the use of a Cashesheet. This record is the primary basic record for income and will be the main audit trail used by auditors at the year end. A copy of the recommended Weekly Cashesheet is included in Appendix 1. All parishes are asked to adopt the Cashesheet. The standard format may be adapted by parishes provided it gives sufficient data to equate total income received and cash expended with the amount banked and records sufficient details of the sources of income. Cashesheets will only show cash and cheque income and only in exceptional circumstances, withdrawals of cash (see 2.4 above). All other transactions should be recorded directly into the cash book.

- Cashesheets should be numbered sequentially.
- A Cashesheet should be used for each banking. Several Cashesheets may be combined into one banking with the Cashesheets stapled together showing the amount banked written on the top copy.
- Cashesheets include all cash income, such as repository, papers and candle sales, besides the normal and special collections received.
- It is suggested that the receipt date is a Sunday and that all receipts included on the Cashesheet relate to those collected in the week days and including the Sunday.
- It is not necessary to list collections for specific parish purposes separately on the Weekly Cashesheet. Likewise collections for Diocesan and outside causes need only be included as one amount on the Cashesheet. However, a detailed analysis of all income should be noted in subsidiary parish records.
- The persons counting the cash and cheques should sign the declaration.
- All cheques received should be detailed on the back of the Weekly Cashesheet.
- Signing the Cashesheet is a two-stage operation. Firstly after counting, secondly for any cash withdrawal. The treasurer or person responsible for withdrawing cash from the offertory collection should sign the cash withdrawal declaration.
- Bankings should equate to actual income received. However, a B/F & C/F provision is included on the Cashesheet to accommodate those parishes which only bank complete bags of coin to avoid time consuming counting of odd coins by the counter staff.

3. BANKING WITH THE DIOCESE

3.1 Surplus Parish Funds

One financial matter which previously caused concern was the practice adopted by some parishes of leaving significant sums of money at their local bank instead of depositing their funds with the Diocese. One example had been noted of a parish which was in debt to the Diocese for over £7,000 but which had at the same time over £70,000 deposited with a local bank! On purely financial grounds it cannot be prudent to allow such a situation to exist.

3.2 Invest with the Diocese

In the first place there is an obligation on every parish to deposit their surplus funds with the Diocese which itself operates rather like a bank. When the Diocese has funds in credit with its own bankers and receives interest on those funds, it is able to channel/share the additional funds to parishes either by way of a loan for urgent expenditure needs or by payments of extra interest to parishes which themselves have a credit with the Diocese. Any extra interest received by the Diocese also helps to reduce the loan interest which it charges to those parishes which have a loan with the Diocese. In effect the money and the interest income is retained and shared within the Diocese.

3.3 It makes sense to do so

The above principle is important as it can reduce or avoid the need for the Diocese to borrow from its own bankers. (It has been known for the same banker to be paying a parish some 1.5% whilst charging the Diocese 8%. This is to be avoided if possible).

3.4 The Diocese pays more interest

Another reason why it is financially prudent for a parish to deposit funds with the Diocese rather than the local bank is because the Diocese has consistently paid more interest on parish and other funds deposited with the Diocese than parishes have received from their own bankers. If parishes do have surplus funds with the Diocese and wish to withdraw those funds for any particular reason there is never a problem. Parishes simply need to notify the Diocesan Finance Office and they will receive a cheque by return of post.

3.5 Diocesan Investment Trust

Parishes which have surplus funds which are not required in the medium to long term should seriously consider investing in equities rather than bank deposits which are of course eroded by inflation. In this connection the Diocese operates an investment scheme called the Diocesan Investment Trust (DIT) where parish monies are pooled and individual parishes can benefit from economies of scale and the expertise of a firm of stockbrokers. The Investment Trust was set up in June 1986 with 100,000 units at a par value of £10 per unit and as at 30th June 2006 the unit value stood at £XXXXXXXXXX

However, as with all investments which involve a certain element of risk, it must be remembered that the yields from this scheme can go down as well as up.

3.6 Everyone benefits

In view of the above all parishes are urged to review parish investment policy with a view to transferring all surplus funds to the Diocese for investment. By doing this parishes will not only be benefiting themselves but also the Diocese. Interest will be credited to a separate parish account with the Diocese. This account is discussed in Section 4.

4. PARISH ACCOUNT WITH THE DIOCESE

4.1 Parish credit transactions

Within its own accounts, the Diocese maintains an account for each parish. Each account is operated on the same basis as a bank operates an account for a customer. Accounts with credit balances are paid interest by the Diocese, accounts with debit balances are charged interest. In addition to diocesan interest received, credits to this account include interest on parish investments (e.g. Diocesan Investment Trust) operated by the Diocese, property rents, covenant/gift aid income and tax recovered on covenant/gift aid income.

4.2 Parish debit transactions

The main debits (or charges) to this account include parish insurance premiums, diocesan car charges, the schools' levy, the diocesan quotas to cover administration and priests' training, interest charges on diocesan loans to parishes. Further information on some of these charges is included below. All of the above charges are debited automatically by the Diocesan Finance Office, so no action needs to be taken by parishes, except to ensure that the entries are incorporated annually into parish accounts.

4.3 Insurance premiums

The Diocese arranges insurance for schools, churches, presbyteries and parish halls and pays the annual premium each year in September, i.e. just before the start of the new insurance year. The cost is then recovered from parishes by means of a direct debit into the parish's account with the Diocese. Details of the charges and valuations are supplied annually to each parish. Information on claims procedures and insurance limits is included in a separate Insurance Guide. Parishes which do not have a copy of this guide should contact the Diocesan Finance Office on 01508 492540.

Please note that Diocesan insurance for Schools supplements the cover provided by the LEA – it is not to be considered as substitute cover.

4.4 The schools' levy

The schools' levy is 20% of annual offertory collections. The charges are passed twice yearly in June & December. All parish levies are pooled into a fund called the Schools Commission Fund. This fund is then available to meet all schools' expenditure such as Schools Commission administrative expenses and the Diocese's share of school repairs, improvements and adaptations, as well as the construction of new schools and sites. Fortunately for the Diocese, school repairs, improvements, adaptations etc if approved by the Department of Education & Employment, attract central government grants of up to 90% of the cost, with the Diocese only being required to pick up the residue (usually 10% of the approved cost) on behalf of the School Governors.

4.5 Other Levies

As the Diocese itself has very little money, it needs to raise funds by levying quotas on its parishes to cover its costs. A diocesan levy of 1% of offertory collections for ministerial training and 8% for administration is raised annually in June. Other charges which are made under this heading include the National Catholic Fund and the Priests Pension Fund. As far as the National Catholic Fund is concerned, parish contributions are calculated as a percentage of the Offertory Collection. A parish's contributions towards the Priests Pension Fund is £200 p.a. per priest in the parish plus 8% p.a. of the annual offertory collection. (A fee of 20% on parish investment interest and gift aid tax reclaimed is also made, raised when the tax is recovered.)

A schedule of Levies is detailed overleaf.

Schedule of Diocesan Levies in 2007

Month in which Levy is due	Type of Levy	How Calculated
March	Priests Pension Fund	£200 per Priest in Parish
June	Priests Pension Fund	4% of 2005 Offertory Collection
June	General	8% of 2006 Offertory Collection
June	Ministerial Training	1% of 2006 Offertory Collection
June	Schools	10% of 2005 Offertory Collection
4th Quarter	National Catholic Fund	Figure advised during year
December	Priests Pension Fund	4% of 2006 Offertory Collection
December	Schools	10% of 2006 Offertory Collection

4.6 Diocesan car charges

Notwithstanding the tax implications, many priests still share in the Diocesan Car Lease Scheme. Twice a year the parish pays its contribution for each car used by a priest in the parish. This payment is made by direct debit into the parish account with the Diocese. The annual charges are based upon 30% of the gross purchase price of the car, less the Road Tax. Each priest in the scheme is responsible for his own insurance and road tax but may claim repair costs and business mileage from the parish. The costs of all fuel used for private purposes is the responsibility of the priest. The recommended route is for each priest to buy his fuel and then claim an allowance from the parish for business mileage only. At the moment a rate per mile which the Inland Revenue accept gives no rise to taxable profit is 10p per mile.

(See also section 10.9 re current mileage reimbursement for use of own car)

4.7 Information supplied to parishes

Twice a year each parish receives a record of the financial transactions carried out on behalf of the parish through the Diocese. This information is in the form of a computer printout. It is imperative that these transactions of income and expenditure are included in the parish's annual Financial Returns (See Section 5 of the Handbook). However, if a parish wishes to obtain a printout at any one time, a call to the Diocesan Finance Office will result in the latest printout being dispatched immediately.

5. THE ANNUAL PARISH FINANCIAL RETURN

5.1 Introduction

Under the charity accounting framework the Diocese is obliged to incorporate the financial data of its parish branches into its own accounts. However, unlike “branches” in other organisations, parishes within the diocesan structure do have an independent existence codified in canon law. As such the parish accounts will not be “consolidated” but “aggregated” into the accounts of the Diocese. This aggregation commenced with the accounting year 1997.

5.2 The financial accounting year

The financial accounting year starts on 1st January and finishes on 31st December with the closing balances of the previous year becoming the opening balances for the new financial year.

5.3 The Parish Financial Return

The prime document which will be used to achieve the aggregation of parish accounts into the Diocese’s accounts will be the annual Parish Finance Return (PFR). In general terms, this document, which has recently been revised, summarises the financial transactions of each parish for each financial accounting year. More specifically it will provide the Diocese with the following information on parish financial activities:-

- a) Receipts and payments analysed between “general” parish funds and “restricted” parish funds.
- b) Movements of funds in a year.
- c) Summary accounts with reconciliation between cash book balances and bank balances.
- d) Details of unpaid bills and outstanding income for certain items.

A copy of an Annual Parish Return is included in Appendix 2, together with guidance notes for completing the returns. The returns and notes will be reviewed and if necessary amended in the light of actual experience of and observations by parishes. Detailed comments on some of the returns are included below.

5.4 Restricted Parish Funds

The revised receipts and payments returns require an analysis of transactions between “general” and “restricted”. With the advent of the Charities Act, there is an obligation on charities to account for the proper administration of individual funds in accordance with their respective terms of trust. To discharge this obligation, the regulations under the Act require the Diocese to provide a summary of the main funds, differentiating in particular between “general” and “restricted” funds. As the parishes’ transactions will be aggregated into the Diocese’s accounts, the Diocese needs the split for that purpose. Thus funds raised by a local church for the general purposes of the parish will be accounted for as “general” or “unrestricted” funds of the parish in the Diocese’s accounts.

On the other hand, many parishes receive money that is earmarked either by the donor or the terms of an appeal for particular projects. Such projects represent “restricted” funds requiring separate accounting. If there is any doubt on the split please ask for advice from the Diocesan Finance Office.

5.5 Reconciliation statement

The annual Parish Finance Returns (PFR) required by the Diocesan Finance Office for accounting years up to and including 1996 consisted of two statements i.e. a) a statement of parish balances at banks or building societies and b) a simple income and expenditure statement which summarised a parish's financial transactions during each accounting year. No reconciliation was required between the two documents and there was no requirement for the data to be incorporated into the Diocese's accounts. Under the new procedures, parishes will need to reconcile fund surpluses or deficits with opening and closing fund balances, analysed between various accounts, e.g. bank account, account with the Diocese etc. (See Return 4).

5.6 Basis of the Return

Where a charity's gross income exceeds a certain limit, it must prepare its accounts on an "accruals" basis where income and expenditure are recognised as they are earned or incurred, not as money is received or paid. This method of accounting applies to the Diocese. Parishes will generally continue to prepare their accounts (and their returns) on a receipts and payments or "cash" basis. In such circumstances it will be necessary to make some adjustments to parish data to bring them into line with the diocesan basis of accounting. It is intended that these adjustments will be achieved by taking into account the information contained in their returns which provide data on a) amounts owed by the parish at 31st December, and b) amounts due to the parish at 31st December (See Return 5). No such adjustment will be necessary for those parishes which elect to prepare their accounts on an "accruals" basis. In such circumstances, it will be necessary for parishes to indicate on the front cover of their returns which of the two methods they have adopted for the purposes of submitting their returns.

5.7 Submission of the Return

The various returns which go to make up the annual Parish Financial Return will need to be completed by all parishes and returned to the Diocesan Finance Office in Poringland. To comply with the regulations it is imperative that parishes submit their returns to Poringland as soon as possible but **not later than the end of March in each year**. If you do envisage any difficulties meeting the Diocese's timetable, please let the Finance Office know as soon as possible.

5.8 Accuracy of the return

The accounting framework set up by the Charities Act 1993 requires accuracy in the completion of the PFR. In addition to the new audit requirements, it is worth remembering that the Inland Revenue, the Charity Commissioners and other Government agencies, have powers of access to examine financial records and if appropriate assess underpayments or liabilities in back tax. Interest and penalties are now added as a matter of routine. Charities must pay particular attention to PAYE legislation. This is covered in detail in Section 10 of the Handbook.

5.9 Retention of other accounting records

Although the Diocese will only require parishes to submit their Annual Return to the Diocesan Finance Office, the detailed records supporting the PFR should be kept on file in each parish. They are important documents because without them, figures in the PFR cannot be supported or proven to any auditor or other examiner. Again, **all accounting records must be kept for six years**.

6. THE AUDIT PROCESS

6.1 Introduction

It is a requirement of the Charity Commissioners that the books and records of the Diocese are audited annually.

As Parish accounts are now aggregated with the Diocesan accounts, the Diocesan auditors, haysmacintyre, are obliged to audit the books and records of a number of Parishes each year.

Parishes are usually selected on a random basis and will either be visited by the auditors or will be requested to send in the Parish books and records to the Diocesan offices.

The audit is normally conducted in April and those Parishes selected will be advised of the auditor's requirements by March.

Subsequent to the Parish audit the auditors produce a written report of their findings, one copy being sent to the Parish Priest, with a further copy provided to the Episcopal Vicar for Finance.

The content of the report is intended to be constructive and should be used by the Parish Finance Committee to identify those procedures that are considered sound and also those procedures that would benefit from review.

The auditor's report contains clear guidelines on best practices and it is strongly recommended that the report be used as an "active" document throughout the year, featuring on the agenda at each Finance Committee meeting. By this means, all practices & procedures can be reviewed during the course of the year.

6.2 The Auditor's Report

An extract from a report is attached as Appendix 3.

6A. THE PARISH BUDGET

Guidance notes to aid preparation of a basic Parish Budget are attached as Appendix 4.

7. DATA PROTECTION

BACKGROUND

The rules relating to the control of personal data were previously subject to the provisions of the Data Protection Act 1984.

The 1984 Act served to regulate the use of automatically processed information (via computers) about living, identifiable people.

The Data Protection Act 1998

The 1984 Act has been superseded by the 1998 Act, which came into force on 1st March 2000. As from 23rd October 2001, MANUAL data is also covered under the Act.

PRINCIPLES

There are 8 broad principles under which organisations are bound by the 1998 Act:

1. Data must be obtained, held & used **FAIRLY & LAWFULLY**
2. Data cannot be obtained for one purpose and then used for another
3. Data obtained must be adequate, relevant & not excessive for its intended purpose
4. Data must not be disclosed in any manner incompatible with that for which it was obtained
5. Data must be accurate and kept up to date
6. Data must not be held longer than necessary for its intended purpose
7. Individuals for whom data is held have a **LEGAL RIGHT** to know what data is held
8. Data must be held securely

WHAT IS MEANT BY DATA ?

Data is "Personal information relating to a living individual who can be identified by the data or a combination of that piece of data and other data held"

WHAT IS MEANT BY SENSITIVE DATA ?

Sensitive data is personal information which includes information about any of the following:

- Racial or Ethnic Origin
- Political Opinions
- Religious Beliefs
- Trade Union Membership
- Physical / Mental Health
- Sexual Life
- Criminal Record
- Criminal Proceedings

Explicit consent is needed to hold Sensitive data and consent should be obtained in writing

TYPES OF INFORMATION COVERED BY THE ACT

- Register or card index of parishioners, detailing name, address, telephone number and other personal details
- Marriage Register
- Baptismal Register
- Register of Confirmations
- Register of First Communion
- Information on Covenantors & Gift Aiders
- Register of Reception
- Parish Census Forms
- Register of Funerals
- Church Rotas e.g. cleaning rota

- Register of Car Park Users
- Social Club Members List
- Employee applications
- Records of School Governors
- Lists of children attending Sunday School Classes
- Details of Pilgrims Visits

NOTE.....Care should be taken to ensure that only factual information is held – adverse comments based on personal opinion should be avoided.

REGISTRATION

Organisations that hold or process data concerning identifiable individuals are required to register with the Data Protection Commissioners.

Parishes are covered within the Diocesan registration on behalf of the Trustees.

PARISH REQUIREMENTS

It is imperative that all Parishes, in addition to understanding the 8 Principles, adopt procedures to ensure that the requirements of the 1998 Act are fulfilled. Necessary procedures are categorised as follows:

SECURITY

- Manual data must be held in locked metal cabinets and key access controlled
- PC data must be Password protected and password access controlled
- Archive records must be stored under lock and key
- Office doors should be kept locked when not in use
- Data must be destroyed once it is longer required for its intended use
- Where Data **must** be held outside office premises e.g at Priest's house, the same regulations apply
- Computerised Personal data should be regularly backed up and backup discs should be held at a separate location under lock and key
- Random internal Audit Checks should be undertaken to ensure that procedures are being adhered to

CONSENT

Existing Data

- Parishes need to obtain written consent from individuals for whom **Sensitive** data is already held i.e.
 - Existing Employees – see *Schedule 1* for specimen wording
 - Other Parishioners – see *Schedule 6* for specimen wording
- Parishes need to ensure awareness by individuals for whom non-sensitive personal data is already held i.e.
 - Parishioners on Registers

See *Schedule 2* for specimen wording which may be included in Parish Newsletter. This wording should be repeated at 3 yearly intervals.

- Parishes also need to issue reminders to Gift Aiders, via the Parish Newsletter, at **yearly** intervals. Specimen wording is detailed in *Schedule 3*
- As Data Controller for the Diocese the Trustees are obliged to confirm their requirements of all Parish Gift Aid Organisers. **Schedule 5 requires completion & return upon the appointment of a new Parish Gift Aid Organiser**

New Data

- Any forms currently in use which solicit personal information need to be amended to include a Data Protection Statement. It is recommended that a Data Protection Statement is included regardless of whether the information is considered either Sensitive or non-sensitive. See *Schedule 4* for specimen wording which may be incorporated into forms - above where the individual signs the form.
- Note...for children under 18 years of age, consent may be provided by a parent

RECEIPT OF REQUEST FROM AN INDIVIDUAL - TO VIEW DATA HELD

There is a standard form of reply through which information can be provided. To ensure conformity and consistency all such requests should be referred to the Diocesan Finance Office.

GUIDANCE

Please contact the Diocesan Finance Office if further guidance is required in implementing the above. The specimen wordings are available by E-mail.

SCHEDULE 1

WRITTEN CONSENT FROM AN EXISTING EMPLOYEE

The Roman Catholic Diocese of East Anglia

..... **Parish**

**The 1998 Data Protection Act
Employee Data Protection Statement**

Personal information obtained from you and about you during the course of your work with the Parish will be held in your personnel file.

The information is necessary for your proper employment and will only be disclosed to statutory bodies, auditors and restricted personnel authorised by the Parish Priest.

Your file will include some of the following where appropriate:

- Job Application Form
- Curriculum Vitae
- Acceptance Letters
- Contract of Employment
- Contract Amendments
- Job Description
- Assessment Reports
- Disciplinary Letters
- Sickness Reports and Notes
- Holiday Information
- Absence Information
- Next of Kin
- Bank Details
- Mortgage Request Replies
- References Given
- Payroll Details
- Pension Information

This information will be held for up to 3 financial years (6 years for salary details for Inland Revenue purposes) after you leave our employment. The file will then be destroyed.

Please sign below your acknowledgment of these details

Signature.....

Name.....

Date.....

SCHEDULE 2

NOTIFICATION TO PARISHIONERS FOR WHOM NON-SENSITIVE PERSONAL DATA IS HELD
(SPECIMEN WORDING FOR INCLUSION IN PARISH NEWSLETTER AT 3 YEARLY INTERVALS)

“In order to fulfill our requirements under The 1998 Data Protection Act we need to notify you that the Parish holds information regarding you, which will include some of the following:

Your Name
Your Address
Your Telephone Number
Date of Entry into our Register

This information is held for the purposes of maintaining our Parish Registers, our index of Parishioners and for keeping you informed. It will be updated every 3 years and will be held until no longer required. Once the information is no longer required it will be destroyed. This information is securely held and access is restricted to the Parish Priest and those authorised by the Parish Priest.”

SCHEDULE 3

NOTIFICATION TO PARISHIONERS WHO HAVE SIGNED GIFT AID DECLARATIONS
(SPECIMEN WORDING FOR INCLUSION IN PARISH NEWSLETTER AT **YEARLY** INTERVALS)

“**A reminder to all those who have previously signed Gift Aid Declaration Forms** – if any of your personal details have altered please could you contact _____ to arrange to make out a new Gift Aid Form or to cancel the existing one. Otherwise we will assume that the data we hold remains accurate.”

SCHEDULE 4

SPECIMEN WORDING TO BE INCORPORATED INTO FORMS WHICH SOLICIT PERSONAL INFORMATION

“In signing this form I agree that the information given above may be held by you due to the fact that some or all of the conditions as set out in Schedule 3 of the 1998 Data Protection Act may apply.”

SCHEDULE 5

AGREEMENT TO BE SIGNED BY A NEW PARISH GIFT AID ORGANISER AND RETURNED
TO PAT COX AT THE DIOCESAN FINANCE OFFICE

The Roman Catholic Diocese of East Anglia
Registered Charity No. 278742
Data Protection Act 1998
Agreement with Diocesan Trustees

As Data Controller under the data Protection Act 1998 the Trustees are required to confirm their requirements with you.

As Parish Gift Aid Organiser you will obtain and hold personal data:

- Personal data obtained will be sufficient to enable recovery of tax paid from the Inland Revenue on the donations made under Deed of Covenant or Gift Aid, by tax paying individuals
- The information required will be specified from time to time by the Diocesan Gift Aid Organiser
- The information will be held securely and will be disclosed only to the Parish Priest, Diocesan Finance Office, Diocesan Gift Aid Organiser, Inland Revenue and Auditors
- Any written requests by data subjects for information processed on them must be submitted immediately to the Diocesan Finance Office for action

I acknowledge receipt of this Data Protection Act 1998 Statement of Particulars for Parish Gift Aid Organisers and will comply with the confidentiality requirements.

Name of Parish.....

Name of Parish Gift Aid Organiser.....

Signature of Parish Gift Aid Organiser.....

Date.....

SCHEDULE 6

**Data Protection Act 1998
Form of Consent to Hold Personal Data**

Data Controller: The Trustees of The Roman Catholic Diocese of East Anglia

Parish:

Purpose for which Data is to be held and Processed:

Typical Processing Activities:

Description of Personal Data:

Sources of Data:

Disclosure of Data:

Length of Time Data is to be Held:

Physical Security Measures Protecting Data:

- I have read and understood the reasons why it is necessary for you to hold my personal data and I consent to the processing and disclosure in the manner described above.

NAME.....

Signed..... Date.....