

Archdiocese of Southwark



Parish Financial Administration Guidance

February 2019



FOREWORD

Our Guidance Notes were last revised in 2018. It is now judged timely to issue a fully updated version of these Notes to reflect changes in our Parishes and the introduction of a new finance system for the Archdiocese. This is not a comprehensive manual but rather a compendium and summary of our standard procedures, which I rule as normative for this Diocese.

I commend these Notes to you in the trust that they will be a dependable assistance in matters of Parish Financial Administration. The Diocesan Finance Office is always happy to answer your more detailed questions. Other guidance notes covering Property, Data Protection / GDPR and Staffing are also available.

Archbishop Peter Smith

The following notes take as their starting point Can. 1284 of the Code of Canon Law:

"All administrators are bound to fulfil their office with the diligence of a good housekeeper."



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[Chapters marked * should be read first as a priority for Priests on taking over a Parish.]

Please note that the subject of Expenses & Remuneration to Priests is dealt with in the companion publication Summary of Regulations on Payments & Benefits to Priests and Deacons (latest version February 2017).



1. INTRODUCTION

1.1 ENGLISH LAW / CODE OF CANON LAW

There are two systems of law involved in the governance of the Church in England: the Charity Law of England (Charities Act) and the Code of Canon Law of the Church. The Archdiocese of Southwark is a Charitable Incorporated Organisation (CIO) and has a Board of Trustees comprising of 9 people. It is chaired by the Archbishop.

The Trustees must manage the property of the Diocesan Charity and ensure that the resources of the Charity are applied for the proper purposes. This implies a greater degree of Diocesan centralised control than is envisaged in Canon Law. On the other hand, an important principle in Canon Law is that an administrator should 'ensure that the ownership of ecclesiastical goods is safeguarded in ways which are valid in the civil law' (Code of Canon Law, 1284 § 2.2). So, in our particular situation in England, this level of control is necessary.

In order to give those bodies and persons the powers of administration that is intended by the Church, the Trustees (not simply the Bishop of the Diocese) must appoint the relevant persons as their agents. So, the usual arrangement is that a Parish Priest is deemed to be appointed by virtue of his pastoral office as agent for the Diocesan Trustees in relation to Parish property. It is recognised that under the Code of Canon Law Parishes are distinct juridical entities and own their own property.

However, in English Charity Law, Trustees must actively manage the charity – review and correct the work of their agents.

Agents must act on the instructions of the Trustees and must account for the monies entrusted to them. Canon Law does envisage some degree of accountability and control between Parish and Diocese, but probably nothing as strict as that between agent and principal.

One consequence of this arrangement is that no Parish committee or structure bears civil legal responsibility for Church finances - this remains with the Diocesan Trustees and their agents, the Diocesan officers and the Parish Priests.

The physical lands and buildings of the Parishes are therefore legally owned by the Diocesan Charity and the Trustees control acquisitions and disposals. Similarly, investments are held centrally. A large portion of Parish surplus cash is also loaned to Diocesan central funds and so managed centrally. The Trustees also have the right to make arrangements for Parish banking.

The Diocesan Charity is established for exclusively charitable purposes, and funds collected in the name of the charity must be applied for that charity's purposes.



The exclusive element has important implications for trading and business activities that may be carried out by a charity: the scope for trading is restricted.

Exclusivity also rules out political campaigning. Charities can and do contribute to the formation of public policy; but they can deploy their charitable funds neither in support of political parties nor in support of a political campaign to change the law. This restriction does not prevent members of a Parish associating in a political activity, but if they raise funds these cannot be held by or managed through Parish bank accounts. There cannot be any transfers from Parish funds to any political organisation.

Canon Law requires the appointment of a Diocesan Financial Administrator (Canon 494). The Bishop, the Ordinary, supervises the administration of all the goods which belong to his Parishes (1276 §1). The Diocesan Administrator is mainly concerned with administering Diocesan central funds, but the Bishop may also entrust to the Administrator - and the Episcopal Vicar for Finance currently in this Diocese - the task of supervising the Parishes' finances (Can. 1278).

The Bishop may also intervene in Parishes where there is negligence, but ordinarily, the administration of the Parish goods belongs to the Parish Priest, assisted by his Finance Committee.

1.2 TERMS OF REFERENCE FOR TRUSTEE BOARD AND DIOCESAN FINANCE COMMITTEE

Members of each of these bodies are listed in Appendix Ia. Please see the Finance Office Page on the Diocesan website for the Terms of Reference.

1.3 CHARITABLE INCORPORATED ORGANISATION

The Roman Catholic Archdiocese of Southwark is a Charitable Incorporated Organisation and its Registered Incorporated Charity Number is 1173050.

2. FINANCE

2.1 *BANKING & PARISH CHARGE CARD

2.1.1 OVERVIEW

In order for the Diocese to satisfy the Charity Commission that it has oversight of its finances, it is necessary for each Parish to maintain its accounts solely with NatWest Bank (part of the Royal Bank of Scotland Group). **Should a Parish, for any exceptional**



reason and with the authority of the Diocese, maintain a bank account with any other bank, the Financial Secretary and Financial Controller must be signatories on the bank account mandate and the details of that account must be recorded on Accounts IQ and details given to the Finance Office. The Parish bank account (the main current account) must be in the name of the church, stating both the dedication and location; this name must appear on the cheques along with “A Registered Charity”. The use of a full Parish name will help to identify you to the bank when giving payment instructions. Where a Parish holds more than one account (for example if it has a deposit account for money raised for roof repairs) the same rules apply. It is recommended that surplus funds and deposits are lodged with the Diocese (please see Section 6).

Parish monies must never be held in an account in any other name and certainly not in an account in the name of the Priest. It is fraudulent to obtain personal banking terms, conditions and rates of interest on Parish monies, which are charitable funds. Any Priest doing so opens himself to serious criticism and suspicion and makes himself vulnerable to action by statutory authorities, possibly involving prosecution.

2.1.2 SIGNATORIES AND CHEQUES

The Diocese has agreed a bespoke Bank Mandate with NatWest; the Financial Secretary and the Financial Controller are automatically signatories on all accounts. As a minimum, the Parish Priest and one other Priest (e.g. from a neighbouring Parish) should be signatories to each Parish account. Many Parish Priests find it practical to include lay employees or volunteers (e.g. a member of their Parish Finance Committee) as signatories to the Parish bank account.

The Parish Priest may sign, solely, cheques up to and including £5,000. For all higher amounts, he must obtain a second signature. Other signatories to the account may sign, solely, up to and including £1,000; two Authorised Signatories, other than the Parish Priest, may sign together up to and including £5,000.

The Diocesan Financial Secretary and the Episcopal Vicar for Finance may sign, solely, up to £5,000 on Parish accounts. They may provide a second signature on a Parish cheque, if no second signature is available locally. If such a second approval from the Diocesan Finance Office is required, please e-mail copies of all the relevant documents (invoice, letter, etc.) backing the payment.

It is forbidden to pay an invoice in excess of £5,000 by making two or more payments of less than £5,000 in order to avoid this mandate.

For personal security, but also for insurance reasons, cash should be taken to the bank by two people together and the times of visiting the bank each week should be varied. Arrangements can be made at a local branch for the drawing of cash. A maximum of £500 per week is the Diocesan standard, but this may be varied on application to NatWest via the Diocesan Finance Office. You will normally be asked to nominate who



is authorised to cash cheques under an arrangement with a local branch that is not your own branch.

On-line banking is available for Parishes to view their bank statements, but not to carry out transactions, as this facility does not offer a sufficient level of security and compliance with the signing limits on the bank account mandate. This is being investigated however and, in the meantime, Parishes are encouraged to set up Standing Orders and Direct Debits where appropriate. Monthly Bank account reconciliation is mandatory.

2.1.3 **MANAGEMENT OF BANK ACCOUNTS**

The current account balances of the Parishes and Diocesan accounts are pooled under a Cash Management Scheme, whereby the whole Diocese can benefit from the total balances held. Also, Parishes pay no bank charges on standard banking activity and are not subject to the usual punitive charges if they overdraw their account for a few days.

All routine queries relating to a Parish bank account should be referred **NOT TO THE LOCAL BANK BRANCH** but to the bank's **Corporate Service Team** dedicated to the relationship with the Diocese (see Appendix 1b for contact sheet). Within the Charities sector of the bank we have a dedicated Relationship Director, to whom branch staff should be directed when transaction difficulties in local branches (e.g. with cheque encashment) are encountered. Contact details for the Corporate Service Team and Relationship Director have been provided to all Parishes and are updated regularly via the Finance Office News.

Any changes to the Bank Mandate, including change of Parish Priest, should be made using our bespoke forms available from the Diocesan Finance Office and NOT obtained from a local bank branch. Mandate changes will be presumed to apply to all that Parish's bank accounts unless otherwise specified.

The permission of the Archbishop should be sought, via the Diocesan Finance Committee, for any bank borrowing. The Finance Office can advise on terms and formalities for borrowings and will arrange the borrowing with NatWest.

2.1.4 **PARISH CHARGE CARDS**

A Parish charge card or cards (maximum limit £5,000 for the Parish Priest; £1,000 for Assistant Priests) can be provided to the Parish by the Card Division of NatWest. Parish staff are not currently authorised to have a card. The Parish Priest should apply to the Diocesan Finance Office for an application form. This is the recommended way of making general and household purchases for the Parish. It reduces the need for cash and avoids the need for a Parish Priest to reimburse himself, which can have income tax implications, and it reduces the number of cheques that he must issue to himself (which is not best practice).



2.1.5 DEFINITION OF PARISH FUNDS

Not all monies held jointly by groups of Parishioners for religious purposes are Parish funds. Consequently, social groups and other bodies should not advertise themselves, nor open bank accounts, as, for example, St. Martha's Church Music Group, which might suggest its funds are part of those monies that belong to the Parish and the Diocesan charity.

In law, a club is usually a voluntary association of people and the funds of the club are the joint property of the members, who decide by some democratic decision on how the money is spent (usually through an elected committee). A group like this, linked to a Parish, should declare itself as: The Music Club – St Martha's, thereby making its club status evident, and avoiding the words 'Parish' and 'church'. All Parish /Church / charitable money must be under the control of the Trustees' agent, the Parish Priest.

There are significant legal regulations governing public collections, such as door to door collections, carol singing collections etc. (A collection in a church building during a service is not a public collection for these purposes). Please contact the Diocesan Finance Office if you intend to do anything like this, but please note that if you are really collecting for some other charity you should have their permission and act under their direction and authority.

2.2 BOOKKEEPING, ACCOUNTING & FINANCIAL RETURN

The Diocese uses AccountsIQ as its accounting system and all Parishes are being migrated onto it during 2019. Guidance issued by the Diocesan Finance Office in the use of Accounts IQ and other related systems and processes, must be adhered to as set out in Appendix II.

Where a Priest moves to another Parish, he should, wherever feasible, ensure that the accounting system is up-to-date by the time he leaves the Parish. Ideally, he would produce a Financial Return from the system for the part of the year up to his date of departure. Thus, it is always desirable to keep the Parish bookkeeping up-to-date on a monthly basis.

A Financial Return report should be produced from Accounts IQ for consideration by the Parish Finance Committee at regular intervals. At the year-end, the report should be signed by the Parish Priest and one member of the Parish Finance Committee. Where necessary (Ordinary Income in excess of £100,000.) it should be accompanied by the report of an Independent Examiner in a form of words already provided to Parishes in separate Guidelines (available from the Finance Office). Failure to produce these two documents by any Parish puts the Diocese in a difficult position in fulfilling its statutory obligation to provide full and fair audited accounts to the Charity



Commission within the Commission's deadline and can result in serious penalties for the Diocese.

Timely completion of entries into the financial system in order to be able to produce the Parish Financial Return is obligatory under the provisions of Charity Law (to enable the Trustees of the Diocese to submit their audited consolidated accounts to the Charity Commission) and under Canon Law (Can. 1287 §1).

Under the provision of Canon Law (Can.1287 §2), a Parish Priest should give an account to his Parishioners of how the money they have given or raised has been used. Canon Law does not call for disclosure of the full Financial Return to Parishioners, although sharing the main points of the return is the recommended practice in the Diocese.

The Diocese operates a programme of internal audits to ensure that Parishes are complying with Diocesan accounting practice. Under this programme, a Parish can expect to be reviewed at least once every five years. These reviews are sufficiently rigorous to satisfy the requirements of HMRC for Gift Aid purposes.

3 PAYROLL

All staff must, without exception, be paid via the Diocesan Payroll and employment contracts lodged with HR. See the Staff Handbook for further details.

4 GIFT AID

Separate Gift Aid Guidance Notes are updated by the Diocesan Gift Aid Office and are published on the Finance Office page of the Diocesan website. These should be strictly adhered to. The Gift Aid Secretary will be pleased to help with any queries.

The tax refunds through the Gift Aid scheme are of great value to Parishes and all Parish Priests are urged to run such a scheme and maximise the Parish income from this source. The Diocese is able to obtain a refund of 25p for every £1 given under Gift Aid. Scrupulous care is required in the administration of the scheme. Where the Diocesan internal auditors discover discrepancies and over-claiming of tax refunds, this is notified to HMRC and the appropriate amount is refunded from Parish accounts.

Gift Aid donations must be properly recorded either through the numbered envelopes, which are issued annually by the Gift Aid Office, by means of clearly identifiable tailor-made envelopes (e.g. for visitors to the church), which can be matched to a Gift Aid Declaration, or via credits to the bank account or cheques (photocopy to be kept). Claims for refunds are submitted each month for Parishes using the Gift Wise software, or once a year via the Gift Aid Office on pro-formas issued by that Office for Parishes not using GiftWise. Claims for tax refunds should not be made if there is any doubt about the documentation of the receipt of donations.



Claims can only be made for amounts, where the tax payer has paid sufficient tax in that year to cover all the refunds on their donations under Gift Aid. Donors should be reminded of this once a year through the Parish newsletter.

Currently, commission rates are 6.0% for Parishes using GiftWise online, 7% for GiftWise and 9% for all other Parishes is charged by the Diocese on the tax refund. No charge is levied for envelopes. Gift Aid rebates will all be paid into the Parish loan account with the Diocese from February 2019.

It is not possible to process a claim for a tax refund on behalf of a Parish until the Financial Return for the previous year has been received by the Diocesan Finance Office.

A payment made by a Charities Aid Foundation (CAF) or Charities Trust voucher cannot be treated by the Parish as a donation for Gift Aid purposes, as the donor receives tax relief through the CAF, providing that individual with more money to disburse to charities. Parishes receiving such a voucher should complete their bank details in the space provided and send it either direct to CAF or the Diocesan Gift Aid Office for action.

4.1 GASDS (GIFT AID SMALL DONATIONS SCHEME)

This was introduced in April 2013 by HMRC so that charities could benefit from tax relief on loose cash donations up to a limit of £8,000 per year (increased in tax year 2016/2017 from £5,000) per Mass Centre within a Parish. For Parishes using the new Finance system (AIQ), the information required for this rebate will be available from the amounts posted via the on-line cash collection sheet. For those parishes not yet using AIQ, information should be provided to the Finance Office on Appendix 1 of the annual Financial Return (summary of offertories) in order that the Gift Aid Office can claim this rebate on behalf of Parishes.

4.2 DIOCESAN SECOND COLLECTIONS

The dates for Diocesan Second Collections are shown in the Southwark Directory. They should be taken up as a genuine Second Collection and NOT as a retiring collection (which can seem an after-thought, does not honour the congregation's act of giving out of gratitude and charity and it does not carry the symbolic gesture of the people's offerings being brought up to the Priest). See **Appendix II** (Basic Accounting procedures) for guidance on using the new cash collection on-line forms.

5 MISSION AND OTHER APPEALS

Each year a different missionary society is authorised by the Archbishop to make an appeal throughout the Diocese. This is advised in the Ad Clerum. The proceeds of this collection should be sent direct to that Mission. Any collection taken up in church for a



third party charity **MUST be recorded on the cash collection sheet, counted and banked by the Parish** and a cheque subsequently issued to the third party.

The *Missio* (formerly APF) red Mission boxes are a recognised scheme for raising funds. The proceeds should be sent direct to *Missio*.

Whilst donations from surplus Parish funds, “within the limits of ordinary administration” (see Can. 1285) i.e. up to £10,000 in this Diocese, may be made to other charities and organisations of a charitable nature, it is more advisable, especially if the money is to be sent to a mission or project overseas, to have a separate collection or fund-raising event to fund your support. Parishes are recommended to carry out due diligence when donating to overseas projects.

6 INVESTMENTS AND LOANS TO THE DIOCESE

Parishes must not make any investments of surplus funds directly, as the Diocesan Trustees must authorise all investment activity. With the agreement of the Parish Finance Committee, it is appropriate to manage cash surpluses by way of bank deposits. These should be with the Diocese’s main bankers, NatWest, unless specific permission for another bank deposit account is granted by the Diocesan Finance Office. Any other investment (stocks, bonds etc.) must be sanctioned by the Finance Office, which will seek professional investment advice in accordance with the Charities Act.

Surplus funds can also be placed with the Diocese. The interest paid by the Diocese (currently 1%, but subject to variation from time to time in line with market rates) is a competitive rate, when compared with most banks’ deposit rates for commercial clients. Parish funds remain immediately accessible; as such loans to the Diocese can be repaid to the Parish upon request.

For longer term investment and capital growth, the Diocesan unit trust (Cluniac Investments) is available. Capital invested purchases units in a basket of Government Bonds and UK, European and overseas stocks, which is professionally managed by our City investment managers under the supervision of the Diocesan Investment Committee. Units may be liquidated at any time. BACS payments covering dividends are deposited in Parish current accounts by the Finance Office half-yearly (in January and July, covering the periods to 31st December and 30th June respectively). It should be noted that Foundation Mass contributions are invested in Cluniac and the resulting dividend can be used for contributing towards the £10 mass stipend for each Foundation Mass.

7 BORROWING BY PARISHES

The 1979 Banking Act prohibits the acceptance of loans from private individuals with the payment of interest. If interest-free loans are accepted from Parishioners or other



private individuals, formal receipts must be given. The form of words for this receipt is given as **Appendix III** to this handbook and may be photocopied. Three copies of the receipt should be prepared for each loan: (i) for the person granting the loan, (ii) for the Parish records, (iii) for filing at the Finance Office. All three copies should be sent to the Diocesan Finance Office for signature by the Financial Secretary.

NB. If a Parishioner wishes to convert their loan into a gift at a later date, the loan should be repaid to the Parishioner. He/she should then make a separate donation stating in writing that this is an unconditional gift. The Parish can then claim Gift Aid as long as the donor is a UK taxpayer.

7.1 INTER-PARISH LOANS

Money should not be loaned from one Parish to another without permission first being obtained from the Diocesan Finance Office. A Loan Agreement will be issued stating the period of the loan and the repayment terms agreed between the two Parishes (i.e. the Parish Priests, after consulting the Parish Finance Committee, in each case) and this is signed by the Parish Priests. Such a loan is interest-free.

The funds should pass via the Diocese rather than direct between the Parishes, so that the transaction may be properly identified and recorded in the Diocesan accounts and on Accounts IQ for both Parishes.

Richer Parishes should also seriously consider providing grants to poorer Parishes by voluntary transfers from their surplus income and savings. Gifts in excess of £10,000 must be referred to the Archbishop via the Diocesan Finance Office (see Can. 1285 & 1291). Poorer Parishes are often in financial difficulty when facing maintenance and repair bills.

8 DIOCESAN ASSESSMENTS

The Finance Office will issue before the start of each year the Assessment for the Parish for the Diocesan Development Fund (DDF), the Bishops' Fund, Safeguarding and Health and Safety. The Clergy Support Fund (CSF) assessment will be included from 2020. Insurance costs are also collected through a monthly charge. All Assessments are collected by the Diocese on the 20th of each month by bank transfer (or next available working day) based upon 12 equal monthly amounts.

The base for the DDF Assessment was last reviewed in December 2018 (for 2019 payments onwards) and is currently: 25% of the 2017 Offertory figure less £7,000 "tax free allowance" rounded up. The CSF Assessment has been held at the same numerical amount since 2002. The Bishop's Fund and the Safeguarding Assessments are based upon the Parish Mass attendance figure published in that year's Southwark Directory and are currently calculated per capita at £2 and £1.50 respectively.



Where a Parish is in the care of a religious order or a Priest of the Ordinariate, the order / Ordinariate may receive from Parish funds the amount of the CSF Assessment that would otherwise have been sent to the Diocese, as a contribution towards the care of their Priest. The same applies in the case of Priests of the Personal Ordinariate of Our Lady of Walsingham. Since 2015, the Diocese makes a payment to the home Diocese of any Priest from an overseas Diocese. The amount will vary according to whether the Priest is the sole Priest in a Parish, or an Assistant Priest and it will depend on that specific Parish's CSF Assessment. The Diocese forgoes the income (or a proportion of the income, where Diocesan Priests hold appointments in the Parish) to its own Clergy Support Fund from the Parish Assessment in these cases.

9 FUNDRAISING

The permission of the Archbishop, by application to the Diocesan Finance Office, is required before a professional fundraising organisation may be appointed. The Finance Office provide a free service that assists Parish planned giving drives. Contact the Fundraising Officer for further information (see Appendix Ia).

10 FOUNDATION MASSES

On appointment to his Parish, a Parish Priest should compare the list of Parish Foundation Masses held in the Parish with that held by the Diocesan Finance Office. The list, with a note of any discrepancies, should then be sent to the Diocesan Finance Office. The list of Foundation Masses to be celebrated through the year should be displayed in the sacristy or church giving details and dates. Masses "in perpetuity" are under review and should still be offered until a ruling is made by the Archbishop.

The present Diocesan regulations (last revised 01/02/05) are that capital of £300 is required to establish a new Foundation Mass for 25 years. BACS payments covering dividends are deposited in Parish current account by the Finance Office half-yearly (in January and July, covering the periods to 31st December and 30th June respectively). At the end of this period, the capital is invested in the Clergy Support Fund (formerly Sick and Retired Priests Fund). Foundation Masses established before November 1977 still remain in perpetuity. A stipend of £10 may be taken for each Foundation Mass celebrated. If insufficient income is available from the invested capital to meet all stipends, it is permissible to make up the balance of the stipend (£10) from Parish funds.

To establish a Foundation Mass, a cheque (payable to the RC Diocese of Southwark) for the capital sum should be sent by the Parish Priest to the Diocesan Finance Office together with the details of the intention (i.e. full name of the living or deceased person(s), the name of the donor, in which church the Mass is to be celebrated and the preferred date for the celebration of the Mass). A formal receipt will be returned and should be kept in the Parish Archives. The intention(s) should be added to the list on display in the sacristy or church. The time limit of 25 years should be noted.



11 BEQUESTS

Bequest wording should be prepared in a proper manner to avoid future legal complications. The pro-forma given in **Appendix IV** should be used. If this is not thought to be suitable for whatever reason, reference should be made to the Financial Secretary.

By use of this form of Bequest our practice will conform to the Code of Canon Law (Can. 1301), which stipulates the Ordinary's canonical responsibility of ensuring the proper execution of the intention of the donor together with any attendant conditions.

Any notification of a legacy to be received in a Parish should be advised to the Finance Office with the relevant extract from the will or the solicitor's letter. The Diocesan Finance Office, on behalf of the Archbishop, oversees the release of the funds in accordance with the terms of the will.

If a legacy is given for a specific purpose, the bequest must be recorded separately in the finance system. Such monies must not be used for any other purpose other than the legatee's wishes.

12 PARISH FINANCE COMMITTEES

Without prejudice to Canon 532 ("In all juridical matters the Parish Priest acts in the person of the Parish in accordance with the law") Canon Law (Can. 537) requires that each Parish has a Parish Finance Committee. The role of the Committee is advisory, rather than executive.

The members of the Committee assist the Parish Priest by sharing the burden of administration and ensuring the efficient care of the material goods of a Parish as a means of promoting the pastoral care of the community.

Its regular meetings (three to four times a year at least is recommended) are called by the Parish Priest or with his agreement and he must attend each meeting; the meetings should be properly minuted. Money given to the Parish is for the purposes of the Church's mission and it is the concern of the Trustees and their agent, the Parish Priest, in consultation with the members of the Parish Finance Committee, to ensure that the money is spent in accordance with the purpose for which it was given.

It is important that the members of the Committee have a proper appreciation of their role. It needs to be kept in perspective that a Parish Finance Committee has an ancillary role to the prime task of the Parish, under the leadership of the Parish Priest to whom it is entrusted, which is pastoral care of the community (Can. 519). We would advise that the Parish Finance Committee should consist of all Parish Priests and Assistant Priests, as well as at least three lay people appointed by the Parish Priest.



Drawing on the responsibilities of the Parish Priest (Can. 1281 -1288) the duties of a Parish Finance Committee include advising and supporting him in the following matters:

- Ensuring that the proper books are kept and that accurate annual accounts are prepared and submitted at the due time.
- Preparing budget of income and expenditure.
- Comparing budget with actual results.
- Fundraising, Gift Aid, etc.
- Banking and investment of surplus funds (within Diocesan guidelines)
- Managing borrowing and repayments.
- Maintenance of buildings and development projects (including access for the disabled).
- Protecting and conserving all Parish property, protecting boundaries, preparing an inventory, ensuring that rents are collected.
- Agreeing terms of employment for Parish employees.

The Parish Priest should keep his Parish Finance Committee aware of Diocesan regulations and guidelines that must be taken into account as published in the Parish Financial Administration for Parish Priests, the Summary of Regulations on Payments & Benefits to Priests and Deacons, in the Ad clerum and in communications from the Diocesan Finance Office. Each Parish Priest should receive monthly issues of “Finance Office News” and is encouraged to ensure that other appropriate people within the Parish subscribe to this (please e-mail secretary@rcaos.org.uk with details of the name and e-mail address of each additional recipient).

13 SOLICITORS

The Diocesan Solicitors are Wedlake Bell (see Appendix 1a), who hold the Deeds of all Parish and Diocesan properties. **Any approach to the Solicitors must be made in the first instance via the Finance Office.**

The employment of other solicitors may seem more appropriate at a local level, but this requires the permission of the Archbishop via the Finance Office and is granted in certain circumstances, depending upon the nature of the issue.

14 CLUBS

It is the policy of the Diocese that no new licensed clubs are opened. Licensed clubs normally have a separate constitution and please note that where there are licensed clubs in a Parish they are not covered under the Diocesan insurance policy. Such clubs have to take out their own insurance cover.



There is a need to separate the Charity (the Diocese / local Parish) from the sale of alcohol, and this is best done by forming a members' club, where the Parish Priest is not an officer, and leasing premises to them at a suitable rent of between 10% and 15% of the club's annual turnover. In this way the recognised charitable aims of the Diocese are not legally compromised, and the Parish Priest is not exposed to a conflict of interests. Parishes should not make available loans to these clubs.

Parishes should take full account of the guidance of the Charity Commission in their guidance notes CC27 (summary available from the Finance Office and full document available on Charity Commission website:

www.charitycommission.gov.uk

Parishes may set up clubs for generating funds for the Parish, such as "100 Clubs". These are normally contained within the Parish (i.e. not separate organisations). If you have any queries about what is permitted, please contact the Finance Office.

15 VAT

The Diocese is not registered for VAT, so VAT cannot generally be reclaimed on ordinary expenditure.

Utility companies should be charging VAT to Parishes (as a Charity) at the concessionary rate of 5% and with no climate change levy.

Parish activity should focus on charitable works, education (catechesis) and worship rather than on business activities as a way of raising money.

Everything of a business character introduces potentially complicated issues for the Parish involving direct tax on profits (with implications across the whole Diocese), VAT and regulations about work practices. Where substantial (over £60,000 in total) business activity is involved from letting a car park, the operation of a repository / shop, etc., consideration may have to be given to forming a company. Please consult the Diocesan Finance Office about this. Failure to deal with this type of income correctly could result in the payment of back tax and penalties to the Inland Revenue.

You should not let church property for car boot sales or other trading activities that only benefit individuals or trading companies. Jumble sale and bazaars are permitted, if they benefit charities. You may need to exercise your discretion in cases of profit-making enterprises that, nevertheless, provide a recognised benefit to the community (e.g. pre-school groups and nurseries) and thus contribute to the church's Public Benefit.

Owing to our status as a registered charity (Reg. No. 1173050), relief from the payment of VAT can be achieved by a Parish in the following circumstances:



For zero-rated building work strictly to provide facilities for the disabled, (see VAT Notice 701/7 issued by HM Revenue & Customs). Normally, the architect assists with this matter; however, the Diocesan Finance Office can provide the necessary Eligibility Declaration to provide to your contractor for the zero-rating of supplies and services.

For zero-rated construction of a new church and presbytery and a separately standing hall used for charitable purposes (see VAT Notice 708 Buildings & Construction, issued by HM Revenue & Customs), the architect/surveyor can normally advise on this and should assess the liability or zero-rating for VAT when costing a project. The Diocesan Finance Office can supply the relevant certificate for your contractor. Extensions do not qualify but annexes that abut an existing structure and with their own entrances may well qualify for zero-rating but need to be considered on a case-by-case basis.

Extension and alteration works to Listed Buildings are **no longer (since 1st October 2012) zero-rated for VAT**. However, for alteration works and maintenance work on listed churches application can be made (under current arrangements **until March 2020**) for return, in grant aid, of the VAT paid on a qualifying project (under the Listed Places of Worship Grant Scheme). The work must normally relate to repair of the fabric, although some fittings are included (e.g. lightning conductors) as well as surveyors' and architects' fees (but not solicitors or accountants' fees). Claims must be made within 12 months of the invoice date.

Full details are available on the website: www.lpwscheme.org.uk.

16 ARCHIVES

Care should be taken to preserve Parish Archives. These should be clearly marked as such and kept separately from the day-to-day filing and records, which from time to time are lapsed or disposed of. Advice on archiving of records can be obtained from the Diocesan Archivist. There are special requirements for the local retention of records relating to Safeguarding. Please ensure that you contact Safeguarding about these.

Further information on Retention Schedules, Record keeping advice and disposals forms can be found on the Finance Office website:

<http://www.rcsouthwark.co.uk/finance.html>

The Archives should contain copies of plans and specifications for any major building work. These will prove invaluable for future maintenance, development or redecoration work. All official documents must be kept safely in the Parish Archives.



17 CONTACTS AND COMMUNICATIONS

A list of useful contacts is provided in Appendix Ia, with a more detailed list of roles and contacts in respect of NatWest Bank provided in Appendix Ib.

Specific information on finance / HR / property matters is automatically sent to each Parish Priest via Finance Office News. We strongly recommend that each Parish also gives us the name and e-mail address of a second or even third individual (e.g. the Chair / Treasurer of the Finance Committee or the office administrator) who would be willing to receive duplicate targeted financial information. Requests to update our mailing list should be sent to secretary@rcaos.org.uk