



APPENDIX II

BASIC ACCOUNTING PROCEDURES

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1. DIOCESAN ACCOUNTING SYSTEM

- 1.1 The Diocese's accounting system is called AccountsIQ and is being rolled out to all parishes during 2019 and is being used by the Curia and 10 parishes as from 1st January 2019. This guidance is based on the functionality and processes of that system but includes a note under each section of the procedures that will apply to parishes before they transition to the new system. Accounts IQ does not deal with Gift Aid which is still recorded in GiftWise, but any Gift Aid rebates will be posted in to AccountsIQ against parish loan accounts.

2. LOCAL RECORDS

- 2.1 The accounting system replaces a lot of current manual processes and there are standard processes in place for using the system.
- 2.2 Local paper records that still need to be maintained are as follows:-
- Bank paying-in book
 - Cheque book and counterfoils
 - Petty cash book (although this can be done on the system if preferred)
 - Weekly pro-forma / counters' sheet using the new standard circulated in December 2018 (see section 4 for details of the new on-line entry system).
- 2.3 We will no longer require an annual Financial Return as reports can be generated automatically from AccountsIQ. However, all parishes are required to complete a Financial Return for 2018 as part of onboarding to the new finance system.
- 2.4 Before transitioning parishes will need to maintain-
- Bank statements
 - Main cash book (in most cases part of software package)
 - Ledger (in most cases part of software package)

3. RECEIPT OF CASH AND BANKING

- 3.1 All cash should be placed in a locked safe on Church premises as soon as possible after receipt. It is preferable to use a safe in the presbytery and not use the sacristy safe. The key for the safe must be kept securely. If cash is moved to non-Church premises for counting, insurance cover is invalidated.
- 3.2 Cash should be counted and banked weekly as soon as is possible. For major events, such as a fete, it is prudent to arrange night safe facilities.
- 3.3 There should be two counters to check and bag the cash. A rota of counters should be arranged.



- 3.4 A weekly pro-forma (“Counters’ Sheet”) should be completed by the counters in which the total cash received is **analysed according to denomination** and reconciled with income from the various sources (offertory, Second Collections, votive candles, etc.) This form should be dated and signed by the counters and attached to the bank receipt transaction in Accounts IQ when the Finance Office has imported the monthly bank statements.
- Before transitioning parishes, these should be kept in a ring-binder file in date order.
- 3.5 Separate bank paying in slips should be completed for cash and cheques and should be paid in separately at the bank (this is so that automatic “matching” will occur when doing your monthly bank reconciliation). If cheques are paid in at any other time than your normal weekly banking, there is no need to complete an online cash collection for these as they will be dealt with as a sundry bank receipt when doing your monthly bank reconciliation.
- 3.6 **ALL CASH – in the exact denominations received - and cheques should be banked.** Change should **on no account** be changed up at a local shop, public house or business. NB. CAF (Charities Aid Foundation) vouchers are not cheques and cannot be banked. Parishes should fill in their bank details in the space provided and send the voucher direct to CAF or to the Gift Aid Office. **Cash must not be held back to meet housekeeping and petty cash expenses.**
- 3.7 An online cash collection sheet should be completed for the total amount banked. This can be completed prior to banking or once the receipt is showing on your bank statement (this would allow for adjustments to be made to the cash collection sheet for banking differences, e.g. foreign or forged currency). This makes sure all the information on collections is transferred into AccountsIQ and tells the system how much needs to be sent out to third parties and the Diocese. A purchase invoice setting out the amount of the diocesan ones will be automatically sent to you and collected from your main bank account in line with the standard month end timetable. Purchase invoices will be created for the standard third party collections and you should issue a cheque/s to reflect these. See the next section regarding the new on-line entry system.
- 3.8 For reasons of security, it is prudent for two people to make the visit to the bank. Motor Insurance cover should be checked if parishioners use their own cars to go to the bank.
- 3.9 The paying-in book should be stamped by the Bank cashier to confirm the amount received, unless the Quick Deposit / Deferred checking service is used.
- 3.10 Petty cash should be drawn from the bank by means of a cheque to cover housekeeping and other needs. The cheque for Petty Cash is shown as a debit item in the cashbook on AccountsIQ (Cash Book for manual systems) and you can post entries to AccountsIQ to reflect spend of petty cash monies. Petty Cash received is entered as income in the Petty Cash book where this is still a manual system.



4. CASH COLLECTION SHEET AND GUIDANCE FOR PARISHES

- 4.1 The cash collection sheet was initially issued in 2013 to comply with HMRC rules around the Gift Aid Small Donations Scheme (GASDS). To qualify for the GASDS rebate, parishes have to demonstrate that they count and record loose plate cash separately from gift aid cash and that only small donations of £20 or less are claimed for.

Initially, HMRC said that each denomination of cash had to be recorded but they have changed this and now only insist that notes are recorded separately from coins. The sheet was designed so that it could also be used for banking purposes (the total on the form being the amount banked each week).

The cash collection sheet has now been further developed to be used as an import document to Accounts IQ (AIQ).

The columns on the form represent the most common income streams for parishes. There may be other income streams that parishes have which are not on the form, but it would be impossible to account for every category. In this circumstance parishes can change the template narrative box to reflect their individual needs but taking into consideration the data required for input into AccountsIQ.

Counters should complete this form each week for each Mass centre if there is more than one and, where there is a 2nd collection or income from donation boxes in church, the name of the collection should be written/typed on the form. One form should be completed for each 2nd collection/box (including when money is paid over for a 2nd collection that was in previous weeks).

These totals can then be input into AIQ by clicking on the following link:

<https://aiqcashcollection.azurewebsites.net/Login.aspx?ReturnUrl=%2f>

There are 5 tabs to this online form:

4.1.1 **Parish Collections**

This is the tab where the totals for each of the columns on the form (with the exception of 2nd collections) can be entered. The date received should be the Sunday date that the collection was made on and then the date that the money is banked should be added. There is a dropdown list against Mass Centre - you have to use this dropdown even if you just have one Mass centre. The comments column can be used to add any description that you have about the income. These comments will appear against the transaction once posted into AIQ.

4.1.2 **2nd Collections paid to Diocese**

This tab is used when there has been a 2nd collection which is then paid over to the Diocese. Once you have posted amounts to this tab, a purchase invoice setting out the



amount to be paid over to the Diocese will be sent to you and collected from your main bank account in line with the standard month end timetable

4.1.3 2nd Collections paid to 3rd parties

This tab is used when there has been a 2nd collection which is then paid over to third parties. Apostleship of the Sea, Missio, CAFOD, Crib Offering and Lenten Alms are listed. A purchase invoice will be generated for Apostleship of the Sea, Missio and CAFOD which you then need to pay over to the relevant organisation. As Crib and Lenten Alms can be paid to various organisations you will need to generate a purchase invoice for the specific organisations.

4.1.4 Other 2nd Collections

This tab is used when there has been a 2nd collection for the parish (e.g. building fund) and any other collection box that has been counted that week (e.g. flowers / crib offerings). You will need to add a description in the comments box detailing the income received.

4.1.5 Summary

This page will summarise the totals of the input forms that you have completed, which should agree with the total on the cash collection sheet(s). If you discover an error in the input, you can go back to each individual tab and correct your error. Once the form has been submitted you will get a message to say, "The form has been submitted successfully, thank you" and you will get the option to submit another form.

When doing your bank reconciliation each month in AIQ, the amount banked will automatically match from the total posted via the online form. If there is more than one form submitted, then the totals will have to be matched manually from the imported bank statement. Detailed guidance is provided to all cash collection sheet users.

5. BANK LEDGER ACCOUNT

- 5.1 The bank ledger records all income paid into the bank in the form of cash and cheques together with other credits which are paid into the bank account such as standing orders.
- 5.2 The bank ledger also records all payments made by cheque, standing orders, bank transfers or direct debit, bank charges, and the withdrawal of petty cash by cheque from the Bank.
- 5.3 The entries in the bank ledger will be automatically generated when your bank statement is imported into AccountsIQ at the end of each month. If you do not use NatWest for your banking you will need to import those bank statements – full guidance on how to do that is available.



- 5.4 Before transitioning to AccountsIQ parishes should maintain a Cash Book that includes all the items appearing on the bank statement including standing orders and bank charges. These items should be entered monthly. All items should be given a reference number giving the number of the ledger page where the amount is entered in the ledger.

6. GENERAL LEDGER

- 6.1 AccountsIQ will provide a full list of all the transactions in your system (payments, invoices, bank transactions, etc) so you do not need to do anything other than review the transactions each month to check the items are valid and have been coded correctly.
- 6.2 Before transitioning to AccountsIQ parishes will need to maintain a ledger. The Ledger pages collect the different items from the cash book and petty cash pages to give a total of each class of income and expenditure. It is recommended that transfer of figures to this ledger is undertaken on a monthly basis.
- 6.3 The page numbers from the cash book and the petty cash book must be entered beside the entry in the ledger so that the figures can be crossed checked.
- 6.4 The ledger columns will give the totals for each category, which will transfer to AccountsIQ when you transition.
- 6.5 For most entries it will be sufficient to use the general headings from the Financial Returns. There may be cases where it is appropriate to keep additional ledger pages, for example, if separate rent accounts are kept for the various users of a parish hall.
- 6.6 Please note that both cash book items (paid by cheque) and petty cash items are entered into the same ledger columns. The page reference number should distinguish between cash book and petty cash entries.

7. PETTY CASH

- 7.1 Petty cash should be drawn from the bank by means of a cheque on a weekly basis or more often if necessary.
- 7.2 Petty cash may be required for:-
- small housekeeping expenses (**but see use of Parish Charge Card**)
 - stamps, stationery, etc.
 - other incidental expenses
- 7.3 Where possible a receipt should be obtained and attached to the transaction in AccountsIQ. Before transitioning parishes should keep them in the invoice folder (see Section 8). Expenditure must be recorded in the petty cash book according to the correct item (and therefore category of expenditure) – stamps, food etc.



- 7.4 Petty cash should be kept in a box in the safe or another secure place. A petty cash book should be maintained showing cash placed in the box and details of money withdrawn. The income and expenditure should be reconciled with the money in the box regularly, as a minimum once a month. The book should not be kept in the box so that records are not lost in case of theft.
- 7.5 The expenditure of Petty Cash should be transferred to AccountsIQ (or current ledger) on a regular basis, and at least monthly.
- 7.7 Where cash is given to someone for expenses or other proper cause, it is prudent to have the recipient sign a receipt, which is retained in the parish records.

8. INVOICES AND RECEIPTS

- 8.1 You can scan and upload copies of invoices received on to AccountsIQ against the payments made. The system will also generate a remittance advice note that can be emailed out to the supplier.
- 8.2 Copies of all invoices for payments made should be retained. For paper systems the date of payment and the cheque number should be written on the invoice. It is convenient to place all invoices for a year in a single ring binder in cheque number order, rather than to keep files for each supplier. Many invoices now have a payment slip, but a copy should be made if there is not a portion to retain.

Where a payment is made by cheque which is not in respect of an invoice it is prudent to create a voucher on a plain piece of paper, stating the payee, the sum, the cheque number, the date, the category of expenditure, and any other details, and for the voucher to be signed by the parish priest. For example:

- *Cheque to R C Diocese of Southwark*
- *Loan account deposit - £10,000*
- *Cheque Number 105732*
- *Date: 12th November 2006*
- *Signed: PP*

- 8.3 The parish bank account should never be used to pay for something pending reimbursement from the person properly liable. Where a priest benefits from the expenditure of parish money (e.g. a car loan up to £4,999), he must ensure that this has the backing of the Parish Finance Committee or a Diocesan rule.
- 8.4 Caution should also be exercised where a Parish Priest wishes to lend his own money to the parish. Problems can arise, should the priest need that money back at short notice or in the event of his death. Repayment, under whatever circumstances, is likely to mean transfer of a substantial sum of money from the parish to the priest.
It is therefore important that any such lending is properly agreed and documented via the Diocesan Finance Office.



- 8.5 Invoices should be kept for six years whether they are in paper form or kept on AccountsIQ. Paper invoices can then be destroyed unless there are special reasons to keep individual papers.

9. USE OF CREDIT CARDS, DIRECT DEBIT CARDS & CHARGE CARDS

- 9.1 It is helpful and good practice to arrange a Charge Card Account (credit card) for parish purposes alone. The Finance Office can provide you with an application form and arrange for the card to be issued. We are arranging to upload your credit card statements to AccountsIQ.

- 9.2 From time to time, it may seem convenient to use a Personal Credit Card for purchases on behalf of the parish. However, this is not recommended for Priests as it may introduce tax complications.

If, exceptionally, a personal credit card is used then financial settlement must be made within the permitted time scale and supporting invoices supplied for reimbursed expenditure. No debt should be created through late payment and it would be inappropriate to incur fees or interest in relation to parish expenditure.

- 9.3 It is in order to draw a cheque on the parish account to settle the portion of the credit card statement that refers to parish purchases.

10. COMPUTER ACCOUNTING OTHER THAN ACCOUNTSIQ

- 10.1 Existing Computer systems can be used until parishes transition to AccountsIQ, but no new ones can now be purchased. While you do not need to backup AccountsIQ please make sure that you have a suitable arrangement in place for your existing computer system.

- 10.2 As with manual systems, information must be retained for six years. It is prudent to retain a digital or paper copy of the principal accounting records for each year of the six-year periods and to retain all supporting information sheets and documents.

- 10.3 The prime computer records must be held on hardware, which is owned by the parish rather than by an individual priest or layperson. It is imperative that any information system is reasonably accessible and if necessary, details can be transferred from one machine to another. Parish data may only be downloaded, copied or transferred from a parish system with the express permission of the Parish Priest, who may revoke this permission at any time. New express permission **MUST BE SOUGHT** on the appointment of a new Parish Priest.

11. RESTRICTED FUNDS

- 11.1 Many funds such as offertories are donated for the general purposes of the parish and can be used for these purposes.



- 11.2 A number of funds are given for specific purposes (e.g. church restoration fund). Such funds can be paid into the parish bank account and in AccountsIQ you must have a specific code set up for each one. For current systems they must be clearly identified in the cash book and the ledger. It is prudent to maintain a separate ledger page for each of these items.
- 11.3 Some items are obvious, such as weekly CAFOD donations and the Seminary Fund. Others are less obvious but include funds given by parents and others for the specific purposes of the school, or donations for a special item for the Church. These should not be merged with general funds but should be identified as special funds. Balances held at the end of the year should be recorded and carried forward to the next year – this will happen automatically on AccountsIQ.
- 11.4 It is essential to observe the restrictive terms of donations and if they are not met then to ensure such donations received are repaid to the donors. Systems should be in place to ensure that a record of restricted donations received is maintained and includes contact details should a repayment be necessary (this can be maintained on AccountsIQ). Ideally permission should be obtained when such a donation is received that if such income is surplus to the related expenditure or the project does not take place then all such income can be used for the general parish purposes.

12. WEEKLY CHECK LIST

12.1 Income – Bank Account Ledger

Enter cash totals from the weekly pro-forma (“Counters’ Sheet”) and then enter on-line (see Section 4).

Enter any other credits such as cheques from paying-in slips and standing orders.

12.2. Expenditure – Bank Account Ledger

Enter all cheques paid including petty cash cheque as well as bank charges.

13 MONTHLY TIMETABLE & CHECK LIST

13.1 1st (working day of month) – Finance Office will upload bank statements (NatWest Bankline only) and will also open the new period.

5th - Finance Office will post regular sales and purchase invoices for parish assessments, payroll, etc. for you to check.

7th - make sure final cash collection for last Sunday in previous month has been posted

8th - Finance Office will post any other ad-hoc invoices and also depreciation

9th - Payroll cut-off date for current month changes



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1st - 15th - Normal processing (taking care to make entries into the correct month):-

- pay all invoices and raise all invoice relating to the previous month (those ones outstanding)
- reconcile petty cash
- review credit card
- review local accounts (e.g. stole fees, stipends, hall bookings, local projects)
- upload any non-NatWest bank statements
- reconcile bank accounts
- Process any necessary journals
- reconcile control accounts

15th Standard day to:-

- - Close period
- - run reports as required
- - raise any issues on Parish assessments etc.

20th - Finance Office will make bank transfers into/from your accounts