

Treasurers' Handbook



The Uniting Church in Australia
QUEENSLAND SYNOD

Important information

This manual is designed to provide general guidelines about the Goods and Services Tax (GST) and the necessary processes. As business circumstances can vary greatly, the material is not designed to provide specific GST or business advice.

GST is complex and detailed and this handbook does not comprehensively cover all aspects of the tax as it applies to small and medium enterprises, the community and education sectors. Further, the laws pertaining to the GST may change and you are requested to stay abreast of new rulings as they are brought into law.

Before you rely on this material you should:

- make your own enquiries about whether the information is relevant and still current, and whether it deals accurately and completely with a particular matter; and
- as appropriate, seek your own professional advice.

This material is provided for information and understanding, not for problem solving, especially with complex trading arrangements.

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Chapter 1. Introduction

The aim of this handbook is to provide assistance to treasurers by outlining the minimum requirements for the financial administration of the congregation. The handbook also serves as a reference guide providing instructions and background on the various financial areas for managing a congregation's finances.

The Finance Investment and Property (FIP) Board has the responsibility on behalf of the Queensland Synod for policy and administration in financial and investment matters. Synod management are keen to play a more significant role in advising and supporting treasurers so please contact the Finance Team on 3377 9765 or via pres.accounts@ucagld.com.au if you have any queries or require help.

This document should be kept in a safe place along with your data backups and system software. Church councils are asked to make the reading of this handbook mandatory for new treasurers.

Financial management

Effective stewardship in the Uniting Church in Queensland and its agencies is demonstrated by responsible management and the development of resources and their flexible utilisation across the church for the purpose of mission. This takes place within a culture of self-reliance, initiative and sustainability with regard to management and mission initiatives. Good stewardship is seen as a corporate and individual responsibility and privilege, demonstrated by innovative strategies and appropriate risk-taking and risk management processes. The church is infused by an ethos of generosity.

Financial management is a process which generally involves a number of people in the collection and management of financial information for the local church/congregation/agency.

It will involve:

- Budgeting: documented planning of anticipated income and expenses that the congregation is likely to incur over the coming year.
- Accounting for income and expenses: the timely recording of income and expenses generated for the period.
- Reconciling bank account balances: ensuring the balance held in the bank account matches the amount that the congregation has documented.
- Preparing financial reports in a timely manner for consideration by the church council, congregation meetings and Presbytery.
- Reviewing income and expenses against budget: understanding variations to budget and being able to explain them to the church council, congregation and Presbytery.
- Using the results of the reconciled accounts and financial reports for informed decision-making and deciding if the cash flow will allow expenditure.
- Comparing prior periods for trend analysis and developing a view of how things are progressing.
- Preparing annual financial statements in a timely manner and ensuring reports are audited.
- Completing annual returns when requested by Presbytery.
- Ensuring good governance by appropriate record-keeping and segregation of duties to reduce the risk of misappropriation of congregation resources.

Chapter 2. Role and responsibility of the treasurer

2.1 Who can be treasurer?

Under the Regulations, section 3.6.1 (d) the church council shall appoint annually from among its members a treasurer who shall:

- a) receive all monies on behalf of the church council and pay them into a bank account of an approved financial institution.
- b) keep proper books of account and furnish financial statements to the church council and congregation at the end of each year and at such other times as the church council or congregation may require.

Although there is no requirement for the treasurer to be a qualified accountant, it will certainly help if the person has good working bookkeeping and GST knowledge.

For the appointee to act correctly, the church council should ensure the treasurer has a copy of the current Regulations drawing particular attention to the finance and audit sections.

The church council should consider providing an auxiliary assistant to the treasurer to provide support during holidays or illness. Where possible, it is prudent to have more than one person to assist in the finance administration in order to provide continuity and help reduce loss of knowledge should the treasurer resign or be no longer able to fulfill the role.

Responsibilities include:

- Security of money in particular but not limited to collections, fetes, sales, etc.
- Counting and banking of offerings
- Monitoring bank accounts
- Payment of invoices
- Regular balancing of accounts/bank reconciliations
- Financial reporting to church council and Presbytery
- Preparation of annual accounts
- Budgeting
- Oversight of all financial transactions within the jurisdiction of the congregation
- Security of all assets
- Management of the church's insurance needs.

2.2 Common treasury questions

Below are some critical questions which treasurers should be able to answer (or know where to find the answers) to the church council or congregation when requested.

- How much money is held in the various bank accounts?
- Who are the account signatories for the accounts and are they all current members of the council?
- What was spent in the last quarter, last month, same period last year?
- What is the main source of income?
- How do I handle cash transactions arising out of weddings and funerals?
- What internal controls exist over offerings and main income streams of the church?

- Are you eligible for any grant money?
- Are bequests handled properly?
- Does your congregation receive rents from a manse?
- Has the congregation provided for ongoing repairs to the manse?
- How are fundraising events handled?
- How much is owed and to whom?
- Have all obligations been met on a timely basis e.g. loans, payments to the ATO etc.?
- What direct debits are in place?
- Was a budget set, and how is this tracking against actual income and expenditure?
- Are there new mission activities planned and how are they to be financed?
- Has the BAS statement been completed on time and regularly?
- Have all cheque books been accounted for?
- Has the minute book been reviewed as part of the audit?
- When were the accounts last audited?
- What type of assets does the church own?
- Is an annual return submitted yearly?
- Has the audit declaration been completed yearly?

If you are unable to answer any of these questions, then a review of the accounts and procedures is warranted. See the audit checklist (15.3) in the appendices for a more complete list. The checklist provides a useful tool for treasurers and auditors about the major points of internal control facing most congregational activities.

Chapter 3. What you will need (general information)

Your basic tools:

- An accounting software package or multi-column cash book
- Uniting Church GST manual
- Internet access to verify ABN numbers on abr.business.gov.au
- A filing system for invoices and receipt information.

3.1 Appropriate records

At a minimum, the following records should be maintained:

- A receipt book containing forms of receipts printed in duplicate and numbered
- Cash payments book
- Vouchers and invoices
- Bank reconciliation
- Records of accounts from financial institutions e.g. bank statements
- List of investments and grants
- A petty cash book, if applicable
- A register of assets
- A record of resolutions and discussions re financial matters, recorded in the church's minute book
- Mission budgets
- Cash handling procedures.

3.1.1 Retention of records

Congregations often ask how long records must be maintained.

Common sense plays an important part, and when considering the destruction of records you may have an obligation to consider items of archival value which would be important to retain from an historical point of view.

The retention of records should be reviewed on a case-by-case basis to ensure that documents are not erroneously destroyed without any way of retrieving the information should it be required at a later period. Documents should be accessible should they need to be referred to for regulatory reporting purposes, legal or other day-to-day queries. Congregation financial and non-financial records should be maintained onsite on congregation property rather than at an individual's home. Financial documents should be secured in a lockable cabinet with cheque books and cash being secured in a safe away from plain sight.

In relation to maintaining historical information, the general rule of thumb for financial records is that they are maintained for seven years. However this depends on the type of transaction; for example if the documents are in relation to the purchase of an asset,

those records need to be maintained by the congregation for the life of the asset and then approximately seven years after its disposal.

Non-financial information should be maintained regardless of timeframe.

3.2 Books of account

Section 3.8.7 (a) of the Regulations states: "All funds of the church shall be accounted for using proper, approved methods of accounting. The body responsible for funds shall keep proper books of account. The books of account shall include all receipts and disbursements received or made, all credits and debts owing or due and all other relevant matters necessary including a full explanation of the accounts. The body responsible shall, upon the request of the chairperson of the church council or other appointing body or the Synod Property Officer or any person authorised by any one of them, produce the books of account together with all supporting or relevant accounts, receipts, and documents for inspection, and shall permit extracts to be taken and copies to be made by any such authorised officer."

Chapter 4. What you will need (accounting records)

4.1 Accounting software packages

The Synod recommends the use of accounting software packages for maintaining the congregation's accounting records, although we do not recommend any specific packages. When researching the right software package for your congregation, the basic functions that should be provided include:

- Bank reconciliation
- Integrating bank statement import into the data
- Entering supplier invoices and process payments
- Calculating and managing GST
- Preparing and lodging BAS reports
- Creating revenue invoices
- Managing debtors.

The following sections relate to paper-based accounting systems.

4.2 Congregation bank account

The Synod requires that the church council minutes document the approved authorisation of the account opening and relevant authorised signatures. This is designed to prevent anybody opening an account in the church's name without authorisation of the church council. The account should be opened in the name of the congregation; the congregation name is the name approved by the Presbytery.

It is important to ensure that the authorised signatures are updated whenever there is a change to the church council.

Once an account is opened, a bank statement will be sent by your bank detailing the transactions that occurred during the statement period. The bank statement is used via a bank reconciliation to check that the records kept by the treasurer do in fact agree with the records of the bank.

It is wise to request your bank statement be received at least monthly.

4.3 Cash book

If you are not using an accounting software package, you will need a manual cash book. A good cash book will contain the following information:

- a) Date cheque drawn or receipt issued
- b) Cheque or receipt number
- c) Details of the cheque payee or the person from whom the monies were received
- d) Details of what the cheque or receipt are for (e.g. payment of electricity account or receipt for donations)
- e) The amount of the cheque or receipt. For receipts, a total banking column is also useful.

Every receipt and every payment needs to be entered into the book. The details are those on the cheque butt and the duplicate receipt books. Usually one side of the book is for receipts, the other for payments.

A cash receipts book page may look like this:

Bayliss Street Uniting Church cash receipts book											
Date	Receipt No.	From	Total amount	Offerings loose	Donations	Appeals	Grants	Hall hire	Interest	Other	
1/11/02	1	G Carr	10							10	Sale of light
2/11/02		Sunday	2000	1000	100	900					
10/11/02	2	S Dood	500					500			
15/11/02	Bank St	U.C.I.S	334						334		
		Total	2844	1000	100	900		500	334	10	

Similarly, the payments side may look like this:

Bayliss Street Uniting Church cash payment book											
Date	Cheque number	Payee	Total amount	Stipend	MSF	CEM	Travel	Electricity	Telephone	Other	Details
1/11/02	100023	Synod office	711	711							
2/11/02	100023	Synod office	100		100						
10/11/02	100023	Synod office	10			10					
15/11/02	100024	Origin	256					256			
		Total	1077	711	100	10	0	256	0	0	0

Key controls:

- Receipts and cheques are written up in numerical sequence.
- The selection of headings is appropriate for the entity (refer to last year's accounts for larger account dissections).
- The book must be balanced and added up each month. The totals should form the basis of the treasurer's report to the church council.
- The total of the dissections must equal the sum of the banking column (receipts) or the amount column (payments).

4.4 Cash receipt book

A cash receipt book can be obtained from any newsagent. A pre-numbered carbon duplicate receipt book may look like this:

Bayliss Street Uniting Church		Receipt No. 234	
ABN: 25 564 589 259			
Date:	03/12/2016		
Received from:	Brad Jones		
Amount:	\$20.00	Words:	Twenty dollars
Details:	Proceeds from car boot sale		
Signed by:	Congregation treasurer		

4.5 Deposit book

Deposits must be made to the congregation's transactional bank account. Many banking institutions provide a deposit book to record the account deposit details.

4.6 Cheque book

A cheque book will facilitate the payment of accounts and is available from your bank.

A cheque account can be obtained from most banking providers. For Uniting Church organisations and congregations, cheques must be signed by at least two signatories who will be authorised to operate the account. Under Synod By-laws, you need two people to sign cheques to withdraw money from an account.

Using your cheque book

You can use your cheque book to pay bills on behalf of your congregation. Please ensure that there is enough money in the account to cover your cheque amount prior to writing a cheque. Banking providers may charge a dishonour fee for cheques that are presented for which there are insufficient funds in the account.

If you are an authorised signatory to the cheque book, ensure that substantiation is provided for each cheque before signing. Do not sign blank cheques or cash cheques. If the congregation has a petty cash facility then a cash cheque may be required to top-up the balance, in which case you will need to ensure that a petty cash reconciliation including substantiation has been completed and provided before signing the cheque.

Paying bills by direct debit

You can authorise outside parties to electronically debit your accounts. If you have regular bills to pay such as lease payments on office equipment, the money can be automatically debited from your accounts.

4.7 Using computers for records

The congregation treasurer may decide to use a computer accounting software package such as MYOB, Quickbooks or Xero.

If using accounting software packages, ensure that the computer on which the program is installed can be accessed by another member of the church council in the event the congregation treasurer has a leave of absence due to illness or holidays.

Please ensure that back-up processes are in effect, either securely onsite or offsite e.g. cloud-based.

4.8 Cash handling policy and procedures

Congregations are largely cash-based and may need to handle large sums at certain times of the year. It is essential that proper processes exist to ensure that security is maintained and that those handling the cash understand their responsibilities. To provide a safeguard to both the congregation and the people counting the cash, it is important that cash-handling procedures are documented.

These procedures should be clear and must include (but are not limited to) the following items:

- The responsibilities of the persons handling the cash
- The documents to be completed when receipting and expensing amounts
- The authorities or approvals required for expensing amounts
- Who to refer to when there are queries relating to the receipting or expensing of amounts.

The policy should be provided to all members who are involved with handling of cash and banking.

Chapter 5. The money that comes in (income/receipts)

At the local church level it is important that the collection, counting, recording and banking of all receipts be controlled.

5.1 Offerings

The congregation should be mindful of the following:

- Promptly after each church service, the collections should be counted and checked by at least two persons who should then enter the particulars on a collection record (register of services and later updated in the accounts systems either by way of cash book or accounting software program) and initialled by those completing the count.
- Counting of cash should be out of sight and completed securely in the office or secure room on the premises.
- Cash should not be left unattended unless it is adequately secured by way of safe or lockable petty cash tin.
- Ensuring contents of donations boxes etc. are cleared daily/regularly.

The table below is a document example of what should be recorded when the cash amounts are counted and recorded:

Bayliss Street Uniting Church

Breakdown	Numbered envelopes	Unnumbered envelopes	Loose plate	Sunday School	Appeal	Other	Total
Cheques							\$
\$100							\$
\$50							\$
\$20							\$
\$10							\$
\$5							\$
\$2							\$
\$1							\$
50c							\$
20c							\$
10c							\$
5c							\$
				Total cheques	\$		
				Total notes	\$		
				Total coin	\$		
Totals	\$	\$	\$	\$	\$		
Date	Name		Signature				
	Name		Signature				

It is important to clearly identify offerings into loose envelopes (including envelope numbers if appropriate) and details of any specific offerings e.g. the Lenten appeal. Most errors occur when there is insufficient information recorded. The recording of this information should be done prior to the envelopes being destroyed. Two people are to sign the record and a copy is to be held for the audit. It is suggested that the people counting the money be rostered and regularly rotated.

5.2 Other income

Receipts other than offerings should be handled in the following manner. Any receipting system must be able to show:

- the date monies were received
- the source of the monies (i.e. who from), and
- the purpose of the money.

A pre-numbered carbon duplicate receipt book will usually provide sufficient options. A copy is required as a record of the transaction and is a replica of the original transaction in case it is ever queried. An example is provided in section 4.4.

Key controls:

- The receipt book/offerings register should be pre-numbered. This establishes a unique number for each transaction. It also aids writing up the transaction in the cash book (discussed later).
- The receipt/offerings register should be stamped/printed with the congregation's name at the top of the document. NB: the stamp is an important control item that should be securely held.
- The receipt should record the amount in both numbers and words (this can aid in the reconciling process where the cash disagrees with the total of receipts). If a receipt is damaged or there is a major error, do not destroy the receipt. Rather, cancel the receipt (draw lines across the receipt and mark "cancelled" and leave the original receipt in the book).
- If there are minor errors in the receipt make the necessary change, and initial the change.
- A receipt/offerings register should be written out as soon as possible after the money is received (this prevents the treasurer from accidentally spending the money at a later stage!).

Sometimes it may not be possible to record the names of all people who contributed money such as the total receipts from special dinners, fundraising, etc. A separate sub-committee may conduct such activities and thus be responsible for the collection of cash on the day; for example the youth group or women's and men's fellowships. The treasurer is often placed in a position where they need to reconcile the actual cash received with the different sorts of paperwork produced by the sub-committees.

In these situations an alternative method of receipting must be adopted. The preference is for a standardised form which is signed by both the treasurer (when monies are handed to them for banking), and the person who was initially responsible for collecting the money. It is imperative that the activity for which the money is received is clearly identified. An example is as follows:

Bayliss Street Uniting Church		No 1
Date:	3/12/2002	
Activity:	Youth group	
Project:	Car boot sale	
		\$
	Total cash given to treasurer:	300
	Less float from treasurer (if applicable):	50
	Total receipts:	250
Signed as being a true record:		
_____	_____	
Treasurer	Activity coordinator	

In some instances small sub-committees net off receipts and payments, giving the balance to the treasurer. It is important at this time to identify any cash payments associated with the receipt and have both receipts and payments recorded correctly. When receipting monies for small sub-committees and fundraisers, check that appropriate documentation exists for GST-free items (refer to the Uniting Church GST manual) and that GST to be remitted to the ATO is clearly identified.

Key controls:

- Both the treasurer and the person in charge must countersign each form when receipting monies from sub-committees.
- The total of all the activity sheets (including all payments and receipts) received by the treasurer must be reconciled to the total banking.

5.3 Banking of receipts

Finally, receipts taken by the treasurer must be banked on a regular basis. This does not mean monthly, but more usually at least weekly so as to reduce the possibility of theft of funds (or being accidentally spent). As most congregational funds are received on Sunday, banking should be made first thing on Monday. If possible you should approach your local bank for access to a night safe.

Adequate provision for the safe deposit of funds after banking hours should be made to ensure that the funds are safe and that the safety of the members of your congregation is upheld. (Keeping the Sunday offerings in a jar under the pulpit does not constitute keeping the cash secure!).

Banking should be done intact, i.e. the total of the banking should equal the total of all receipts since the last banking. The total of all the receipts should be recorded in the cash book and agreed to the subsequent bank statement. When lodging the cash/cheques with the bank it is good practice to write the receipt numbers to which the banking relates on the bank deposit sheet. This aids the audit trail of the receipting process.

Do NOT use receipts to make any form of payment.

Chapter 6. The money that goes out (expenses/payments)

The church must have a good system for recording cash payments. With the exception of small payments, all congregational payments should be made by electronic funds transfer (EFT), cheque or direct debit. Small payments may be made from a petty cash float (See section 6.4). As a guide, all payments above \$100 should be made by cheque.

The cheque book is a valuable asset and should be kept in a safe place. Never leave signed cheques in the cheque book. This practice poses a serious risk to the cash security of the congregation's funds.

The treasurer should ensure that all cheque books operate on two signatures and that the church council has minuted who can sign cheques. A list of authorised signatures would normally include the Minister of the Word, treasurer, church council chairperson, church council secretary and two other members of the church council. The list of signatories will vary from congregation to congregation due to size, the auxiliary functions and committees.

The treasurer needs to ensure that invoices comply with the GST legislation. The tax office will disallow any refund of GST on an unapproved tax invoice.

The invoice must have the wording "Tax invoice" and the Australian Business Number (ABN). GST treatment must be noted, i.e. GST included in the value, or items indicated as GST-free.

It is important to note that the treasurer is responsible for verifying that the ABN is a valid number and if the business is charging GST, that the business is registered for GST. If the business is not registered for GST (they still may have an ABN number) then the congregation is foregoing a GST credit. This is an important point to clarify before any contracts are awarded. To check if a business is registered for GST, visit the Australian Business Register at abr.business.gov.au

If an invoice bears no ABN number or the supplier is not registered with an ABN, then you are obliged to withhold 48.5% of the payment and remit this amount to the Australian Taxation Office. This applies whether or not you have an ABN. If the supplier of goods and services does not quote an ABN, withholding tax is deducted from the invoice amount unless it is:

- payment for salaries and wages
- payment less than \$50
- payment for an individual for a hobby. (Make sure you acquire the appropriate approved declaration form from the Australian Taxation Office).

When receiving a request for payment, it is critical to ensure that a tax invoice is received. Some payments may need to be made and a tax invoice may not be available. Examples of such payments are travel reimbursement for the minister and payment from offerings relating to an appeal (e.g. Lenten appeal). In these situations a voucher must be prepared which acts as evidence of the payment. An example is as follows:

Bayliss Street Uniting Church			
Payment voucher			
Date :	31/12/2002	Cheque No.	248
Payee:	Glen Ingram		
	Travel reimbursement		
For:	50 kilometers		
Amount:	\$20.00		
Required by:			
Authorised by:			

Key controls:

- Keeping the cheque book in a safe place.
- An invoice or payment voucher must support each cheque payment.
- Before payment, each invoice should be checked for accuracy and to ensure it is a proper tax invoice in accordance with Australian Taxation Office guidelines. The treasurer (or other person who engaged the expense on behalf of the church) must approve each invoice. For payment of stock, the officer acknowledges receipt of that stock. A signature on the invoice or voucher should evidence this.
- When paid, the cheque number must be written on the face of the invoice so that it is not paid twice. Similarly, the invoice/voucher can be stamped "PAID".
- All supporting documentation, whether it be invoice or voucher, must be filed in cheque number order. This ensures that the payment file represents a complete record of the purpose and authority of each payment made. It also means that the auditor has an easy job locating documentation at the time of audit.
- Church council records should identify those authorised as bank signatories. Two authorised church council representatives must sign each cheque or release the EFT payment, usually the treasurer and one other. It is good practice to record four to five cheque signatories with the bank; this ensure payments are not held up if someone is away.
- When signing cheques, the original documentation should be presented to the signatories for review.
- Do not sign a blank cheque.
- All relevant details must be recorded on the cheque butt or EFT payment receipt confirmation. That is, the date of payment, payee, amount and the purpose.
- If cheques are made out incorrectly, cancel the cheque by writing "cancelled" on the face of the cheque. This should be retained in the cheque book.
- When setting up EFT payments, ensure that two people are required to authorise the payment and that they have all the approved paperwork prior to approving the payment.
- Ensure all invoices are in the name of the congregation and we suggest that they are sent to the congregation's physical address or registered email address.

6.1 Stipend and associated costs

One of the largest payments made by a congregation will be for the minister's stipend and associated costs. The Remuneration and Nomination Committee (RNC) sets the minister's stipend and allowances yearly. Revised figures for the forthcoming year are sent to the treasurers usually with

their November cash remittance. Information on the approved rates is communicated via Uniting News as soon as available to assist with budget preparation for the new year. A copy of the annual Ministerial Agent Payments notification can be found on <https://ucaqld.com.au/synod-services/people-and-culture/forms/>

6.2 Stipend and allowances payments

It is important to note that the minister and congregation staff are paid directly by the Synod office. This is to ensure that for legal purposes the congregation, the Synod and ministers' interests are protected. Cash payments directly to ministers or any other private arrangements between congregations and ministers are **strictly prohibited** and can pose serious consequences for the congregation and Synod.

6.2.1 Travel allowance payments

The travel allowance rate is to be negotiated between the minister and the congregation in accordance with the schedule recommended by the RNC. This schedule is published on the annual Ministerial Agent Payments notification which can be found on <https://ucaqld.com.au/synod-services/people-and-culture/forms/>

6.2.2 Supply ministry payments

Payments to ministers in supply arrangements are administered through the Synod office payroll service. Your Presbytery representative will be able to help you with sourcing a supply minister as required and determining applicable payments.

6.2.3 Long service leave arrangements

In relation to long service leave the following will apply. The congregation will continue to pay to the Synod office for the minister on long service leave:

- Minister's stipend
- Beneficiary Fund Levy
- House allowance (if applicable)
- All on-costs that would normally apply e.g. CEM, SAAP, Work Cover, etc.
- The congregation will **not** be obliged to pay a travel allowance while its minister is on long service leave.

The congregation will pay for the supply minister:

- Basic travel allowance (or travel reimbursement for mileage).

The Long Service Leave Fund will pay for the minister proceeding on long service leave:

- A personal grant
- Standing costs component of the travel allowance.

The Long Service Leave Fund will pay for the supply minister:

- Basic stipend
- House allowance
- On-costs such as Work Cover and superannuation or Beneficiary Fund where applicable.

Long service leave provisions for ministry agents are detailed in section 9 of the Ministry Agents Handbook, which can be found on <https://ucaqld.com.au/synod-services/people-and-culture/forms/>

6.2.4 Special payments

Effective from 1 July 2002, the Taxation Laws Amendment Bill No. 5 (168 of 2001) states that "an entity must withhold an amount from a payment it makes to a religious practitioner for an activity, or a series of activities, if:

- a) the activity, or series of activities, is done by the religious practitioner in pursuit of his or her vocation as a religious practitioner; and
- b) the activity, or series of activities, is done by the religious practitioner as a member of a religious institution; and
- c) the payment is made by the entity in the course or furtherance of an enterprise that the entity carries on."

The effect of this law is that many of the payments which historically may have been paid directly to the minister by the congregation are now subject to PAYG withholding tax. All payments which might attract withholding tax must be forwarded to the Synod office to facilitate payment to the individual through the payroll system. This will ensure that tax is deducted at the appropriate rate and avoid the issue of multiple payment summaries.

Any claim for reimbursement of expenses from Ministers of the Word, deacons, lay pastors and youth workers must be supported by a copy of a tax invoice displaying an ABN number. Without supporting invoices, the reimbursement will be processed through payroll and will attract PAYG withholding tax.

Below are examples of types of payments which may attract PAYG withholding tax. This list is not exhaustive.

- Student assessment/marketing fees.
- Fees for writing lectures and conducting courses.
- Motor vehicle travelling expenses which are paid on a cents per kilometre basis i.e.:
 - travel to Presbytery meetings, travel equalisation
 - travel to Synod
 - travel for continuing education
 - travel reimbursement for holidays (remote locations only)
 - leadership development for distances greater than 100 km
 - mentor scheme for distances greater than 100 km.
- Travel expenses (not pre-paid and supported by a tax invoice).
- Cash gifts for bereavement, celebration of ministry to assist with travel of the minister or spouse.
- Performing weddings, funerals and baptisms.
- Payments for visiting and performing a service.

- Payment received for writing and sale of books (PAYG tax is not applicable if an invoice displaying an ABN number is submitted with or at the request for payment).
- Payments for sale of self-recorded CDs (PAYG tax is not applicable if an invoice displaying an ABN number is submitted with or at the request for payment).
- House allowance paid in cash to a minister:
 - House allowances which are paid direct to rental agents and to offset mortgage payments are exempt from PAYG but cash paid to the minister in lieu must be forwarded to be processed through payroll.

If your payment type is not listed above and you are unsure if PAYG withholding tax applies, please contact payroll services on (07) 3377 9732.

6.2.5 Sickness and accident policy

This fund is designed to provide assistance to congregations and faith communities where the provision under the Workers' Compensation Act does not apply.

The stipend and allowances of Ministers of the Word, deacons, lay pastors, youth workers, congregation Christian education staff and congregation assistants are the responsibility of the congregation or appointing body for as long as the settlement/appointment remains current.

Eligible staff

Participation is compulsory for all full-time Ministers of the Word, deacons, lay pastors, youth workers, congregation Christian education staff and congregation assistants in settlements/appointments approved by the Placements Committee.

Participation is compulsory for all congregations, presbyteries and Synod departments where settlements/appointments are in place and where eligible staff are employed. Other agencies may participate where eligible staff are employed.

Each congregation, faith community, Presbytery and Synod department or other appointing body will pay to the fund (through the cash remittance), the sum of \$32 per month in respect of all eligible staff to be covered by the fund.

Benefits

- a) As part of its commitment to creating a safe and healthy working environment, the Queensland Synod will ensure it actively manages workplace rehabilitation which provides injured and ill workers with the support needed to achieve a safe and early return to work. The contracted workplace rehabilitation services are paid by this fund.
- b) This fund will provide financial assistance (subject to the terms, conditions and benefits outlined in the Sickness and Accident Assistance Plan [SAAP] guidelines and procedures document) to the participating congregation, faith community, Presbytery, Synod department, agency or institution for additional expenses which are actually incurred in engaging a stipend supply minister or paid pastor in the event of a minister in placement having to take an extended period of

continuous sick leave where provisions under the Workers' Compensation Act do not apply.

- c) Any benefits payable under this fund will be capped to a maximum of no more than the proportion of full stipend the minister in placement had been receiving immediately prior to having to take an extended period of continuous sick leave. In the event of the minister in placement having to take an extended period of continuous sick leave not being a full-time placement, the participating congregation, faith community, Presbytery, Synod department, agency or institution will only be able to claim the pro-rata equivalent benefits under the SAAP (e.g. if the minister is in placement in a 0.5 capacity, the participating entity is only entitled to claim up to the equivalent of a 0.5 role, whether a minister or pastor).
- d) Any costs or expenses incurred which are not specifically mentioned in section 6.2 are not covered by the SAAP and will be the responsibility of the congregation, faith community, Presbytery, Synod department, agency or institution.
- e) Where an eligible staff member dies in placement or during an appointment, the congregation or appointing body may make a claim to a maximum of \$200 per week for six months in the following situation:
 - where the family of the deceased minister are allowed to remain in the congregation's manse, or
 - the family of the deceased minister are provided with accommodation for a period not exceeding six months.

Benefit periods

- a) A claims exemption period of the first 14 days applies from the date of accident in the case of an injury received by a minister in placement, or the date upon which a medical practitioner certifies that a minister in placement is unable to work in the case of illness (that is, no reimbursement will be paid for the first 14 days).
- b) For any claim to be continued/extended beyond three months the congregation, faith community, Presbytery, Synod department, agency or institution must:
 - provide an updated medical certificate regarding the current and ongoing condition of the minister on sick leave, including the condition and further period of incapacity.
 - demonstrate that rehabilitation and return-to-work management options for the minister on sick leave have been investigated with the contracted workplace rehabilitation providers.
- c) Only under demonstrated exceptional circumstances will a SAAP claim be allowed to continue for longer than a period of six months. It should be noted that for ministers belonging to the Assembly Beneficiary Fund, provision is made for temporary retirement in the event of prolonged illness.
- d) Under no circumstances will SAAP benefits be paid beyond the earlier of:
 - the date of the minister taking up any benefits available from the Assembly Beneficiary Fund, or

- 12 months from the date an accident resulted in an injury or the date on which the initial medical certificate in relation to an illness was obtained.

The fund is an internal Queensland Synod fund that is not transacted through an insurance company.

6.3 Mission and Service Fund

The Mission and Service Fund (MSF) represents a partnership between congregations, presbyteries and Synod. The MSF is the Uniting Church in Queensland's way of sharing the financial support of mission equitably across the whole life of the church. Contributions are received from congregations and agencies.

The type of activities supported by the fund includes:

- Overheads to run Synod
 - Assembly
 - Synod
 - Ministry support (long service leave, removals, payroll, zone allowance)
 - Moderator, General Secretary, Synod support, boards and committees
 - Presbyteries
 - Ministers
 - Operating budgets
 - Support
- Strategic projects
 - Presbyteries
 - New planting
 - New expressions of ministry
 - Synod
 - Chaplaincy (education, health, prison, tourism)
 - Christian formation (Trinity College Queensland)
 - Assembly
 - Frontier Services
 - UnitingWorld.

6.3.1 Congregation contributions

The congregation benchmark for the Mission Service Fund contribution historically has been 20 per cent of gross income. At the beginning of each financial year the Synod Standing Committee determines a total contribution figure per Presbytery.

The individual presbyteries determine the contribution split between the congregations based on financial information such as the congregation annual return data.

Chapter 7. Investments

U.C.I.S has been established by the Synod as the body authorised to invest and manage funds on behalf of all activities of the Synod.

This requirement flows from Regulation 3.7.4.6, through By-law Q.2.4.4 with the Finance Investment and Property (FIP) Board responsible for treasury activities.

The Treasury Policy, approved by Synod Standing Committee resolution #17.140, identified U.C.I.S as having the function to manage all cash which is in excess of working capital requirements for every church body within the Queensland Synod.

The policy highlights that each church body may operate a bank account for working capital requirements. Any funds in excess of working capital requirements **MUST** be invested with U.C.I.S.

Key controls:

- a) Once invested, the treasurer must retain all correspondence from U.C.I.S and maintain an investment schedule to provide proper accountability. This should be completed for all bank accounts, not just those invested with U.C.I.S.

The register should include:

- Date of deposit
 - Amount of deposit
 - Interest rate
 - Maturity date.
- b) Investments must be lodged using the same controls as any payment. That is, authority for investing **MUST** be approved and minuted by the church council.

7.1 Uniting Church Investment Services (U.C.I.S)

7.1.1 Investments

U.C.I.S offers a range of fixed term investment products including terms of 60, 90, and 180 days or 12 months. A cash investment product is available for surplus funds which need to be accessible.

Note that per industry banking regulations, U.C.I.S does not offer transactional accounts. Congregation working accounts should be held with an AA-rated commercial bank.

Congregation investments with U.C.I.S are required to have an Authority to Operate (ATO) form completed. This ATO provides U.C.I.S with a list of all the signatories for the investment. In accordance with Assembly regulations, congregation investments must be operated as "two to sign".

All signatories must complete a Becoming Identified with U.C.I.S (100 point ID) form.

Contact U.C.I.S on 1300 655 653 or ucis@ucaqld.com.au to discuss investment options available to your congregation.

7.1.2 Mutual Support Scheme (MSS)

U.C.I.S Mutual Support Scheme can increase your church's revenue with a long-term, regular income stream on top of offerings.

The scheme can help your church achieve its vision: worship centres and church facilities can be built, ministry positions funded, loans repaid earlier and new programs implemented in the community.

How does MSS work?

Congregation members open U.C.I.S MSS investments with a minimum balance of \$1,000. Each investment is held in the member's individual name; they retain control over their individual funds and have 31 days' notice of withdrawal access to their funds. MSS investors earn no interest.

U.C.I.S pays a benefit to your church each month, based on the levels of individual members' investments throughout that month.

The benefit can be paid to the church one of two ways:

- a) As a deposit to a U.C.I.S Cash Investment held by your church, thereby increasing the revenue of your congregation, or
- b) As a deposit to a U.C.I.S MSS Loan held by your church, acting as extra repayments which help to repay the loan faster.

Please contact U.C.I.S on 1300 655 653 for more details.

Chapter 8. The stuff you “own” (assets)

8.1 Bank accounts

Bank accounts are the most liquid asset and the one most at risk. It is important that we have good control over all aspects of the bank account. As well as cash payments and cash receipts controls mentioned in the manual, a bank reconciliation must be completed. Generally this is the final step in completing the monthly records. It is used to check that the records kept by the treasurer do in fact agree with the records of the bank.

As previously noted, congregation working accounts should be held with a AA-rated commercial bank. At the time when congregations transitioned to external banking providers for transactional accounts, the Finance team negotiated with some banking institutions to provide bank accounts with reduced fees. If your congregation is interested in investigating these options, please contact the Finance team.

In relation to all bank accounts, ensure all bank statements for the month are on hand and complete a bank reconciliation as follows:

- a) Tick each receipt appearing on the bank statement which agrees with the banking total in the cash book.
- b) Other credits appearing on the bank statement (e.g. interest received) should be added now to the income in the cash book.
- c) Tick each cheque payment appearing on the bank statement which agrees with the payments detailed in the cash book.
- d) Other debits appearing in the bank statement (e.g. interest paid, bank fees) should be added to the expenditure in the cash book.
- e) This process will highlight certain items, including:
 - Cheques written but not yet appearing in the bank statements
 - Deposits received but not yet banked/credited in the bank statement
 - Any other differences which must be investigated (e.g. the bank debits the account for \$200, yet the cheque butt says \$100).

An example of a bank reconciliation is as follows:

Bayliss Street Uniting Church			
Bank Reconciliation 31 December 2016			
Bank statement balance			4500.00
Less:	Outstanding cheques		
Date	Cheque number	\$	
12/11/2016	235	400.00	
16/11/2016	245	85.00	485.00
		85.00	
Add:	Outstanding deposits		
Date	Receipt number	\$	
21/12/2016	3003	250.00	250.00
		250.00	4265.00
			4265.00

Complete a cross check to agree what is recorded in the cash book with the bank statement:

Bayliss Street Uniting Church Bank Reconciliation 31 December 2002	
	\$
Opening cash position 1/12/2002	3505.00
Add : Cash receipts in cash book	4980.00
Less : Cash payments in cash book	4220.00
	4265.00

When both these calculations agree, the bank is reconciled.

Key controls:

- Complete the bank reconciliation each month.
- Sign and retain a copy of the bank reconciliation (the reconciliation is usually done in the cash book).
- Clear any outstanding differences as soon as possible.
- Tick each item on both the bank statement and the cash book once it has been agreed.

8.1.1 Direct debit authority

All congregations are required to submit a direct debit authority to Synod to process payment for cash remittances. The direct debit authority form can be found on the Synod website (<https://ucaqlld.com.au/synod-services/finance/forms/>). The stipend and MSF charges are the responsibility of the congregation and should be paid as a priority before all other liabilities as per the Regulations 3.1.1.

The direct debit authority allows the Synod office to process payment automatically from a congregation's account. In relation to the processing of cash remittance payments, these are generally processed two days after sending out the cash remittance notification. It is important that there are sufficient funds in the account for the payment. If the account has insufficient funds and a payment is processed, the congregation and Synod's banking provider may impose dishonour fees. Where the Synod office has incurred a dishonour fee in relation to the congregation's payment, this fee will be passed on to the congregation.

The direct debit authority provides ease of payment for Synod-related invoices such as insurance, annual land tax, communication and Alexandra Park. To pay invoices by direct debit, email accounts@ucaqlld.com.au with the invoice and congregation details.

8.2 Land and buildings (real estate)

All property both real and personal is owned by the legal entity of the church, which in Queensland is The Uniting Church in Australia Property Trust (Q.). This entity holds all assets (real estate or other possessions or funds) for the benefit of the Uniting Church in Australia. Similar entities have been created by statute in each state with the rights and responsibilities as legally vested owner on behalf of the church. The Trust was created by an act of State Parliament, *The Uniting Church in Australia Act 1977 No. 47*. Trust members are appointed by the Synod and are the duly authorised signatories for all legal contracts into which the church enters. The Trust has the capacity to authorise persons to act on its behalf in such matters.

The church's primary rationale for owning property is that it is used to further the witness and mission of the church. Presbyteries have an important role in aligning the church's mission with the property portfolio of the church, and accordingly all property proposals require the endorsement of the relevant Presbytery before submission to the FIP Board. Presbytery has a Synod-approved delegation to approve proposals up to a total cost of \$50,000. Proposals with a project cost in excess of \$50,000 require submission and approval by the FIP Board, which meets monthly.

There are a series of application forms to assist congregations in a range of standard property transactions. The forms contain details of the information which is required by the FIP Board to understand, assess and provide approval for the projects. These regular types of transactions include:

- granting or taking a lease
- purchasing or selling a property
- construction (simple/low design) or more complex (two stages; 1: concept and proceed to tender and 2: tender acceptance and proceed to contract)
- demolition.

All of these forms are available on the Synod website ucaqld.com.au/synod-services/property/forms, along with guidelines to assist congregations in the purchase or construction of a home for a minister's residence.

If your property matter does not fit these regular transactions or you have any questions, please contact the Trusts and Registry team.

8.3 Equipment

Capital expenditure such as the purchase of fixed assets including furniture, fixtures, fittings, computers, motor vehicles and land and buildings represents a significant investment by the Uniting Church.

The following points are to be considered before expenditure is undertaken.

- a) Items which have a useful life greater than 12 months may be considered as capital in nature.
- b) All capital expenditure is to be included in the annual budget and approved by church council.
- c) A cost-benefit study must be undertaken. Compare the cost of the purchase with the benefit that it is expected to deliver. Ensure that it is not over-specific or has functions that will not be utilised fully.
- d) Prior to purchasing, the treasurer must be satisfied that all obligations have been and will continue to be met in a timely manner, e.g. loan repayments, stipend/cash remittances,

Mission and Service contributions, collections made on behalf of Synod or other organisations.

- e) Ensure two quotes have been obtained.
- f) All items purchased are to be depreciated according to the table in section 8.5.
- g) U.C.I.S loans are available once approved through the U.C.I.S team on (07) 3377 9777.
- h) All purchases of fixed assets must be recorded in the congregational asset register.

8.4 Congregational asset register

Congregations must maintain a fixed asset register. This register records all assets purchased by the congregation and is important both for insurance purposes (to determine an accurate historical cost) and as a control measure. The asset register ensures that church assets are properly accounted for and safeguarded.

The register should include all major items acquired by the congregation, leasehold improvements (money spent on leased premises), plant and equipment. Plant and equipment covers computer equipment, lighting, furniture and so on.

We suggest congregations do not record property or MDF accounts opened on the sale of property on their balance sheet for the following reasons:

- a) Properties are in the name of The Uniting Church in Australia Property Trust (Q.) and the congregations have beneficial use of it.
- b) MDF accounts are actually held in the MDF Fund which is a Synod fund. However, congregations can access these funds in accordance with Synod-approved guidelines.

All assets controlled by the congregation should be recorded in a register. This may include assets which have been donated by members or organisations. By recording all assets, the treasurer (and indeed all members when they receive a copy of the annual accounts) have a full appreciation of the assets for which they are accountable.

A fixed asset register looks like this:

Bayliss Street Uniting Church							
Fixed asset register							
Date	Asset description	Cost	Open WDV	Depreciation rate	Depreciation	Disposal	Close WDV
23/01/2016	40 chairs	800.00	725.00	20%	150.00		575.00

8.5 Depreciation

Assets, with the exception of land, decline in value over the period of their useful life. The process used for accounting for this decline in value is called depreciation. If an item cost \$21,000 and we depreciate it over three years (33.3 per cent) then its value drops each year by one third.

Example:

Purchase price	\$21,000	
Depreciation rate 33%	\$7,000	
Written book value in the first year	\$14,000	(\$21,000 less \$7,000)
Written book value in the second year	\$7,000	(\$14,000 less \$7,000)
Written book value in the third year	\$ nil	(\$ 7,000 less \$7,000)

The following rates are recommended for depreciation and should be used unless there are extenuating circumstances.

ITEM	VALUE
Computer hardware	33%
Computer software (items under \$1,000 to be written off)	33%
Motor vehicles	20%
Office furniture (items under \$1,000 to be written off)	20%
Office equipment (items under \$1,000 to be written off)	20%
Photocopiers	20%

The advantages of using depreciation are:

- spreading the cost over the useful life of the purchase
- recognising the real value of the item in balance in future periods.

8.6 Inventory

The Uniting Church in Australia Queensland Synod adopts the Australian Accounting Standards for measurement of inventories.

Inventories throughout the church are diverse and it is not practical to establish a policy which will cover every contingency. These procedures are an attempt to cover those congregations involved in activities which have re-saleable stock on hand.

The stock value for each item is the cost of the stock when first purchased. In determining whether stock should be re-valued it is appropriate to consider the stock's age, past movements, expected future movements and estimated scrap value.

Once stock is re-valued, the balance sheet needs to reflect the change.

The basis of valuation of inventories will be consistent from period to period. Any change in the basis of valuation requires the prior approval of the church council.

All stocks are to be counted annually and should agree with the computer or stores ledger.

8.6.1 Stock: the actual count

At the end of each financial year the congregation treasurer will need to physically count major stock items held by the church and its activities. This stock needs to be both counted and valued to determine the actual surplus/deficit of the congregation for the year.

This stocktaking exercise should be carried out at the end of the year on a pre-printed stocktake sheet.

An example of a stocktake sheet is as follows:

Bayliss Street Uniting Church			
Stock count sheet: year ended 31 December 2016			
Item	Quantity	Cost per item	Total cost
Bibles	2,400	\$1.00	\$2,400.00
Counted by:			
Checked by:			

Key controls:

- a) Both treasurer and checker should sign sheet.
- b) Unit costs to be obtained from the most recent invoices.
- c) If the stock is material to the overall congregational financial position, please notify your auditor of the timing of the stock count.
- d) Before the count starts, make sure all stock is neatly arranged (preferably one location for each stock line).
- e) Make sure that you count in an orderly fashion, e.g. left to right and top to bottom.
- f) Where stock is found in several locations, use the "+" symbol on the rough count sheets and total at the end.
- g) Where errors have been made on the count sheet, strike out the incorrect number and replace with the correct number and add your initial. Remember, accountability is everything.

8.7 Bequests

From time to time congregations may receive a benefit from a will.

Under the *Uniting Church in Australia Act* the legal authority capable of dealing with such bequests or legacies is The Uniting Church in Australia Property Trust (Q.) and therefore any correspondence and/or cheques received from a solicitor, trustee or executor should be forwarded to the Trusts and Registry team at the Synod office.

In the event of receiving enquiries relating to the wording of a will, it would be wise to refer the enquirer to the Trusts and Registry team on (07) 3377 9777 so that advice may be given which will ensure the intended beneficiaries of the will are appropriately designated.

It is important that a will be correctly constructed and the estate correctly refers to the church as "The Uniting Church in Australia Property Trust (Q.)". From this point on, the comments should at least refer to the location and the work which the benefactor wishes to assist.

If your congregation receives a perpetual benefit from a will, the capital funds will be invested with the Uniting Church Australia Foundation through Uniting Church Investment Services (U.C.I.S).

Your congregation may receive a quarterly distribution according to the instructions of the bequest. A quarterly statement is issued to the congregation showing the movement in the bequest account for the last three months.

Chapter 9. What you owe and what you might have to pay (liabilities)

9.1 Loans

Where a congregation requires additional funding for a project, the Treasury team can provide assistance through the provision of a loan administered by U.C.I.S.

To apply for a loan, the following documents will need to be submitted with the loan application:

- Full audited financial statements for the last three financial periods; this includes but is not limited to the balance sheet, profit and loss statement and auditor's report.
- Year-to-date financial statements (including a comparison to budget).
- Current and next year's projection of attendance, income and expenses, and where applicable the proposed budget of the new facility.
- Proposed project plans, including fixed price contract, quotation and timelines.
- Church council meeting minutes recording the project approval.
- Presbytery endorsement approving the project.

Questions regarding loan applications may be directed to the U.C.I.S team on (07) 3377 9777 or ucis@ucaqld.com.au

9.2 Outstanding Synod liability

Where a congregation has an outstanding charge e.g. invoice with the Synod office, the congregation treasurer will receive an automated parish account statement generated by the Accounts team. The statements are generally issued three business days after month end. If there is a charge that the congregation would like the Accounts team to process by direct debit, email accounts@ucaqld.com.au with the invoice and congregation details. Please ensure that there are sufficient funds in the bank account prior to sending the request.

Chapter 10. External reporting

10.1 Reporting to the church council

Formal reporting of the congregation's financial position is required as follows:

- Audited financial statements bearing an audit or independent reviewer's report shall be submitted to the church council at least once in every year (Regulation 3.8.7 (g)).
- It is recommended that financial accounts be presented at the church council's monthly/quarterly or regular meeting dates (Regulation 3.1.2 (b) (vii)).
- Comprehensive and detailed budgets should be prepared annually for the succeeding year in the manner directed and approved by the church council (Regulation 3.8.7 (h)).
- An annual report including finances is presented to an annual meeting of the congregation (Regulation 3.1.2 (x)).

The congregation can choose to report on a calendar year or a financial year, as directed by their church council. Note that the annual return for Presbytery is based on a calendar year (refer to section 10.3).

10.1.1 Format of financial accounts

The format of the financial statements should be presented in a manner that gives proper disclosure and accountability to the church council and congregation. The information in each report will depend on the requirements of the Synod, Presbytery and church council and the activities conducted by the congregation.

The church council is charged with managing the financial affairs and the general administration of the congregation. This means they need to know on a regular basis what money they have available to spend, to whom they have paid their money and from whom they have received their income.

Generally, a monthly/quarterly report to the church council will include:

- Summary extract of receipts from the cash book.
- Listing of all payments made from the cash book (the treasurer should make available original invoices should members of the committee query any payments).
- Any special/unusual payments individually minuted; for example, acquisition of major assets. Similarly, any payments made to the committee (whether it be travel allowances, honorariums etc.) should be separately highlighted.
- A summary of the transactions in the period for approval by the church council. This may take the form of summarised accounts.
- A small written report which comments on large variances, expenses or fluctuations from the budget or prior year. Appendix 15.2 details an example of a standard chart of accounts.

The following is an example of the monthly movement summary that should be recorded and reviewed by the church council:

Bayliss Street Uniting Church				
Transactions for the month of December 2002				
	Dec-02	Actual YTD	Budget YTD	Last year YTD
Receipts				
Subscriptions	74.00	600.00	550.00	575.00
Offerings	450.00	5000.00	4500.00	4700.00
Donations	150.00	500.00	600.00	500.00
Total	674.00	6100.00	5650.00	5775.00
Payments				
Electricity	150.00	750.00	700.00	700.00
Rates	250.00	500.00	500.00	500.00
Phone	450.00	2260.00	2400.00	2200.00
Total	850.00	3510.00	3600.00	3400.00
Surplus	-176.00	2590.00	2050.00	2375.00

Statement of comprehensive income

A statement of comprehensive income, or profit and loss statement, summarises the income and expenses of the congregation for a specified reporting period. It may be quarterly or 31 December or any other date.

An entity shall not offset assets and liabilities or income and expenses, unless required or permitted by an Australian Accounting Standard (Accounting Standards AASB101 section 32).

In the example provided, while the December result is a loss, the overall result for the year compares favourably with both the budget and the figures from the prior year. Reporting both monthly and year-to-date figures provides a more complete picture.

Statement of financial position

A statement of financial position, or balance sheet, is a picture of the congregation's financial health at a given point in time. It may be quarterly or 31 December or any other date. The statement lists the congregation's assets (cash, fixed assets etc.) and the liabilities (trade creditors and loans etc.).

An example of such a report based on our standard chart of accounts (see Appendix 15.2) follows:

Bayliss Street Uniting Church				
Statement of Account as at December 2002				
	Dec-02	Actual YTD	Budget YTD	Last year YTD
Assets				
Petty Cash	100	100	100	100
PCP Account	5,500	6,450	5,000	6,750
Investments	85,000	85,000	85,000	85,000
Land & Buildings	350,000	350,000	350,000	350,000
Total Assets	440,600	441,550	440,100	441,850
Liabilities				
GST Collected	80	0	0	150
Accounts Payable	200	105	250	185
Loans	65,000	65,000	70,000	75,500
Total Liabilities	65,280	65,105	70,250	75,835
Net Assets	375,320	376,445	369,850	366,015
Accumulated Funds				
Opening Balance	375,496	373,855	371,900	368,390
Surplus/Deficit(-)	-176	2,590	2,050	2,375
Closing Balance	375,320	376,445	369,850	366,015

10.2 Reporting to the Presbytery

The congregation annual return and detailed accounts are presented to the Presbytery annually. The Presbytery can, in addition to the congregational annual return, request accounts to be submitted whenever required. The collation of the congregation annual return is facilitated by Synod.

The congregation annual financial return

The congregation annual financial return is due by 31 March of each year.

Congregations are required to submit their financial information for the return as at 31 December year end, i.e. the calendar year beginning 1 January to the end of year 31 December. This is irrespective of whether the congregation has a 31 December or a 30 June year end.

The Synod has adopted the Australian Accounting Standards as the approved method of accounting for the congregation annual financial return.

Refer to the annual return guidelines for definitions and a detailed explanation of what is required in each section of the return (See Appendix 15.4). Reporting to the Synod

The Synod under Regulation 3.8.7 may request a copy of the congregation's financial statements. In addition to the accounts being provided annually, the Synod may request accounts to be submitted as required.

Audit declaration

Under Regulation 3.8.7 congregations are to have account books audited and certified by auditors at least once in every year or as may be required by the church council. Section 3.8.7 (d) provides additional details regarding the qualifications of the person completing the audit.

Further information regarding congregational audits can be found in section 12.

The audited statements should be presented to church council and the discussion minuted.

The annual audit declaration is available on the Synod website and is required to be submitted to finance by the requested due date. The audit declaration is to be signed by two different members of the church council to confirm that the accounts have been audited and presented to church council.

10.3 Reporting to the ACNC

The Australian Charities and Not-for-profits Commission (ACNC) is the independent national regulator of charities. Each year congregations have to submit an annual information statement to the ACNC within six months of the end of their financial year end. Note that the Synod office currently provides a bulk lodgement service for submitting these returns to the ACNC. Please contact the Governance team at acnc@ucaqld.com.au if you have any queries.

In addition, congregations are responsible for ensuring that the details on file with the ACNC are correct, including changes in church council members, contact details, financial year end date and so on. Refer to the information sheet: ACNC: What you need to know ucaqld.com.au/wp-content/uploads/2014/12/ACNC-flier_A5.pdf

10.4 Reporting externally: GST, ABN, BAS

10.4.1 What is an ABN and how does it work?

An Australian Business Number (ABN) is an 11-digit number for which all congregations must register. The ABN is used by other organisations to confirm that the congregation is in fact a registered entity. If the congregation does not have an ABN, any payments to the congregation may be subject to ABN withholding tax. The ABN is used to identify the congregation when contacting the ATO or other government agencies.

When completing the ABN registration on the Australian Business Register (ABR) site (abr.gov.au), the congregation may register for GST and income tax exemption at the same time.

Congregations will need to complete their ABN registration before they are able to register with the Australian Charities and Not-for-profits Commission (ACNC).

For assistance in completing the registration process, please contact the Governance team.

10.4.2 What is GST and how does it work?

The Goods and Services Tax (GST) is a transaction-based tax currently used in many countries. It is not an organisation-based tax, therefore treatment usually depends on the type of transaction and not whether the organisation is income tax exempt.

The ultimate/final consumer usually bears the cost of GST, not the organisation providing the goods and services. However, the liability to pay GST to the Australian Taxation Office (ATO) rests on the supplier of the goods and services, not on the customer.

While charitable, religious and non-profit organisations are part of the tax system, many activities will be favourably taxed as GST-free transactions. If they are registered for GST,

congregations will be able to claim credits for GST paid on acquisitions and will charge GST on a significant proportion of income.

The Uniting Church in Australia is a charitable institution as identified by taxation legislation. This expands the range of transactions which are GST-free as well as providing income tax benefits. (Refer to charitable provisions in the ATO publications)

GST is collected at each stage of the chain of production or service. Each person in the chain charges GST on their sales, then claims back from the ATO all GST paid on the goods they purchase and other expenses as inputs to their sales.

When they make their return to the ATO, they subtract the GST collected on their sales from the GST they have paid on their inputs to calculate the net amount payable.

In our example below, you have purchased bulk stationery and hired out the hall, and are trying to determine the GST impact.

- You purchase some stationery for \$330. That includes \$30 GST.
- You rent the church hall for \$200 plus GST, so the customer pays you \$220. That includes \$20 GST.

The key points to note are that you must remember to charge and record the GST on your rent and to keep a record of the GST you have paid on your inputs (i.e. the stationery).

When you submit your GST return to the ATO you are able to claim back the GST on your purchases, but must submit the GST collected on your rent. The \$10 difference between these (\$20 collected from the customer less \$30 paid to the retailer) must be claimed from the ATO.

Note:

This process requires the treasurer to capture the GST collected and paid out in order to complete the periodic Business Activity Statement (BAS) return. You must quote your ABN on documentation involving the transfer or request for money.

Where tax invoices use the words "total price includes GST", in order to record this transaction treasurers will need to use the 1/11 tax fraction to calculate the amount of GST. For example if a GST-inclusive invoice is received for \$49.50, the GST component of \$4.50 will be calculated by dividing the invoice by the tax fraction of 11.

If using an accounting software package, the program should have the facility to prepare the congregation's BAS return based on the transactions entered.

To charge GST, an entity must have an ABN and be registered for GST. Only registered entities can charge GST and only registered entities can claim the GST credits on business acquisitions (purchases).

The Uniting Church in Australia state property trusts/Synods are registered legal entities, each having their own ABN and registered for GST.

The definition of "entity" is broad and includes individuals, corporate bodies (including Uniting Church state property trusts), partnerships, trusts, superannuation funds and unincorporated bodies.

10.4.3 Congregations

Congregations and presbyteries will be recorded as sub-entities of the state property trusts. It is not practical for the Synod to maintain accounts for each and every congregation, and the use of sub-entities will enable congregations to maintain their own independent accounting records. Each registered congregation and Presbytery will have its own ABN.

Congregations with a turnover of \$150,000 or more must register for GST. Congregations with a turnover of less than \$150,000 may register if they wish. Most congregations will be entitled to GST refunds and will wish to register for GST from a cash flow perspective. In relation to interactions with the Synod office, if the congregation is not registered for GST, then all charges from Synod to the congregation will incur GST.

10.4.4 What is a Business Activity Statement (BAS)?

A Business Activity Statement is the form congregations need to fill in and return to the ATO as a return on:

- Goods and Services Tax (GST)
- income tax withheld either from employee wages (PAYE) or because the supplier did not quote an ABN (48.5%)
- fringe benefits tax instalments.

10.4.5 Who should use a BAS?

All entities registered for GST (including congregations) with any of the above tax obligations and entitlements must complete a Business Activity Statement at the end of each tax period.

10.4.6 Who should use an Instalment Activity Statement?

Congregations not registered for GST but who have withheld income tax or have a fringe benefit tax liability will be required to complete an Instalment Activity Statement which is a simplified version of the BAS and excludes GST reporting.

10.4.7 How do you receive your activity statement?

The ATO will send your activity statement before you need to lodge it. Your activity statement is personalised to your congregation, with some parts already filled in to save you time and effort. Your activity statement indicates when you have to lodge and the tax period it covers.

10.4.8 How often do you need to lodge an activity statement?

Churches may choose to lodge the GST return either quarterly or annually.

It should be noted that no congregation is required to have a Tax File Number (TFN).

Only the Synod is required to have a TFN. Please contact the Governance team if you feel or are advised that you need a TFN because of activities undertaken.

Chapter 11. Internal controls and security

Internal controls means the system of controls, financial and otherwise, established by the Synod in order to carry on the mission of the church in an efficient and orderly manner. These controls are designed to ensure adherence to policies, safeguard assets and secure as far as possible the accuracy and reliability of records.

The characteristics of good internal controls include:

- The use of approved accounting standards.
- A system of authorisation and recording to provide accounting control of assets, liabilities, income and expenditure.
- The implementation of procedures for control and authorisation.
- Approved budgets to control expenditure.
- The measurement of financial information to budgets for effective management control.
- Timely and accurate reporting.
- Records protected from theft, misuse, destruction or misappropriation.
- All insurable risks of the church are adequately covered by insurance. Good practice warrants that an auditor or a qualified third party review internal controls yearly.

Documents and processes to assist congregations include:

- Financial records are kept up to date and transactions are recorded as soon as they occur.
- Cash handling procedures/policy.
- Numerically issued documents.
- Documents signed or initialled by the person approving the documents or collecting the funds.
- Record of authorised signatories.
- Detailed asset listing.

Chapter 12. Audit requirements

It is a requirement under the Regulations that all congregations be audited.

The church council shall make arrangements for audit, presentation and examination of the accounts of all of the funds of the congregation (Regulation 3.8.7).

The auditor's task is to certify financial statements. This includes a review of the accounting systems and internal controls. As this can be a costly time-consuming process, planning and preparation for the external audit can save significant funds by reducing the auditor's workload. Ensure that all supporting documents are filed chronologically and bank statements are reconciled.

Records that should be available to an auditor include:

- Constitution and Regulations of the Uniting Church in Australia
- Minutes of congregation meetings
- Books for accounts (paper or digital)
- Petty cash records
- U.C.I.S and/or other banking provider bank statements
- Certificate of bank balance
- Collection and pledge records
- Cheque vouchers
- Statement of receipts and payments for the year
- Investment details
- Insured property values.

See Regulation 3.8.7 (d) for the rules covering the selection and role of an auditor.

Appointment of auditors

- a) The auditor or auditors shall be appointed annually. Subject to the variation in (b) below, the auditor(s) shall be a qualified accountant or, if more than one, shall include at least one qualified accountant. For the purpose of this Regulation a qualified accountant means:
 - a person who is a member of the Institute of Chartered Accountants in Australia or the CPA Australia, or
 - any other person who has qualifications and experience requisite for registration as a company auditor under the Corporations Law and who in the opinion of the appointing body is a fit and proper person to undertake the responsibility.

Variations to qualifications

- b) Where the gross income of a congregation or body or fund in the year is below a figure that equates to 2.5 times the notional stipend, the books of account may be audited and certified by two persons who are not qualified in terms of (a) above, but who are in the opinion of the appointing body fit and proper persons to undertake the responsibility.

Eligibility

- c) The auditor appointed shall not be a member of the board, council or committee whose accounts are being audited unless a Presbytery with respect to accounts of congregations or congregational organisations within its bounds, or the Synod Property Board with respect to

accounts of other councils or organisations, determines at the request of the appointing body that special circumstances exist in which case a member of the board, council or committee may be appointed to be auditor.

Audit checklist

Attached in the appendices (15.3) is an audit checklist that can be used as a guide to the auditor and a reference to the treasurer as to key control items that are required by the Uniting Church. This checklist covers most aspects of a small to medium congregation.

Chapter 13. Financial planning and management

13.1 Mission planning

When a congregation is planning their budget for the following income year, the areas to consider are:

- Projects the congregation has planned to meet its mission objectives
- Operating costs such as minister expenses, property and maintenance
- Other items.

The congregation should establish its mission objectives and these should be properly documented and endorsed by the church council. To set the mission objectives, the congregation should consider the following:

- Alignment to the directives from the last Synod in Session
- Congregation goals for engaging with the community
- Congregation goals for expanding activities and resources.

When setting goals the congregation should consider for each goal:

- What are the objectives?
- What does a successful outcome look like?
- What resources and funding are required?
- How often should it be evaluated?
- What is the estimated timeframe for achieving the goal, e.g. long term (greater than 12 months) or short term (less than 12 months)?

It is important to evaluate goals to ensure that the congregation is meeting the objectives of the goals and whether they are still applicable.

13.1.1 Mission resource budget

Once a mission budget is planned, effectively communicated and owned by the congregation, a mission resource budget needs to be prepared annually. This involves primarily the people resources available to the congregation. A resource budget will also consider land, buildings and equipment that are available to complete the missional budget.

The last part of the budget process is a full cost budget that details in monetary terms income and expenditure needed to fulfil the mission budget. More importantly, alongside the cost measures (cost budget) we need to develop good measures of missional outcomes. At the monthly congregational meeting the missional outcomes and measures should be paramount as well as a brief review of costs.

13.2 Budgeting

13.2.1 Why budget for cost?

The budget is a crucial means of planning and controlling expenditure. Its purpose is to express in financial terms the desires of the congregation for the next financial year. The budget will:

- help decide whether objectives are sustainable
- help decide on priorities
- provide monthly/periodic targets
- determine if there is a surplus or deficit for that period against budget.

A budget provides a vital health check, allowing a church to review its progress against the budget at any point in time.

13.2.2 Preparing a cost budget

The most important aspect of the budget is the strategic direction.

The following steps are guides in the process:

- The congregation should outline their objectives for the period.
- Those responsible for various activities are invited to consult in setting realistic plans for income and expenses.
- Historical records should be at hand to be used as a guide to determine trends or to compare like periods.
- External factors should be considered such as increasing/declining attendance, economic changes in the community (inflation), salary changes and so on.
- Internal factors to be considered include an increase or decrease in staffing, new activities (e.g. child care), building programs and so on.
- The Payroll team at Synod provide a forecast for staff remuneration packages (stipend). Generally this is available around November for the following year and is available on the Synod website under People and Culture.
- Presbytery is able to provide an estimate of the Mission and Service Fund (MSF) contributions for the following year.
- Finally, the budget should be prepared using the 12 calendar months (or alternatively the financial year) to allow progress to be easily measured and bank reconciliation to take place.

The budget process helps the congregation engage, plan and commit to the goals that are set through the process. Not only does this result in a financial plan of action, it gives the congregation a sense of ownership in its future.

Provided the congregation has a calendar year end, the budget should be prepared no later than October. This allows the church council time to review the content and debate critical issues before the commencement of the financial year.

13.2.3 Monitoring the budget

At least monthly, the year-to-date results (actual income and expenses) should be compared to budget. The church council should review the results with the following aims:

- Evaluate income trends: is the budget being achieved, if not, what are the causes?
- Accelerate loan repayments if a surplus is available.
- Make decisions to improve income if this is behind budget.
- Review the expenses and ensure these are within budget and less than income earned for the period.
- Make recommendations to remedy overspending.
- Recommend amending future spending if the budget is not achieved.
- Prepare surpluses for investment (reserves in excess of \$5,000 are to be invested with U.C.I.S).
- Predict the likely outcome for the year based on the results to date, and publish the result for debate at the next church council.

Chapter 14. Synod funds

From time to time, parts of the church seek to have additional resources made available to enable the mission of the church to be achieved more readily.

While the expectation is that each congregation will endeavour to provide the resources necessary to undertake mission programs from their operating income, such as weekly offerings, other funds may be available to congregations to assist with achieving their mission plan.

14.1 Sources of funding

Funding for any developmental project may come from a range of sources:

- General savings or fundraising by the congregation.
- Specific fundraising by way of gifts.
- Funds from the proceeds of other congregational property.
- Support from adjacent congregations.
- Support from the wider church through grants.
- Government/community grants or other financial assistance.
- Loan borrowings from U.C.I.S.

Congregations are encouraged to maximise the funding which can be raised from sources directly available to them and within the constraints which may apply to individual circumstances.

Assistance can be given to congregations in raising funds by way of gifts or low-interest loans by U.C.I.S through the Mutual Support Scheme.

The Trusts and Registry team at Synod can provide assistance with the preparation of applications for government or community grants. Such applications shall be submitted to the Trusts and Registry team in order for the correct entity to apply for the government grant and to ensure regulatory reporting of funds.

14.2 Mission Development Fund (MDF)

14.2.1 Principle

All properties are vested for legal purposes in the Property Trust but are owned by the church. Synod departments, agencies, presbyteries and congregations shall accept the right of the church to have jurisdiction over their properties and in certain circumstances either to realise, transfer, or centralise control for the good of the church as a whole, in accordance with priorities determined by the Synod (see Regulation 4.8.1).

The Mission Development Fund was created by Synod Resolution 07.56 to provide for church development and growth in congregations and presbyteries.

The fund arises from the net settlement proceeds from the sale of congregation properties after the Future Development Fund (FDF) contribution has been taken into account. The proceeds are held in the MDF on behalf of the congregation for a period of up to ten years. The purpose is to provide funds to the congregations for approved capital purposes.

To withdraw funds, the congregation must forward their request to Presbytery. Appendix 15.5 contains a flowchart documenting the approvals and payments process for withdrawing funds from the MDF. Additional information can be found in the Mission Development Fund guidelines ucaqld.com.au/synod-services/finance

The FIP Board considers the growing practice of depending on property sales to cover operational costs such as maintenance, painting and so on as undesirable. These costs should be provided for by proper management and financial planning through the annual budget process. The church cannot have the capital to grow and expand if resources are being used for maintenance purposes.

14.3 Definitions

Property

As per Regulation 4.1 "Property" means property of whatsoever nature whether real or personal. Under this definition a major sale, whether of land, building or contents and plant, would be subject to the guidelines adopted for the Synod Reserve Fund.

General properties

Those which are being utilised until the date of sale by the congregation or department for some specific purpose.

Under-utilised properties

These are properties which are not being used by a congregation or department in the full or normal way at that particular time, and could be better or more effectively used in some other way.

Redundant properties

These properties have been defined by the Synod Standing Committee Resolution 78.255 on 12 September 1978 as follows:

- a) Redundancy through church union
Where through coming together in union a church building is no longer required for its previous use, and the sale of same produces funds that would not have been available but for union making it surplus to requirements, that property be regarded as redundant under the terms of the Synod Resolution.
- b) Rationalisation
Where in the interests of rationalisation of the work, one or more properties are disposed of to make possible one central facility to replace them, then the properties so disposed of be not regarded as redundant.
- c) Normal redundancy
Where in the course of time through the withdrawal of work in an area a property is no longer required, that property be regarded as redundant.

Under-utilised and redundant properties

- a) Pursuant to Regulations 4.2.1 (b) and (e) it shall be the function of the Synod Property Board, known in the Queensland Synod as the Finance, Investment and Property (FIP) Board, to advise which properties vested in The Uniting Church in Australia Property Trust (Q.) are not

fully utilised or are redundant and therefore classified as saleable in accordance with Synod Resolution 78.13.

- b) The FIP Board shall ensure that the following procedure is observed.
- That it is established which congregation, department, organisation or other activity is deemed to have an interest in the subject property.
 - That there is consultation with the congregation or other body and with the Presbytery with a view to establishing:
 - the classification of the property as under-utilised or redundant
 - the sale of property
 - the equitable interest of the parish or other body.
- In the light of the Synod resolution it is expected that the cooperation of all bodies shall not be withheld.
- Opportunity shall be extended to the congregation or other body having an interest in the property to indicate:
 - whether any plans are current for the development of the property
 - whether the value of the property has been related to development on another site
 - whether there are any plans to use the proceeds of sale in another development.
 - There shall be consultation with the Property team and with Presbytery to determine whether the property should continue to be held for investment, developmental or other purposes.
- c) The Property Officer shall be responsible to institute all such processes as are necessary, including those prescribed by the Regulations to seek sales of properties classified as being under-utilised or redundant.
- d) Account shall be taken as necessary of any consequences which flow from government and community funding in the acquisition and development of the property being sold.

Chapter 15. Appendices

15.1 Glossary of terms

Accounting principles	Rules which guide in the measurement, classification and interpretation of financial information.
Accrual basis of accounting	The method of recording transactions which reports revenues in the period in which they are earned, and expenses in the period in which they are incurred.
Accrued	Added on or owing at the end of the financial period.
Annual report	Information on the operations and financial position of an organisation.
Asset	Any item owned which has an economic value.
Audit	A review of the annual accounts, usually carried out by an independent/approved organisation or body.
Balance sheet	A table showing the financial position at a given date in terms of assets, liabilities and bank account or investment funds.
Bank reconciliation	A statement showing the difference between bank account balances and the balance according to the financial records, (generally payments not banked).
Budget	A detailed estimate of the planned income and expenses for the next financial period expressed monthly.
Cost-benefit	The comparison of the cost versus the benefit derived. Often purchased items are over-specified and have functions not fully utilised.
Cost effectiveness (analysis)	The costs associated with providing a service; often measured against previous experience or as a percentage of the income generated.
Cost centre	A program or organisation which has all its costs and income grouped together in order to measure and monitor performance.
Creditor	Someone to whom money is owed.
Debtor	Someone who owes money to another.
Deferred	A service or benefit, delayed to a later time.
Deficit	Where expenses exceed income.
Depreciation	The decline in value of an asset over its useful life.
Equity	An interest in a business, accumulated funds and capital.
Expense	A cost incurred in a specific period.
Finance, Investment and Property (FIP) Board	Provides oversight and advice in relation to property, finance and risk. It performs the functions of the Synod Property Board as outlined in Regulation 4.2.1.
Financial management	The control of the organisation's resources, cash resources and information base.
Fixed asset	A tangible long-term asset; buildings, equipment and so on.

Fixed cost	Costs which exist irrespective of the level of operation; rates, taxes, phones and so on.
Fund	An account set up to show monies received for specific purposes.
Indirect cost	Any expense which cannot be attributed to a specific project or program.
In-kind	Services or goods provided without cost.
Inventory	Goods or material held in storage for sale.
Liability	An amount owing to another person or organisation.
Liquidity	Cash or assets easily converted to cash.
Prepayment	Payment made for goods or services before services or goods received.
Reconciliation	Ensuring two or more balances agree, often used in reference to checking bank balances with the accounting system.
Reserves	Amounts set aside to provide future programs or to act as a buffer against changing circumstances.
Revaluation	The change in value of an asset. Often the result of comparing book value with market and comparable items.
Surplus	Where income exceeds expenses in a given period.
Transaction	A financial event which results in an entry in the accounts.

15.2 Chart of accounts – example

Account	Description	Type
1-0000	Assets	Header
1-1100	Account (operational)	Detail
1-1105	Account investment	Detail
1-1200	Fixed term deposit U.C.I.S	Detail
1-2000	Sundry debtors	Detail
1-3000	Petty cash	Detail
1-5000	Church property	Detail
2-0000	Liabilities	Header
2-1000	U.C.I.S loan account	Detail
2-2000	Sundry creditors	Detail
2-3000	GST liabilities	Header
2-3010	GST collected	Detail
2-3030	GST paid	Detail
3-0000	Equity	Header
3-8000	Retained earnings	Detail
3-9000	Current earnings	Detail
3-9999	Historical balancing account	Detail

4-0000	Income	Header
4-1100	Offerings	Detail
4-1105	Offerings open plate	Detail
4-1110	Offerings envelopes	Detail
4-1115	Offerings donations	Detail
4-1200	Fundraising	Header
4-1205	Funds raised by special event	Detail
4-1210	Ministry	Detail
4-1300	Property income	Header
4-1305	Hall rental	Detail
4-1310	Manse rental	Detail
4-1400	Investment income	Header
4-1405	Bank interest	Detail
4-1410	Fixed investment	Detail
4-1415	MSS support	Detail
4-1500	Ministerial services	Header
4-1505	Chaplaincy	Detail
4-1510	Weddings	Detail
4-1515	Funerals	Detail
4-1600	Activities non-f/raising	Header
4-1610	Day camp	Detail
4-1615	Family camp	Detail
4-1700	Retiring offerings	Header
4-1705	Retiring offerings Synod	Detail
4-1710	Retiring offerings other	Detail
4-1800	Grants received	Header
4-1805	Home mission	Detail
4-1810	Twinning	Detail
4-1820	Uniting Church Foundation	Detail
4-1900	Sundry receipts	Header
4-1905	Jam sales	Detail
4-1910	Refund telephone expense	Detail
4-1915	Sundry income	Detail
4-2000	Capital receipts	Header
4-2010	Sale of assets	Detail
4-2015	Loan proceeds	Detail
4-2100	Transfer from other committees	Header
4-2105	Transfer from Adult Fellowship	Detail
4-2110	Transfer from other committees	Detail
4-9000	GST rounding account	

5-0000	Cost of sales	Header
5-5100	Purchases (books)	Detail
6-0000	Expenses	Header
6-1000	Ministerial costs	Header
6-1005	Stipend	Detail
6-1010	House allowance	Detail
6-1015	Basic travel allowance	Detail
6-1020	Beneficiary Fund	Detail
6-1025	Super Guarantee Charge	Detail
6-1030	Cont. Education for Ministry	Detail
6-1035	Sickness and accident insurance	Detail
6-1040	Workcover	Detail
6-1100	Mission support staff	Header
6-1105	Wages	Detail
6-1115	Reimbursements	Detail
6-1200	Funding and contributions	Header
6-1205	Mission and Service Fund	Detail
6-1300	Other Synod/Presbytery payment	Header
6-1305	Travel Equalisation Fund	Detail
6-1310	Other payments	Detail
6-1400	Property maintenance	Header
6-1405	Repairs church	Detail
6-1410	Repairs hall	Detail
6-1415	Repairs manse	Detail
6-1420	Grounds maintenance	Detail
6-1500	Activities non-f/raising	Header
6-1505	Equipment hire	Detail
6-1510	Food expenses	Detail
6-1520	Day camp expenses	Detail
6-1600	Sundry operating expenses	Header
6-1605	Advertising	Detail
6-1610	Postage	Detail
6-1615	Electricity/gas	Detail
6-1620	Cleaning costs	Detail
6-1625	Council rates	Detail
6-1630	Insurance	Detail
6-1635	Telephone/FAX/Internet	Detail
6-1640	Stationery and printing	Detail
6-1645	Interest on loan repayments	Detail
6-1650	Journals/newspapers	Detail
6-1655	Subscriptions/memberships	Detail

6-1660	Security/fire protection	Detail
6-1665	Sundry other expenses	Detail
6-1670	Ministry expenses	Detail
6-1675	Bank charges	Detail
6-1700	Retiring offerings	Header
6-1705	Payment of retiring offerings	Detail
6-1780	Funeral expenses	Header
6-1785	Funeral expenses	Detail
6-1800	Transfer to other committees	Header
6-1805	Transfer to other committees	Detail
6-1900	Capital expense	Header
6-1905	Loan repayments	Detail
6-1910	Manse	Detail
6-1915	Hall	Detail
6-1920	Church	Detail
6-1925	Grounds	Detail
6-1930	Equipment	Detail
8-0000	Other income	Header
9-0000	Other expenses	Header

15.3 Audit checklist

Suggested audit checklist

	Yes	No	N/A	Details
Offerings, donations, grants, subsidies and other receipts				
<i>Income tends to be the highest risk area in the audit of ministries.</i>				
<i>Internal controls in this area are often weak and it is difficult to determine if all income has been received and recorded.</i>				
Desirable internal controls offerings				
All money received is banked intact and promptly as per the Treasurers' Handbook. Can we account for banking each Sunday on account of the Uniting Church?				
All cheques received are listed and banked properly and promptly as per the Treasurers' Handbook.				
Documentation exists that confirms two members of the church have counted the offerings. Has this documentation or offerings book been reconciled back to total banking?				
Donations other than offerings				
Have all bequests been sent via the Synod office?				
Does a register exist that identifies specific donations and bequests? Has the money been receipted?				
Have the nature and use of the specific donation or bequest been recorded together with future income application?				
Have donations of goods been correctly handled and valued?				
Grants or subsidies				
Grants and subsidies may be either capital or revenue from government departments, philanthropic trusts or companies.				
Have all grant applications been signed off by the Synod office?				
Has the grant been spent in accordance with the terms set out in the grant? Has the grant followed the correct acquittal process?				
Has the grant (particularly government) been fully reported on by the due date and a copy sent to Synod? Are all the appropriate records in place as required by the grant?				
If the grant is a percentage of cost, has this been correctly recorded?				
Investment income e.g. rents and interest				
Have all investments been noted on the congregation financial return?				
For investments, does a register exist which notes the date of the deposit, amount of the deposit, interest rate and maturity date?				
Is there appropriate documentation which confirms the existence of an investment?				
Have the investments been approved by the church council/finance committee? Ideally this will be minuted and signed by two members.				
Has the bank been advised that the investment can only be redeemed directly into the congregation main bank account?				
Have material balances over \$5000.00 been invested in Income and Growth accounts with U.C.I.S?				
Have all investments been recorded in the minutes?				

	Yes	No	N/A	Details
No cash receipts from offerings can be used to pay any form of expenditure.				
Have pre-numbered receipts been issued for rental and other types of receipts other than offerings?				
A receipt should be issued for all cash (except offerings) recording the date, the source of the funds and the purpose of the money. Ideally a pre-numbered carbon duplicate receipt book should be used.				
Has there been a time delay between the receipt and banking of the money? Are errors in receipts correctly initialed and receipts signed? Are any receipts cancelled?				
Are all receipts banked and recorded in the correct period?				
Has appropriate allowance for repairs etc. been provided for rental properties; i.e. has a sinking fund been set up with U.C.I.S?				

Recording of income

Are all forms of income correctly recorded in either a cash book or computerised system? Is this recorded as soon as practical after receiving the income?				
Do the reports given to church council reflect the values recorded within the cash book or computerised system? Are appropriate 31 December cut-offs being used?				

Expenditure by the congregation

Similar to receipts, the congregation must have a good system for recording any cash payments. Small cash payments can be made by petty cash (under \$100) with the approval of the church council.

The cheque book

The cheque book is a valuable asset. Is it kept in a safe place?				
Is each cheque payment supported by an invoice or payment voucher?				
Are the suppliers' ABNs checked to ensure GST can be claimed? Has a correct tax invoice been supplied according to the GST legislation?				
Is there evidence that each invoice has been checked for accuracy? Are all payments approved by the appropriate personnel?				
Each invoice should be cancelled with the word 'paid' and the cheque number.				
Check for evidence that each cheque is signed by two members authorised by the church council. Usually this is the treasurer and one other.				
Did major payments occur after balance date that relate to expenditure in the current period?				
Is there documentation supporting cheque signatories and their level to spend?				
Are all the relevant details recorded on the cheque butt i.e. amount, payee, purpose and date?				
Has expenditure from fund accounts and bequests been paid in accordance with the guidelines of the fund or bequest?				
Are cancelled or void cheques retained?				
Are cheques used for all payments other than small petty cash items less than \$100?				
Has all expenditure been ratified by the church council and approval recorded in the minutes? A file should exist with supporting data in cheque number order.				

Petty cash

Are all payments less than \$100?				
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	Yes	No	N/A	Details
Are all petty cash items recorded on a pre-numbered and dated voucher?				
Is the voucher appropriately approved and the amount recorded?				
Is a reconciliation of petty cash done on a regular basis?				
Are all petty cash items recorded in a petty cash book?				

Assets register

Is an asset register maintained showing confirmation of cost, where purchased or fair market value where donated, method of depreciation if applicable?				
Is a stocktake completed on a regular basis?				
Is the asset register updated with new acquisitions and the disposal of old equipment?				
Have the number of assets been correctly listed on the congregational annual return?				

Recording of expenditure

Are all forms of expenditure correctly recorded in either a cash book or computerised system? Is this recorded as soon as practical after drawing a cheque?				
Do the reports given to church council reflect the values recorded within the cash book or computerised system? Are appropriate 31 December cut-offs being used?				

Bank reconciliation

This is an important control point which verifies that the records kept by the treasurer do in fact agree with the records of the bank.

Are all bank statements on hand for all accounts?				
Do all receipts and payments agree with the bank statement?				
Have all direct credits and debits been processed through the cash book?				
Have all outstanding cheques and deposits been correctly treated? Are there any items over one year? Have all outstanding differences been cleared quickly?				
Has the bank reconciliation been prepared and matched to the bank statements regularly but not less than quarterly?				
Have all copies of the bank reconciliation been retained?				

Reporting to the church council and the Synod office

Is a congregational return prepared and submitted to the Synod office prior to 31 March for the previous year?				
Have all special purpose funds been approved by Presbytery?				
Has all income and expenditure been correctly recorded as outlined in the congregational return?				
Has a list of payment transactions since the last meeting been tabled and ratified by the church council?				
Is there a summary of receipts and payments i.e. statement of financial performance prepared for the church council, ideally supported by a report from the treasurer?				
Is the congregation or project running at a deficit? What plan does the congregation have to become financially viable?				

BAS return and GST: some common issues

Has GST been handled as per the Uniting Church GST manual?				
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	Yes	No	N/A	Details
Has the congregation lodged the BAS returns on time?				
Have unregistered sub-entities been treated properly?				
Have all cash advances to ministers had PAYG deducted?				
Has GST been treated correctly for weddings, funerals etc.?				
Have market value tests been applied to commercial transactions and does proper documentation exist?				
Have residential rent and associated costs been properly classified for GST for manses?				
Have all transactions related to Uniting Church entities been correctly treated?				

Loan balances

Have all loan balances been recorded on the congregational return?				
Have the loan balances been verified at balance date?				
Have all loans applications been approved and minuted by church council?				

Minute book

Are the minutes signed?				
Are all church council meetings minuted?				
Have the accounts and congregational return been minuted and approved by church council?				
Review for items that have a major impact on the accounts?				
Check that major expenditure is approved by minutes?				

Auditor

Is the gross income of the congregation over 2.5 times the notional stipend?				
What are your qualifications i.e. CPA or CA or two persons as set out in the Uniting Church Regulations (this only applies if gross income of the congregation is less than 2.5 times the notional stipend)?				
Has your appointment been minuted by the church council?				
Are you appointed for all the sub-entities as per GST?				
Is there a fee being charged? If so what is the amount?				

15.4 Annual return guidelines

Receipts and payments

15.4.1 Receipts

Mission and ministry receipts

I.1 General offerings

Offerings from church services in loose form, pledged envelopes, electronic funds transfer and direct debit.

I.2 Retiring offerings/appeals for non-congregation causes

Appeals outside the congregation or arms-length groups which are organised by entities other than the congregation e.g. Christmas Bowl, Frontier Services.

I.3 Retiring offerings/appeals for congregation causes

Appeals organised by the congregation or arms-length groups which are for the benefit of the congregation or aid the mission of the congregation e.g. manse appeal, Flood Disaster Relief Fund, Flying Padre.

I.4 Income from Uniting Church in Australia organisations

Synod/Presbytery grants, Synod funds, including Strategic Project Funding Grants (formerly Block Grants) and any other funding received from Presbytery/Synod.

I.5 Income from Uniting Church in Australia organisations

Funding received from other Uniting congregations to support ministry e.g. twinning arrangements, support from other congregations.

I.6 Government grants: federal/state/local

Grants received from federal/state/local government departments where there is a spending approval attached.

I.7 Donations from other non-Uniting Church in Australia sources

All other income e.g. sponsorships.

I.8 Reimbursement for ministerial service

Funds received where a ministerial agent or congregation member/s renders a service for a fee e.g. funerals, weddings, community outreach programs, school education, chaplaincy services, missionary, appeals, interaction with multicultural community groups.

Interest income receipts

I.9 Interest income: other financial institutions

Interest income received from funds invested with other financial institutions.

I.10 Interest income: U.C.I.S

Interest income received from funds invested with U.C.I.S e.g. interest income from cash investment account, fixed term account, Mutual Support Scheme.

I.11 Interest income: drawdown from MDF (Mission Development Fund) accounts

Drawdown of accrued interest on MDF accounts (Presbytery-endorsed).

I.12 Distributions from other Uniting Church in Australia accounts

For example, Uniting Church Foundation distribution.

Property receipts

I.13 Property income from manse

Rental income received from a designated manse not used by a minister.

I.14 Other property income

Rental income from hall hire, residential and other properties held by the congregation.

Other income

I.15 Bequests received

Bequests received identifying the congregation as the beneficiary.

I.16 Special Purpose Fund income (Presbytery-approved)

Special purpose funds raised through appeals e.g. building fund, organ fund, etc. Presbytery approval must be sought to exclude this income from Mission and Service Fund calculation.

I.17 Receipts for congregation sub-entities

Receipts for committees or groups in the life of the congregation e.g. adult fellowship, ladies guild, property committee.

I.18 Transfer from Mission Development Fund (MDF) (Presbytery-endorsed)

Drawdown of MDF capital for the use of the congregation.

I.19 Other receipts

All other income sources (excluding from business activities) e.g. pie drives, camps, fêtes/garage sales, collections for bus tours/concerts/dinners.

Income generating activity receipts

I.20 Income generating/business activity receipts

All income obtained for goods sold/services delivered relating to community outreach and/or business activities e.g. opportunity shops, child care centres operated by the church, markets, food outlets or cafés.

15.4.2 Payments

Ministry/staff costs

E.1 Ministerial agent stipend payments

Gross stipends, annual leave, long service leave, beneficiary and other superannuation fund payments to ministers, deacons, deaconesses, lay pastors and accredited youth workers in approved placement. Housing and travel allowances are excluded for this item, but included in E-2 and E-3.

Please note that if your congregation is a linked congregation for the costs of shared ministry, the following applies:

- If you are reporting as one group the *total* ministers' stipend expenses should be recorded on your return.

- If you are reporting as separate congregations, the portion of stipend paid by your congregation should be recorded on your return.
- If you reimburse another congregation for your share of the ministry costs (which pays the full salary to the minister), your payment should be included in E-8.

E.2 Housing allowance

Housing allowances paid as part of a minister's stipend in lieu of supplying a manse. Also includes any rent paid to provide a manse.

E.3 Travel allowance

Travel allowances paid as part of a minister's stipend or any expenses incurred in providing a motor vehicle to a ministerial agent in lieu of providing an allowance.

E.4 Lay staff salaries, wages, allowances, honorariums

Part-time and casual staff, and regular honorariums including payments made to lay staff included in PAYG payment e.g. choir conductor, organist, secretarial assistance, cleaners. Staff paid under the SACS award. Superannuation expenses attributed to staff should be categorised under E-5.

E.5 Lay staff superannuation

Superannuation contributions paid for all lay employees.

E.6 Other employment-related expenses

Including annual Worker Cover insurance.

E.7 Reimbursements and out-of-pocket expenses

Payments to volunteers (cleaners, organists, etc.) that are *not included* on a PAYG Payment Summary (Group Certificate) e.g. travel expense reimbursement.

E.8 Reimbursements for shared ministry costs

Reimbursement of another congregation (which is paying the gross stipend of the minister) for the proportional costs for shared services of a minister e.g. linked congregations.

Property-related costs

E.9 Consultants/contractors (non-employees)

Engagement of casual contractors or consultants for building development works. This item covers "one off" payments (on the issue of an invoice) where the congregation is seeking professional advice or services rather than incurring physical construction costs.

E.10 Rent paid

Rent paid on any property to carry out the mission of the congregation e.g. office accommodation, storage space, hall rental.

E.11 Repairs and maintenance

Day-to-day repairs and maintenance to property of a non-capital nature e.g. repairs to chipped tiles, broken fence, plumber's services, installation of hand rails. Generally, this work does not increase the market value of the property. The cost of capital work should be recorded at CP-3 or CP-4. Repairs and maintenance of non-property costs should be recorded at E-27.

E.12 Insurance premiums: buildings and contents

Annual building and contents insurance premiums. Insurance premiums for motor vehicles and non-property assets are included in E-29.

E.13 Electricity and gas

Energy costs.

E.14 Rates and taxes

Water and local council rates, land tax.

E.15 Property management

Agent commission, property valuation fees and real estate agent costs.

E.16 Other property-related costs

Any other costs incurred that relate to property held by the congregation.

Mission-related costs

E.17 Uniting Church in Australia contributions

Congregation Mission and Service Fund contributions.

E.18 Contributions to other Uniting Church in Australia organisations

Donations/grants paid to other **Uniting Church in Australia** organisations (e.g. other congregations) as direct payment for services rendered, reimbursing expenses incurred by them or sharing costs for particular transactions. These expenses must be mission-related and must not include a combination of shared property and administration expenses, which must be individually identified or treated as rental expenses in E-10.

E.19 Donations to non-Uniting Church in Australia organisations

Payment of donations received in I-2. It applies where the congregation is facilitating the receipt and distribution of the donations to non-Uniting Church in Australia organisations.

E.20 Local mission support

Costs incurred in any activity aimed at developing connections between the congregation and its members or local community e.g. RE in schools, community outreach, programs for youth/families/seniors, publicity costs relating to a special worship event, printing or hospitality expenses relating to some form of witness, equipment for volunteers engaging in acts of community service.

E.21 Overseas mission support

Travel or accommodation subsidies for congregation members involved in overseas mission, as well as resources or training costs associated with congregation members on or planning an overseas mission trip.

E.22 Mission education costs

This covers investment in the people who are preparing to undertake mission activities of the congregation. It could involve library resources or courses and includes training and planning expenses.

E.23 Fundraising costs

This includes costs associated with fundraising events that cannot be classified into other non-property activities. Includes costs related to I-19.

Administration/other

E.24 Audit fees

Fees charged by an external auditor engaged to check your congregation's financial records.

E.25 Accounting/legal/professional fees

Professional engagement by the congregation e.g. group facilitator, marketing manager or other professional to do a defined project or task.

E.26 Bank charges

Charges by banking institutions for managing bank accounts.

E.27 Repairs and maintenance: non-property assets

Repairs to congregation assets e.g. furniture, photocopiers, cars, fax machines, other equipment.

E.28 Motor vehicle expenses

Expenses incurred in operating a vehicle e.g. vehicle registration, fuel, servicing. Any costs incurred in providing a vehicle to a ministerial agent should be recorded at E-3.

E.29 Insurance premium: non-property assets

Insurance covers for motor vehicles, church bus, machinery, public liability etc. Insurance premiums for buildings and contents are included under E-12.

E.30 Interest expense: other financial institution borrowings

Interest charged on a loan/s with other financial institutions.

E.31 Interest expense: U.C.I.S borrowings

Interest charged on a loan/s with U.C.I.S.

E.32 Stationery and printing

For example, letterhead, offering envelopes, postage envelopes, paper, printing, photocopying.

E.33 Telecommunications

Cost of equipment (mobile phones, desk/hand set phones), phone usage charges, Internet connection fees, and fax charges.

E.34 Postage and courier

Mailing costs, freight, overnight express and stamps.

E.35 Other miscellaneous costs

Any expenses not specifically described above, e.g. general advertising, other general administration expenses.

Congregation/church service costs

E.36 Congregation sub-entities

Costs in running church group and/or sub-entity activities e.g. fellowships, youth groups.

E.37 Congregation life

Music licenses, worship expenses, advertising of church services, social activities, refreshments, Christmas/Easter letter box drop etc.

E.38 Meetings

All food and administration costs related to monthly and annual meetings of church councils, management committees, Presbytery or Synod meetings, or any meeting between members of the congregation.

E.39 Congregation members (non-employee) training and conferences

Any training or conferences attended by members or volunteers of the church.

E.40 Other worship costs

All other worship costs.

E.41 Income-generating activities costs

Costs incurred in the generating of income recorded at I-20 e.g. community outreach activities and business activities.

15.4.3 Capital cash flow

Capital cash receipts

CR.1 Proceeds from sale of land and buildings

Contracted sale price from the sale of land, buildings and property (excluding any GST component).

CR.2 Proceeds from sale of other assets

This is the sale price of all other assets e.g. motor vehicles, furniture, office equipment.

CR.3 Draw down of property loan

Funds received from a financial lender for property development or purchases.

CR.4 Other receipts

This includes all other receipts of a capital nature.

Capital cash payments

CP.1 Purchase of land

The purchase of land approved by the Queensland Synod Property Trust. The valuation report is used to apportion the purchase price between land and buildings.

CP.2 Purchase of buildings

The purchase price of buildings (churches, halls, manses, shops, etc.). The buildings component of the purchase is recorded separately to the land component (see CP-1).

CP.3 Property refurbishment

All significant cash payments for the refurbishment of buildings e.g. installing a new kitchen or bathroom, replacing a roof, extending rooms.

CP.4 Property development

Major development or improvement works to property that would substantially increase the value of the church property should be included under this category e.g. construction of new and extensive outdoor facilities, major development works to expand church buildings, construction of a building on vacant land.

CP.5 Contribution to FDF

Under the guidelines of the Mission Development Fund (MDF), 15% of property sales proceeds are gifted to the Future Development Fund (FDF).

CP.6 Agent commission payments

Real estate agent commission fees for their work in the sale of land or property.

CP.7 Loan principal payments

Repayments made during the year on the principal amount of a loan (i.e. reductions in the original loan amount, not interest payments) to the lending institution.

CP.8 Purchase of other assets

Purchases of all other assets whether new or replaced e.g. motor vehicles, furniture and office equipment.

CP.9 Other payments

This includes all other payments of a capital nature.

15.4.4 Funds and loans balances

Investments

F.1 U.C.I.S accounts

Closing balances of all deposit accounts held with U.C.I.S as at 31 December.

F.2 Other financial institution accounts

Closing balances of all deposit accounts held with other financial institutions as at 31 December.

Include name of fund and also indicate the financial institution where the fund is held.

F.3 Special purpose funds

Closing balances of all special purpose funds held on behalf of the congregation. Include name of fund and also indicate the financial institution where the fund is held.

F.4 Uniting Church Foundation

Closing balances of any Uniting Church Foundation bequest accounts held with Uniting Church in Australia financial institutions as at 31 December.

F.5 Mission Development Funds (MDF)

Closing balances of all MDF accounts (property sale proceeds) held with Synod as at 31 December.

Loans

L.1 U.C.I.S loans

Closing balance of any loans held with U.C.I.S as at 31 December.

L.2 Other Synod loans

Closing balance of any other loans held with Synod as at 31 December.

L.3 Other financial institution loans

Closing balance of any loans held with other financial institutions as at 31 December.

15.5 MDF flowchart

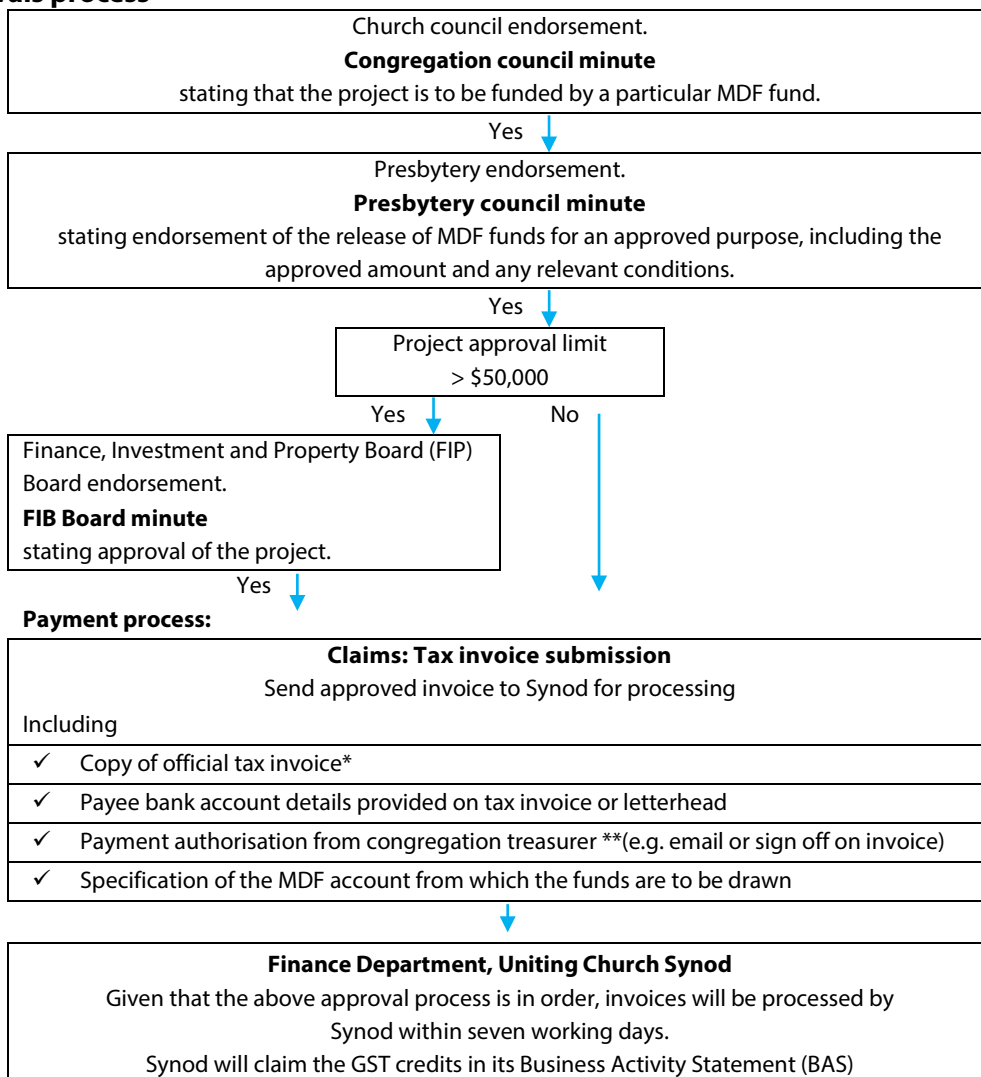
Application for accessing Mission Development Funds (MDF)

Per Queensland Synod MDF guidelines, funds from an MDF account can be accessed for the following purposes:

- Approved capital purposes e.g. property development, construction or refurbishment, and
- Promoting the mission of the church through approved special church growth or outreach programs.
- Accrued interest can be accessed for normal operational expenses.

For each new capital project:

Approvals process



Reimbursements

* In the case where the congregation is seeking reimbursement (net of GST) for an expense already paid, the following must be provided:

- A copy of the official tax invoice, and
- An official receipt to evidence payment, or a cheque butt and corresponding bank statements demonstrating that the expense was paid by the congregation.

** Or a person appointed by the church council e.g. capital project coordinator.



The Uniting Church in Australia
QUEENSLAND SYNOD