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Association of Church Accountants & Treasurers

Being a Treasurer: The Basics

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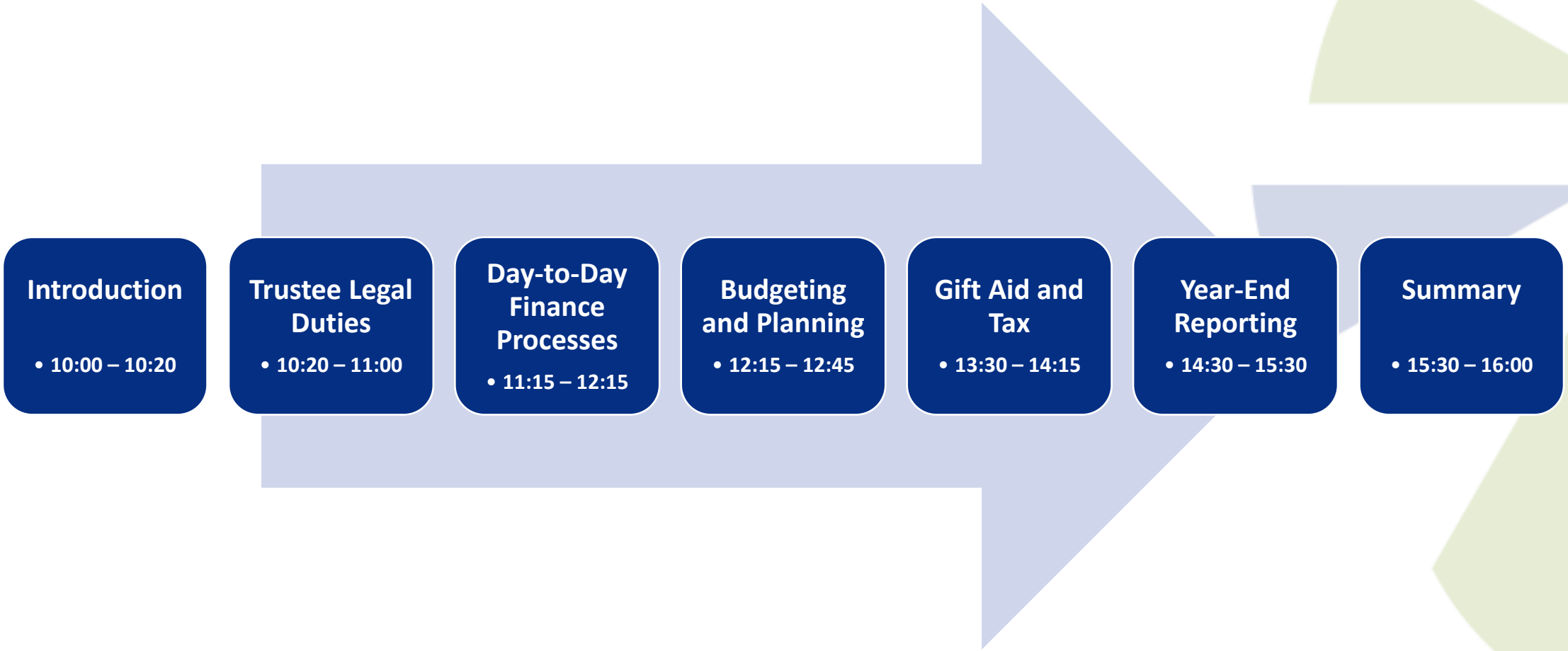
Welcome to Being a Treasurer: The Basics

Trainer: Manny Kemp (manny.kemp@acat.uk.com)

What do you want to get out of this course?

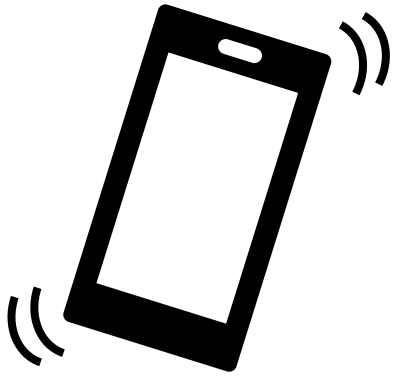
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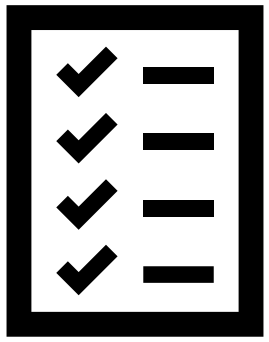
The “Basics” course is designed to equip new and old treasurers with the core knowledge needed to carry out their role

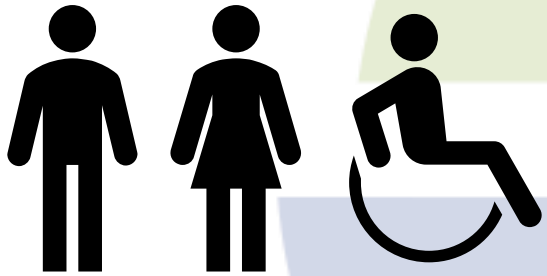


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Housekeeping







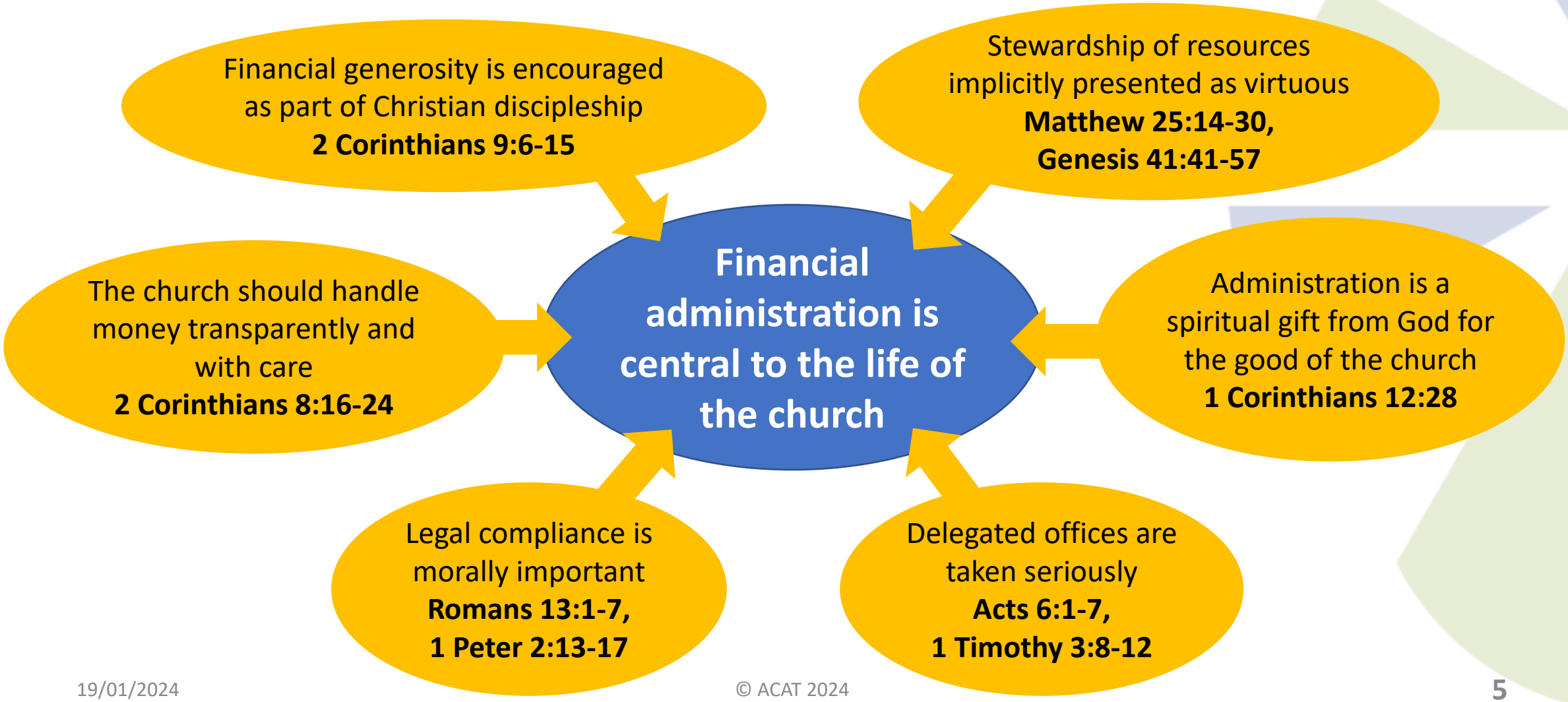






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Financial administration is a key church ministry and gifting and should be taken seriously by the leadership as a whole



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ACAT provides a range of resources for charity treasurers

Handbook (www.acat.uk.com/handbook)

Helpline (www.acat.uk.com/contact)

Other courses (www.acat.uk.com/training-events)

Annual conference (www.acat.uk.com/acat-conference)

General queries (membership@acat.uk.com or training@acat.uk.com)

Partners in ministry (acat.uk.com/about-us/our-people/?people_type=partners)

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Other organisations also provide important resources

Charity regulators (CCEW, OSCR and CCNI)

Charity Commission operational guidance

HMRC Charities

Charities Act 2011

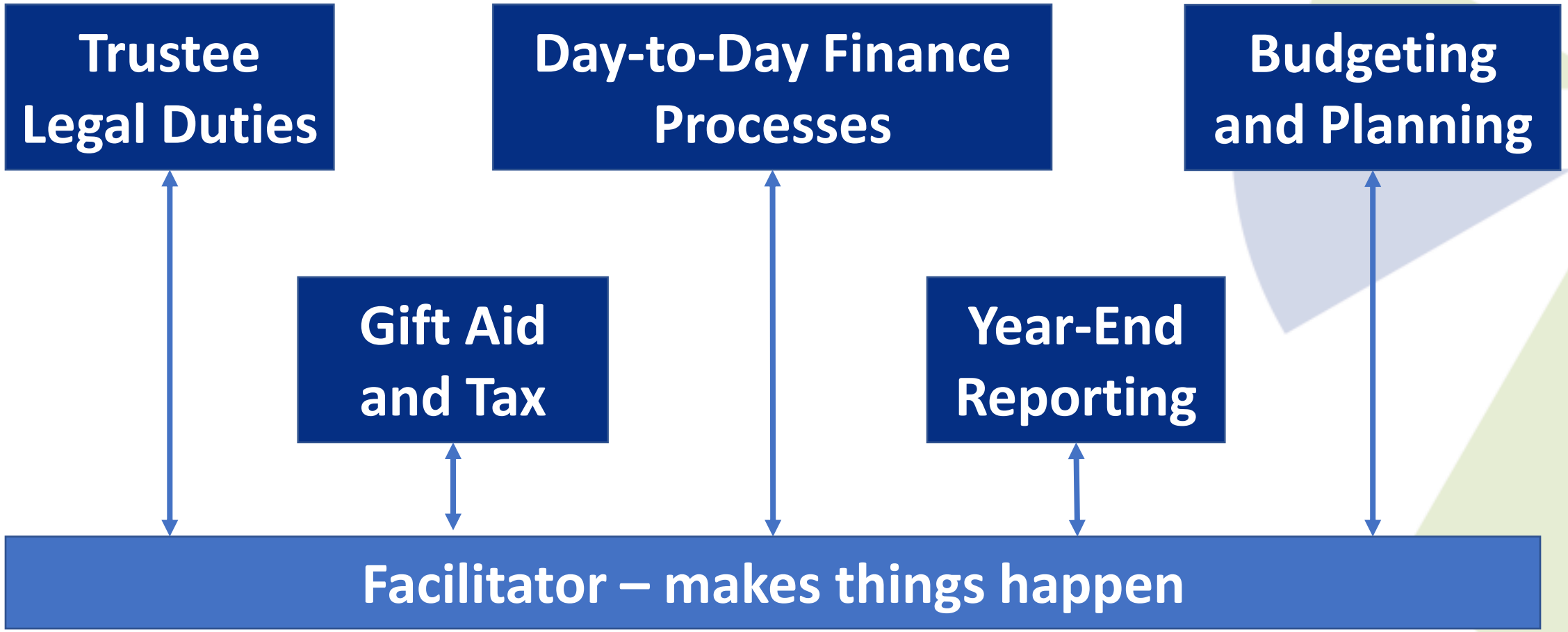
Charities SORP

PCC Accountability

Fundraising Regulator

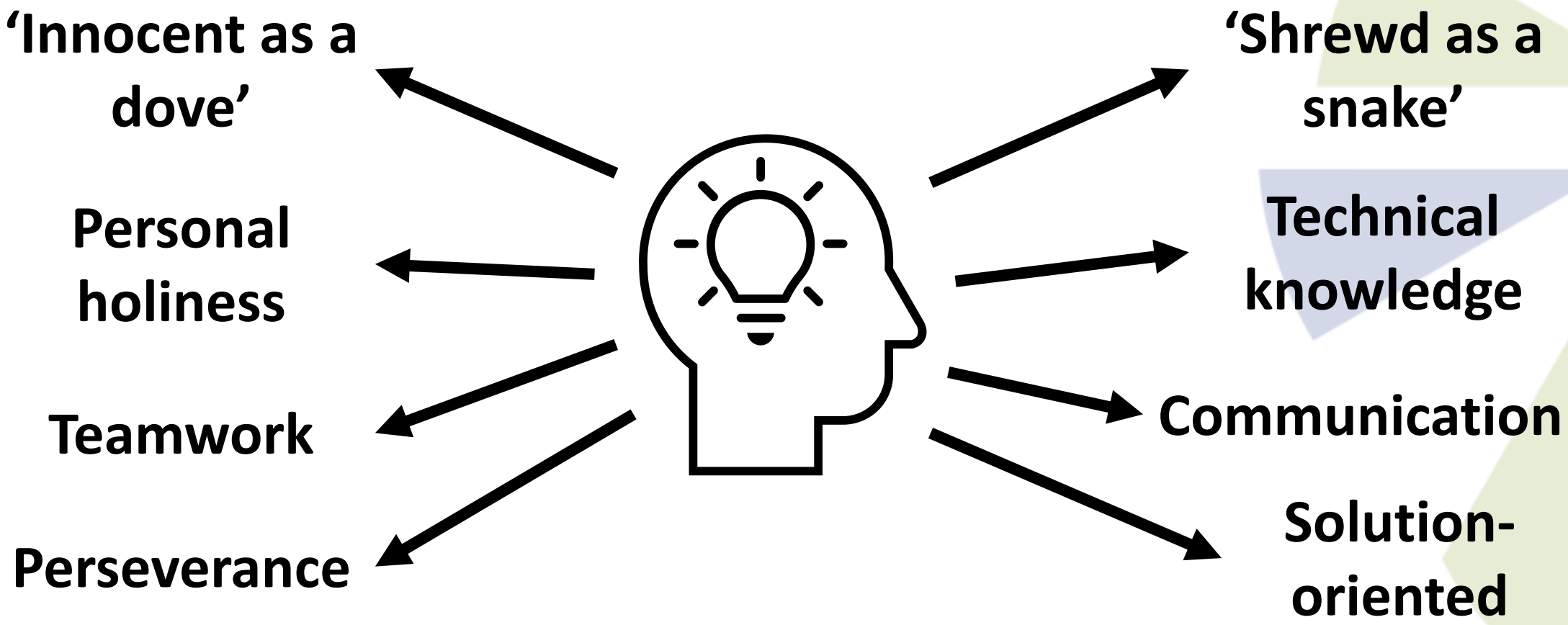
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The treasurer role varies between churches and covers a range of areas



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A good treasurer should possess or aspire to a number of qualities and skills



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Introduction
• 10:00 – 10:20
Trustee Legal Duties
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Day-to-Day Finance Processes
• 11:15 – 12:15
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• 15:30 – 16:00

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All churches are charities and, in England and Wales, subject to the Charities Act 2011 (amended by the Charities Act 2022)

Pursuing ***charitable purposes*** for the ***public benefit***

"The advancement of religion"

See guidance PB1, PB2 and PB3

- A charity can be incorporated as a company or CIO / SCIO (see Appendix A2)
- Different in Scotland / Northern Ireland (see Appendix A3)

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Trustees are defined in the Charities Act as those individuals with the **care**, **control** and **management** of the charity

- All charities have trustees, even if they are not registered with the regulator
  - They may also be called the PCC, Elders, Deacons etc.
  - The treasurer may or may not be one of them

Legal status as a trustee depends on who actually exercises this functional role – who is "in charge"?

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Charities in England and Wales are regulated by the Charity Commission and usually have to register with them

- Charities must register if their ***gross income*** exceeds ***£5k p.a.***
- Registered charities must submit an ***Annual Return*** within ***10 months*** of their year end and quote their ***registration number*** on documentation

See guidance CC15d for gross income definition

See Appendix A1 for further details on thresholds and Appendix A3 for differing requirements in Scotland / NI

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Many churches have Excepted Charity status and do not have to register with the Charity Commission – for now

- Most main denominational churches in England / Wales are **Excepted Charities** and only have to register if gross income exceeds **£100k p.a**.

- This exception expires in **March 2031**

- Excepted Charities are still regulated – unlike Exempt Charities

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The Charity Commission has published guidance setting out general duties for charity trustees

Trustee eligibility

Charitable purposes for the public benefit

The governing document and the law

Acting in the charity's best interests

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The Charity Commission has published guidance setting out general duties for charity trustees *(continued)*

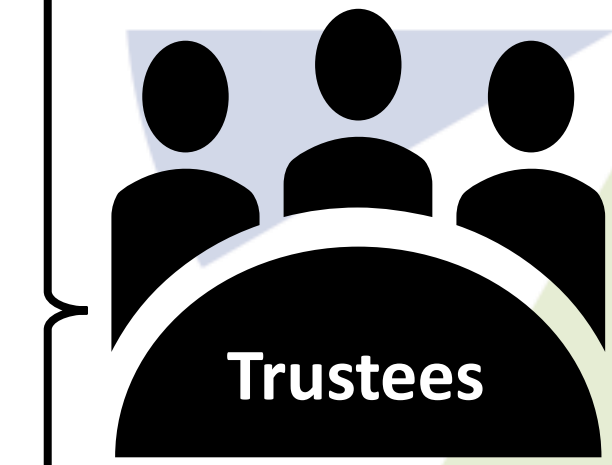


See regulatory guidance (CC3 / CC3a in England / Wales)

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The business of the church is the shared responsibility of **all the trustees**

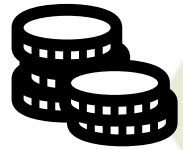
- Trustees (not just the treasurer) are responsible for:
  - Keeping proper accounting records
  - Preparing annual accounts
  - Arranging independent examination / audit
  - Reporting serious incidents and notifiable events



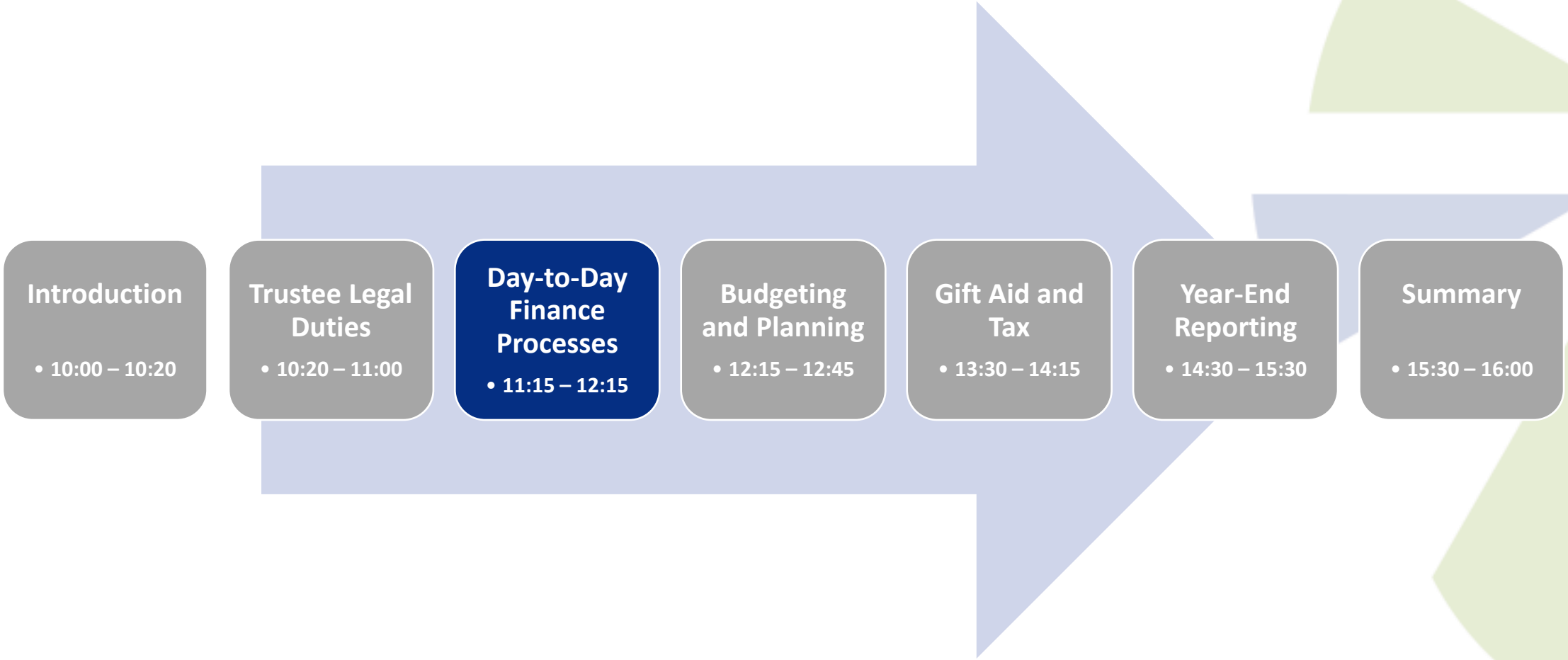
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Trustees are accountable for the charity's activities and can become liable for its debts

- Trustees cannot delegate their legal **accountability**
  - They may take advice
  - They may delegate responsibility for activity
- Trustees can be **jointly and severally liable** for church debt
- Trustees usually cannot be paid to be trustees
  - Can be paid for other things (e.g. employed ministers)
  - **Conflicts of interest** must be managed



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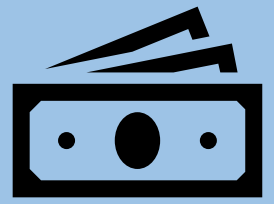
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The church requires simple and effective systems for its financial operations

There is a general expectation for trustees to maintain internal financial controls (e.g. two people checking transactions)

Cash handling

- **Counting, storing and transporting**
- **Banking gross vs. net**
- **Petty cash boxes**





Issuing and receiving payments

- **Cash, cheque, online, card, contactless**

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The church requires simple and effective systems for its financial operations *(continued)*

Spending controls and authorisation



Oversight and fraud / error prevention

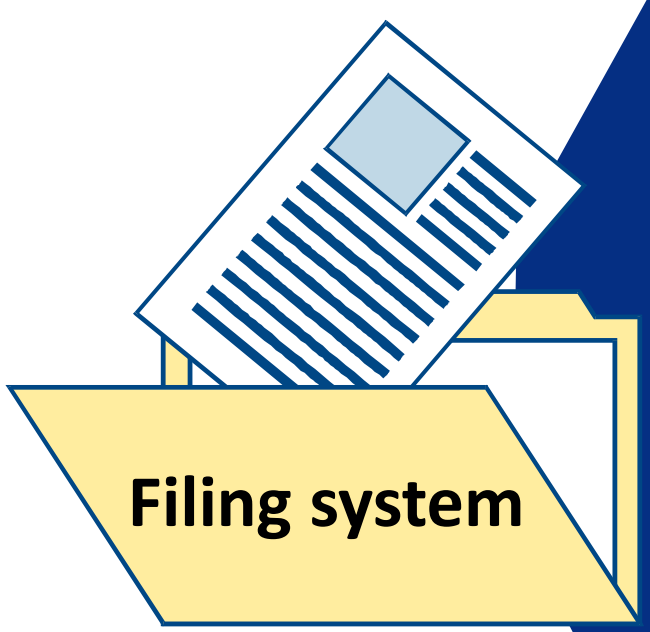
Reporting – to officers and to the wider membership



See sample procedures in Appendix B and Charity Commission guidance CC8 on internal financial controls

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Financial records must be kept to an appropriate standard so as to maintain the audit trail for each transaction



Implement a suitable filing system for backing documents

- Receipts, invoices, statements, correspondence etc.
- Record unusual transactions in minutes of Trustee meetings
- Keep financial records for ***6 years***, then review and destroy securely
- Note legal requirements for data protection

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Banking arrangements, both online and offline, require careful selection

Branch availability

- **Services at other locations (e.g. Post Office)**





Signing arrangements and security

- **Number of signatories permitted**
- **Dual authorisation – both online and signing**

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Banking arrangements, both online and offline, require careful selection *(continued)*

Ease of use – online and offline





Fees and interest rates

Customer support

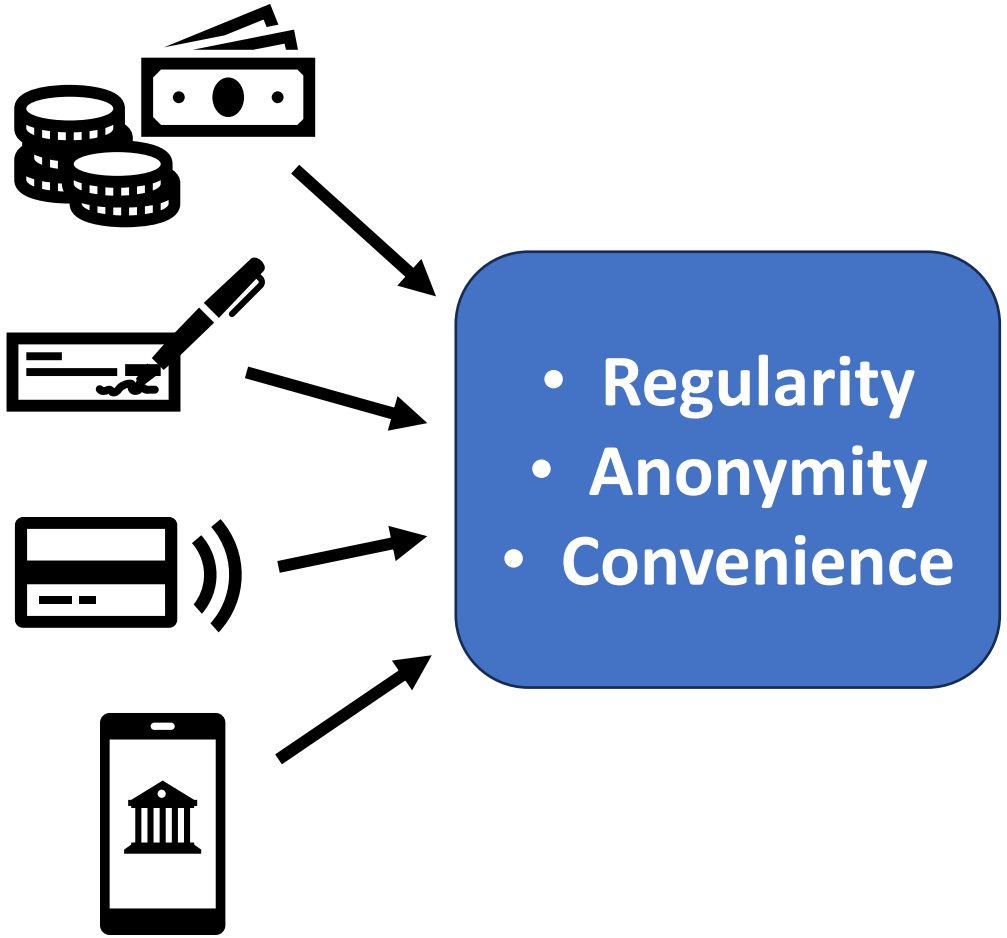




Ethical banking (see justmoney.org.uk)

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Churches receive income via a range of methods such as cash, cheque, online payments and giving schemes



- Contactless payments – increasingly popular

- Gross giving schemes
  - Gift Aid included for you
  - Fees?
  - CofE – Parish Giving Scheme

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Charity accounts are kept on either a Receipts and Payments (R&P) basis or an Accruals basis

Receipts and Payments (R&P)	Accruals
Transactions recorded when money is received or paid	Costs allocated when liability incurred, income allocated when there is entitlement or certainty (this principle only **has** to be applied at year-end)
Easier to use	More complicated to use
Lighter requirements for Trustees' Annual Report (TAR)	Accounts and TAR follow the Charities SORP* (FRS 102)

* Statement of Recommended Practice

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Larger charities are required to use the Accruals basis, based on gross annual income

Gross income* over £250,000 p.a. or a charitable company

- **Accruals basis is mandatory**

Gross income* £250,000 p.a. or less

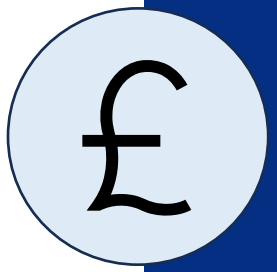
- **Charities may choose which basis to use**
- **Note additional reporting requirements if voluntarily adopting Accruals**

Further details on thresholds in Appendix A1 and on Accruals in Appendix G

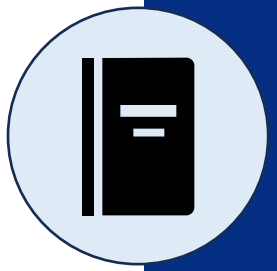
* See CC15d or equivalent guidance for definition of gross income

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The accounting system should be appropriate for the size and complexity of the accounts



Able to show current cash position and fund balances



Facilitates generation of year-end reports



Understandable to everyone who has to use it (including at handover to someone new)

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Software options range from spreadsheets to specialist accounting packages

- **Cost**
- **Functionality**
- **Customer support**
- **Cloud vs. desktop**
- **Suitability for charity accounting**
- **Accessibility to non-accountants**
- **Accessibility to Independent Examiner / Auditor**

See Appendix C for further details

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In charity accounting, money is held in different funds – these are classified as income or endowment / capital

Income funds	Endowment funds / capital
• Not expected to be held for a long time (apart from reserves* and designated funds) • Sometimes includes non-monetary assets	• Expected to be held for a long time • May generate income • Often includes non-monetary assets

Income funds may be restricted or unrestricted based on the intent of the original donor(s)

Income funds

Unrestricted funds

- Can be spent on any of the charity's purposes

Restricted funds

- Also called 'special trusts'
- Can only be spent on specific purposes set by the donor's terms of trust
- May arise from an appeal

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Unrestricted income may include one or more designated funds, as well as the general fund

Income funds

Unrestricted funds

General fund	Designated funds
• Only one of these • Includes general reserve (which excludes liabilities and fixed assets)	• Trustees earmark for specific purposes • Trustees can alter or remove ‘designation’ at will

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Endowment may be permanent or expendable based on the intent of the original donor(s) – and may also be restricted

Endowment funds / capital

Permanent endowment

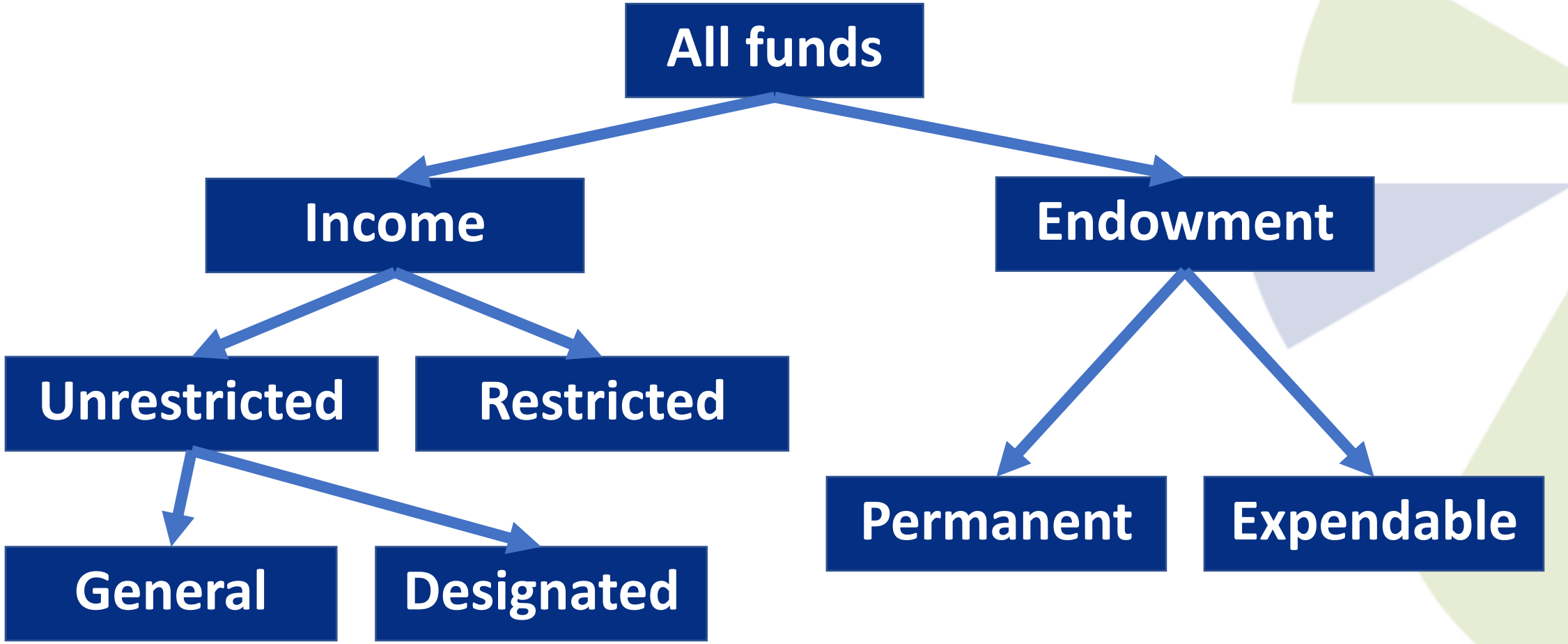
- Capital is expected to be kept forever
- Income may be restricted

Expendable endowment

- Terms of trust may permit conversion of capital to income for spending
- Income / conversion may be restricted

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Summary of fund types:



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General principles of fund accounting:

- Separate bank accounts not required
- All designated and restricted funds must have specified purposes
- All income and expenditure must be shown gross
  - A few exceptions exist

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What is included in the charity's accounts should reflect what is and is not part of its charitable activities

Include:

All charitable activities, even those over which the trustees have limited direct visibility

Exclude:

Funds held on behalf of a third party not related to charitable activities

The charity is acting as a *custodian trustee* – this will be noted in the TAR

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Failed restricted funds, where the church cannot spend the money on its original purpose, can be avoided / managed

Decline or return a donation if unable to use
(Discuss alternative use with the donor, if alive)

"Any surplus funds will be used for the general purposes of the charity"

Whenever free to choose, spend restricted funds first

If permitted, use surplus to maintain a project

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The Charities Act makes provision for trustees to 'repurpose' failed funds if certain conditions are met

- Trustees have a statutory power to repurpose smaller restricted and endowment funds with Charity Commission consent
  - This power is being expanded under the Charities Act 2022, removing the need for Commission 'schemes' for larger funds
  - Re-allocating failed appeals has already been simplified

- See Charities Act 2011 s61-s68 and s275 as amended in 2022

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Sometimes permanent endowment can be sold or spent if it is in the interests of the charity

- Trustees may resolve to spend permanent endowment to further the charity's interests, under certain conditions
- Charity Commission consent required for endowment funds over £25,000 in value
  - Commission response required within 60 days of notification
- See Charities Act 2011 s281-s284 as amended in 2022

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The distinction between income and receipt of endowment can be critical when assessing if a threshold is exceeded



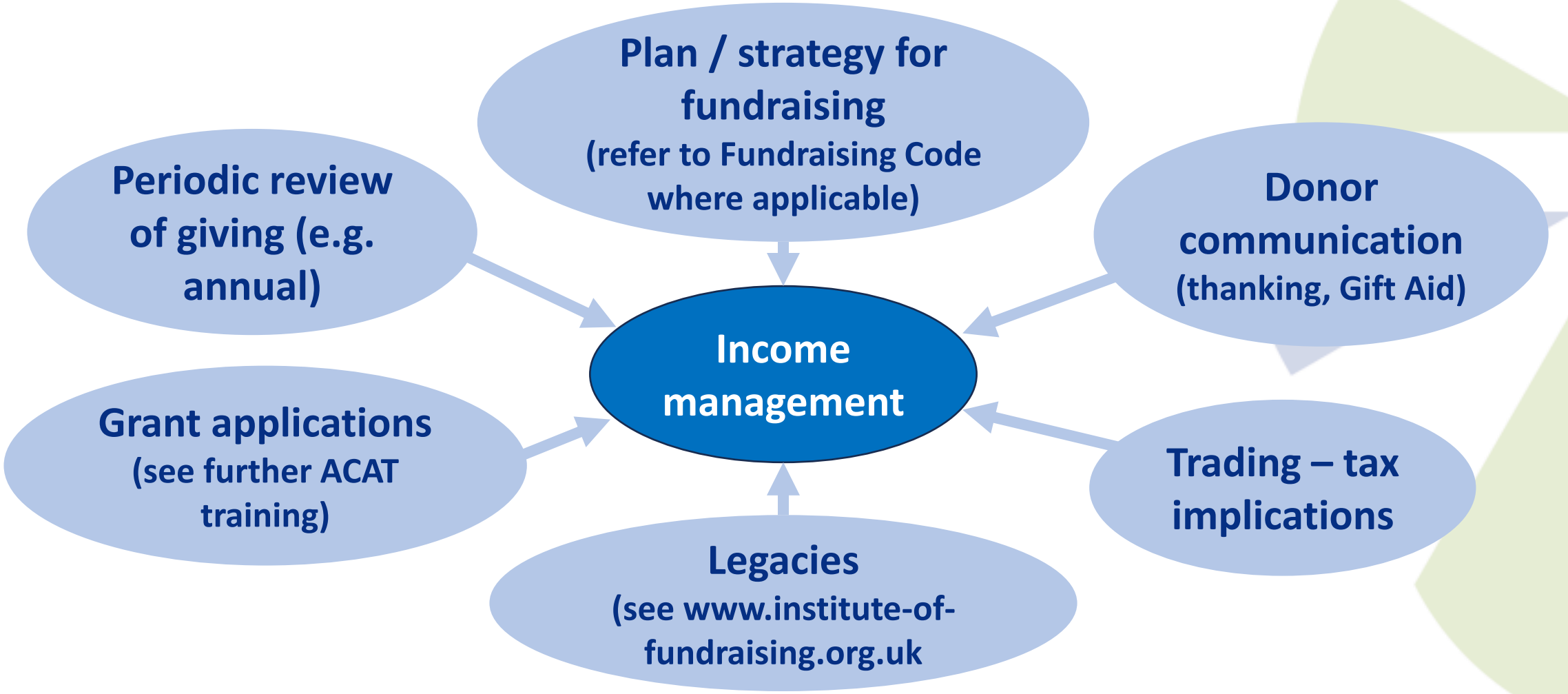
- Funds given to provide a long term functional asset are considered “receipt of endowment”
  - CC15d etc. excludes from ‘gross income’
  - E.g. building appeal, large legacy donation

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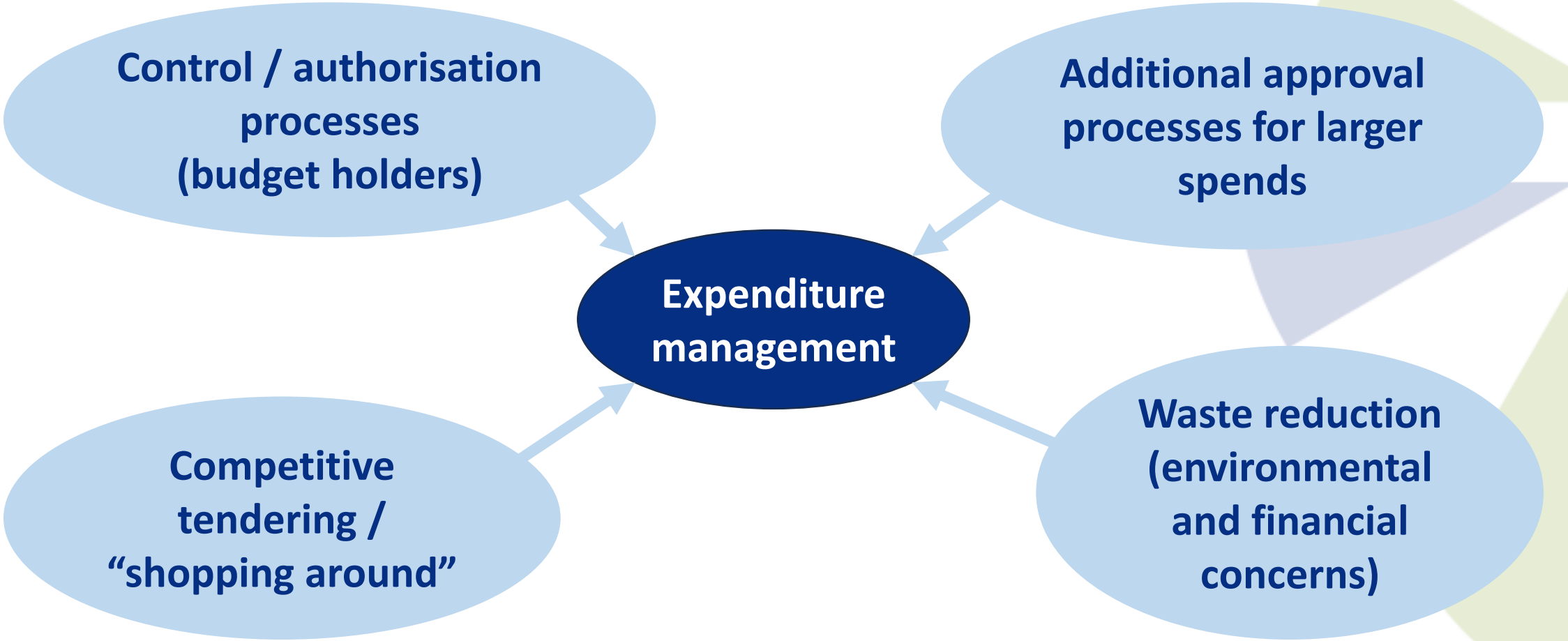
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Churches should have processes in place to effectively manage their income…



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…and also their expenditure



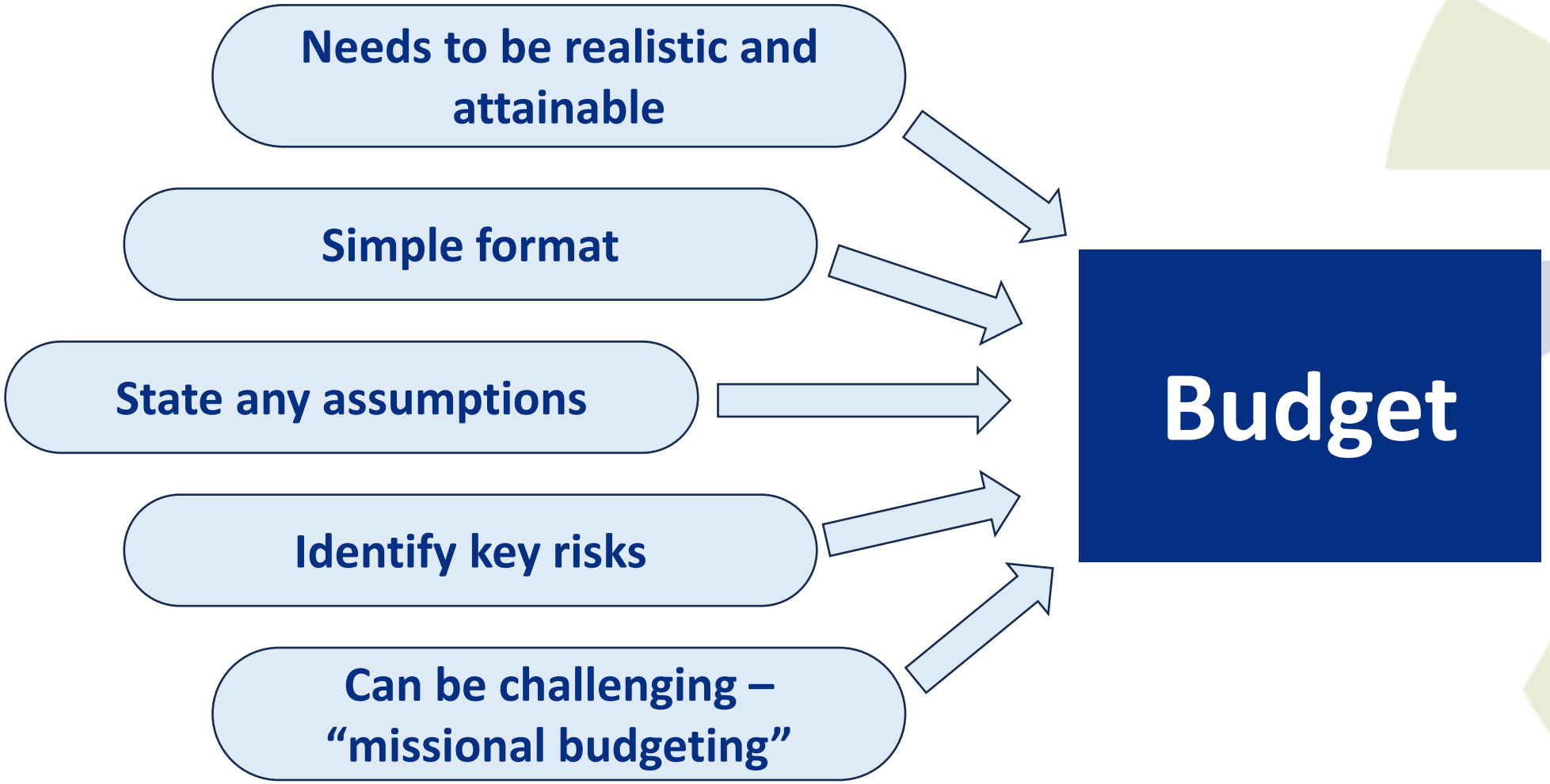
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Budgeting is a crucial tool for decision-making, control of expenditure and reporting

- **Focuses on key objectives / mission**
- **Acknowledges shared responsibility**
- **Mechanism for allocating resources / spending controls**
- **Helps to avoid surprises / anticipate shortfalls**
- **Supports cash flow management**
- **Facilitates reporting – budgeting vs. actual**

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Basic principles of budgeting



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The budget should be prepared in consultation with relevant stakeholders, and approved by **all** the trustees

- Identify income and expense streams and consult stakeholders
  - What do they want to do / spend?

- Balancing exercise vs. target-setting
  - Setting an income target based on desired expenditure is often better suited to focusing on your mission

See example budget in Appendix D and further ACAT training

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Risk management is a shared trustee responsibility, with the treasurer usually focusing on financial risks

Financial Risk	Controls
Long term losses – unplanned expenditure, loss of income	Budgeting Reserves policy
Short term cash flow disruption	Cashflow management
Potential for fraud	Security and control measures

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Trustees must determine an appropriate level of reserves to hold against fluctuations in income and expenditure

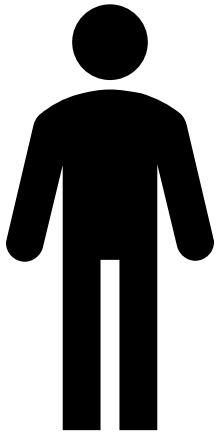


- Charities must have a reserves policy (see guidance CC19)
  - 'Running reserves' as a fixed amount or proportion of budget
  - May also hold 'project and unforeseen event reserves'

- No single 'correct answer' – should be based on risk

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The treasurer often prompts the trustees on potential issues and helps to identify solutions



Treasurer

- Identifying issues and keeping them on the agenda
- Monitoring spend against budget
  - Unbudgeted activity can take place – how?
- Prompting review when required
- Identifying potential resources



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The treasurer is often involved supporting management of other risk areas

- Example: health and safety risk
- Care needed to avoid taking on too much as treasurer!
- See ACAT training on risk and safety management and Charity Commission guidance CC26

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The treasurer is generally not responsible for "fundraising" but has a role in maximising income from Gift Aid

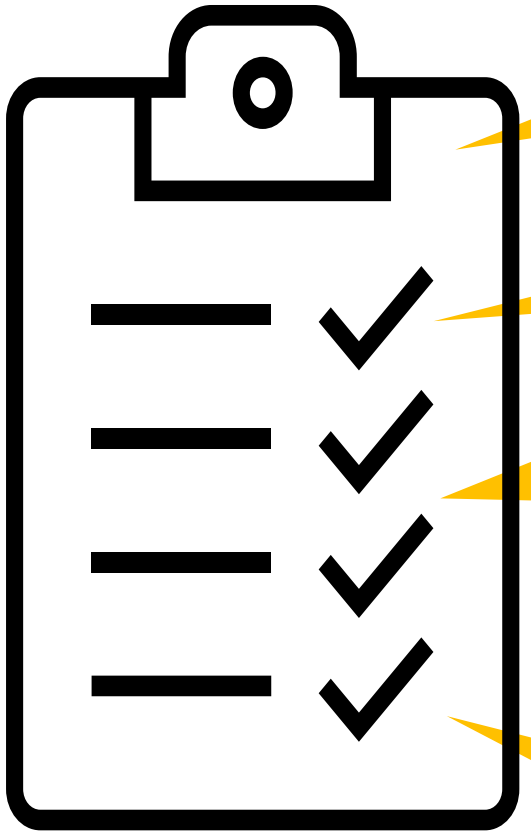
- Gift Aid is a scheme that allows charities to reclaim tax on donations from UK taxpayers
- The charity can claim **25%** of the value of eligible donations
- Higher rate taxpayers can claim back **additional tax relief**
- See ACAT training on Gift Aid and GASDS

HM Revenue & Customs

giftaid it

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Gift Aid can be claimed on a donation if the following criteria are met:



The charity holds a **Gift Aid Declaration** from the donor

Money must pass from donor to charity

Donor and connected persons receive **no benefit**

Limited benefit permissible – see HMRC rules

Connected persons – spouses, close relatives and their spouses

Donor pays **sufficient UK income tax or capital gains tax**

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The charity must hold a valid Gift Aid Declaration (GAD) from the donor

- New wording from April 2016 (see Appendix E)
  - Donors now liable in the event of 'over-claiming'
  - Old GADs remain valid
  - Gift Aid envelopes – useful for visitors

Must include:

- **Donor name**
- **Donor address and post code**
- **Charity name or acronym**
- **Description of donations on which to claim**



'Wet signature' is optional

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Money must pass from the donor to the charity

Can claim on…



Cash



Cheques



Bank transfers



Foreign currency (if from UK taxpayer)



Write-off of loans and waived ticket refunds (with appropriate audit trail)



Donated goods for sale (with special arrangements)

Cannot claim on…

Waived expenses

Waived loans, refunds or goods without specific audit trail

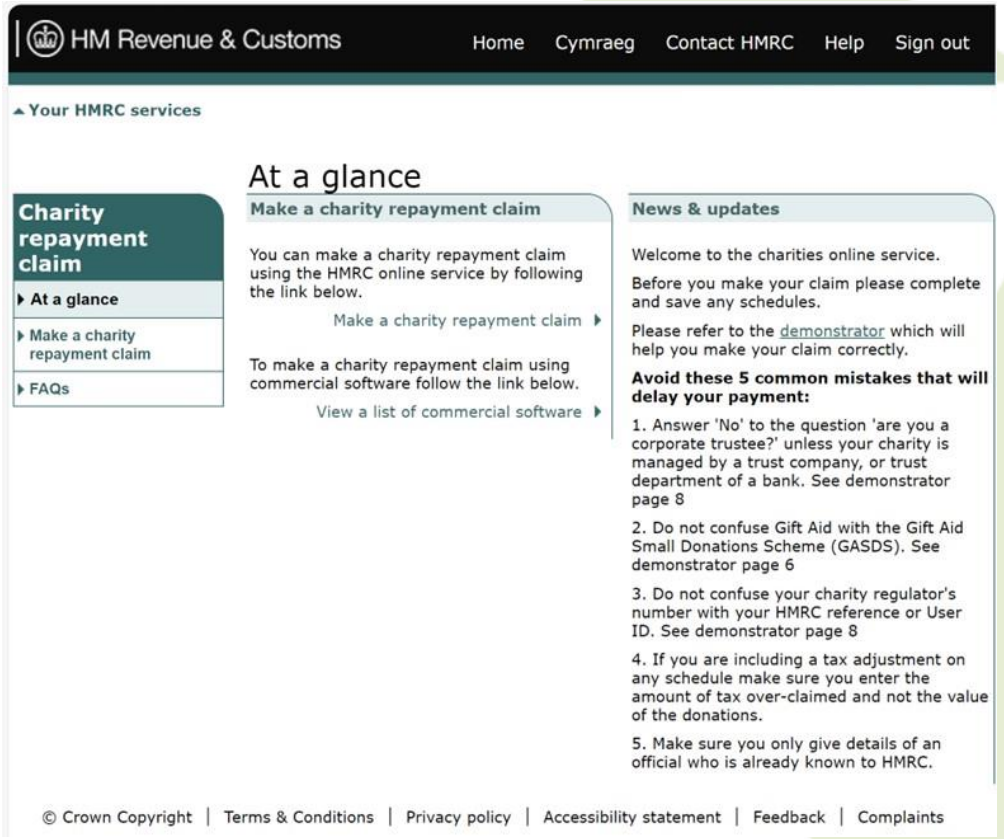
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Gift Aid claims are usually submitted online with donation details and donor information from the GADs

- Claim online using HMRC portal or approved software
  - Can request ChR1 paper form by phone

Donor information to include:

- **First name / initial and surname**
- **House name / number and post code**
- **Date of last donation**
- **Total amount being claimed**



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Gift Aid claims are usually submitted online with donation details and donor information from the GADs *(continued)*

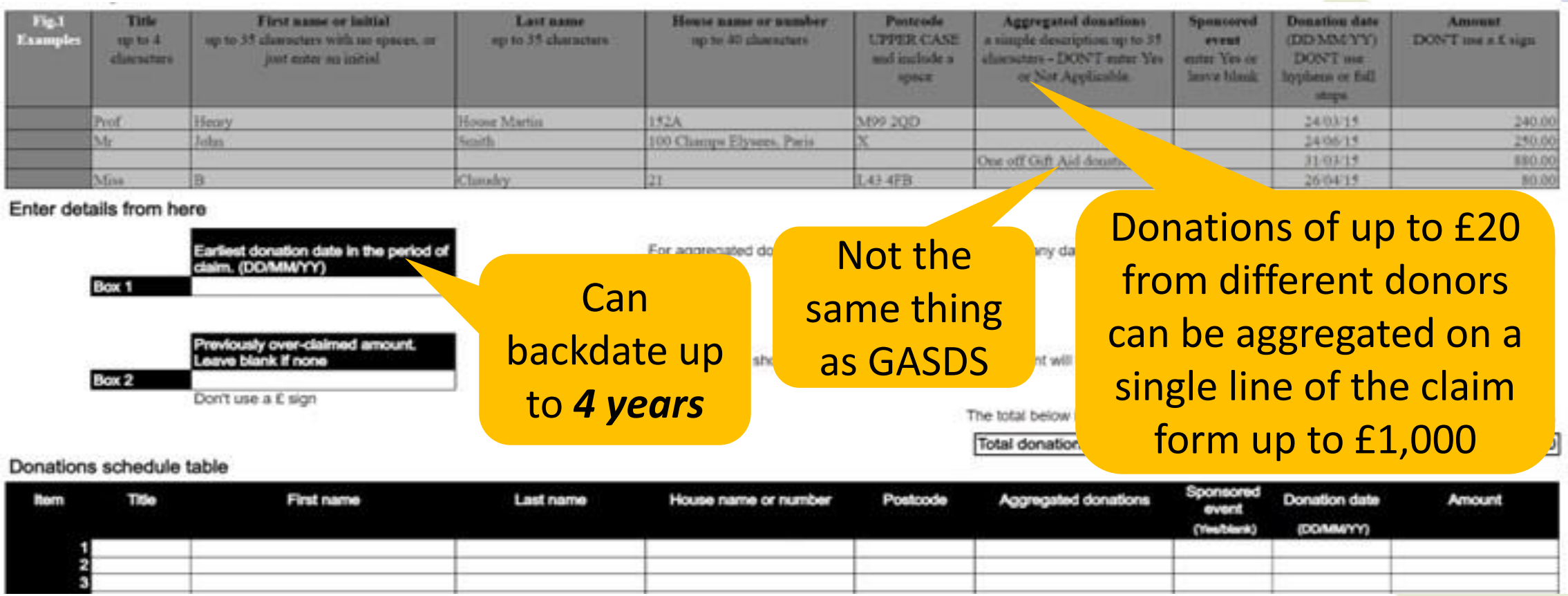


Fig.1 Examples	Title up to 4 characters	First name or initial up to 35 characters with no spaces, or just enter an initial	Last name up to 35 characters	House name or number up to 40 characters	Postcode UPPER CASE and include a space	Aggregated donations a simple description up to 35 characters – DON'T enter Yes or Not Applicable	Sponsored event enter Yes or leave blank	Donation date (DD/MM/YY) DON'T use hyphens or full stops	Amount DON'T use a £ sign
	Prof	Henry	House Martin	152A	M99 2QD			24/03/15	240.00
	Mr	John	Smith	100 Champs Elysees, Paris	X			24/06/15	250.00
						One off Gift Aid donation		31/03/15	880.00
	Miss	B	Claudey	21	L43 4FB			26/04/15	80.00

Enter details from here

Box 1	Earliest donation date in the period of claim. (DD/MM/YY)
Box 2	Previously over-claimed amount. Leave blank if none

Don't use a £ sign

Can backdate up to ***4 years***

Not the same thing as GASDS

Donations of up to £20 from different donors can be aggregated on a single line of the claim form up to £1,000

Donations schedule table

Item	Title	First name	Last name	House name or number	Postcode	Aggregated donations	Sponsored event (Yes/blank)	Donation date (DD/MM/YY)	Amount
1									
2									
3									

Quarterly claims recommended – can claim more or less frequently

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Records must be retained in case of HMRC audit, maintaining the trail between donation, donor, bank statement and GAD



- Keep for ***6 years***:
  - Gift Aid envelopes (write amounts and donor identification on them, for prior years just keep one-offs and a representative month of weekly donations)
  - Bank statements and working papers
  - GADs – until 6 years after last donation
- Note legal requirements for data protection

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The church may receive donations to pass on to other charities – they may or may not be able to claim Gift Aid

Restricted fund donations

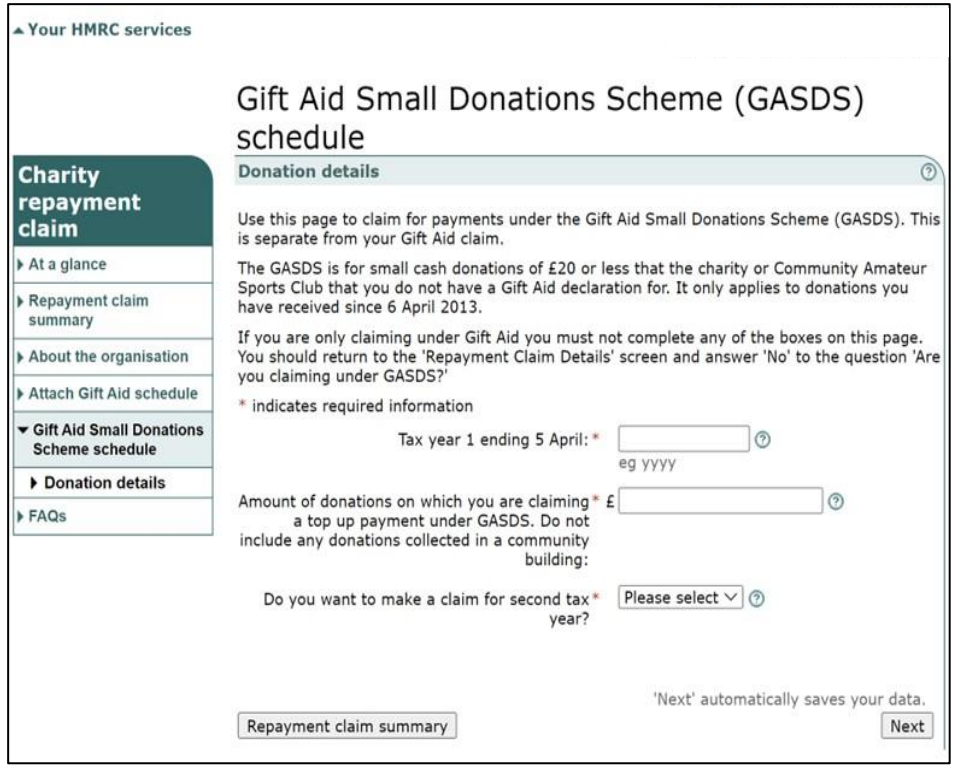
- The church takes initiative arranging the collection
- Paying the money falls within the charity's objects
- Gift Aid – claimable and restricted

Church acting as conduit

- Money passed to third party is not part of charitable funds
- Exclude from the accounts
- Gift Aid can only be claimed by the third party

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The Gift Aid Small Donations Scheme (GASDS) enables a claim on small donations without donor details



- Donations of **£30 or less**
  - Can accumulate donations in a larger payment with audit trail
- Can claim on **£8k** per **tax year** (i.e. **£2k**)
  - Max claim 10 x Gift Aid in the same year
  - Can backdate up to 2 tax years
- Gift Aid penalties – cannot claim GASDS that year or the next
- Special rules for connected charities

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The following methods of giving are eligible for inclusion in a GASDS claim:

Cash (including envelopes with no GAD) 



Contactless and chip & PIN **card payments** and **Apple / Android pay**

Wall safes (unless also containing sales income) 



Must be collected and banked in the UK

Exclusions: text donations, bank transfers, cheques 

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Churches with more than one community building may use the community building rules to claim GASDS for each building



Community buildings are locations where the charity runs charitable activities e.g. a multi-site church

- HMRC defines what constitutes a community building

Charities with multiple community buildings can claim on:

- £8,000 collected anywhere in the UK or
- £8,000 collected inside each community building or in the surrounding Local Authority Area



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Charitable activities are outside the scope of VAT, but charities are eligible for reduced VAT on certain supplies

- Zero rated supplies
  - Advertisements in third party media and goods for fundraising
  - New builds and self-contained annexes (seek advice)
  - Disabled access / facilities
- 5% supplies
  - Utility bills (gas / electricity) with no climate change levy
- If VAT registered, charities can rarely claim much input tax

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The Listed Places of Worship Grant Scheme (LPWGS) provides grants equal to the VAT on building works

- Budget confirmed until 31st March 2025
- Claim online at www.lpwscheme.org.uk
- Unlimited claims provided:
  - Each claim is over £1,000 before VAT
  - One claim per year between £500 and £1,000
  - Invoices less than 12 months old



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There are also tax efficiencies available in payroll, particularly around employer NICs

Employment allowance (£5k reduction in NICs p.a.)

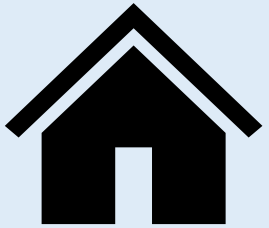




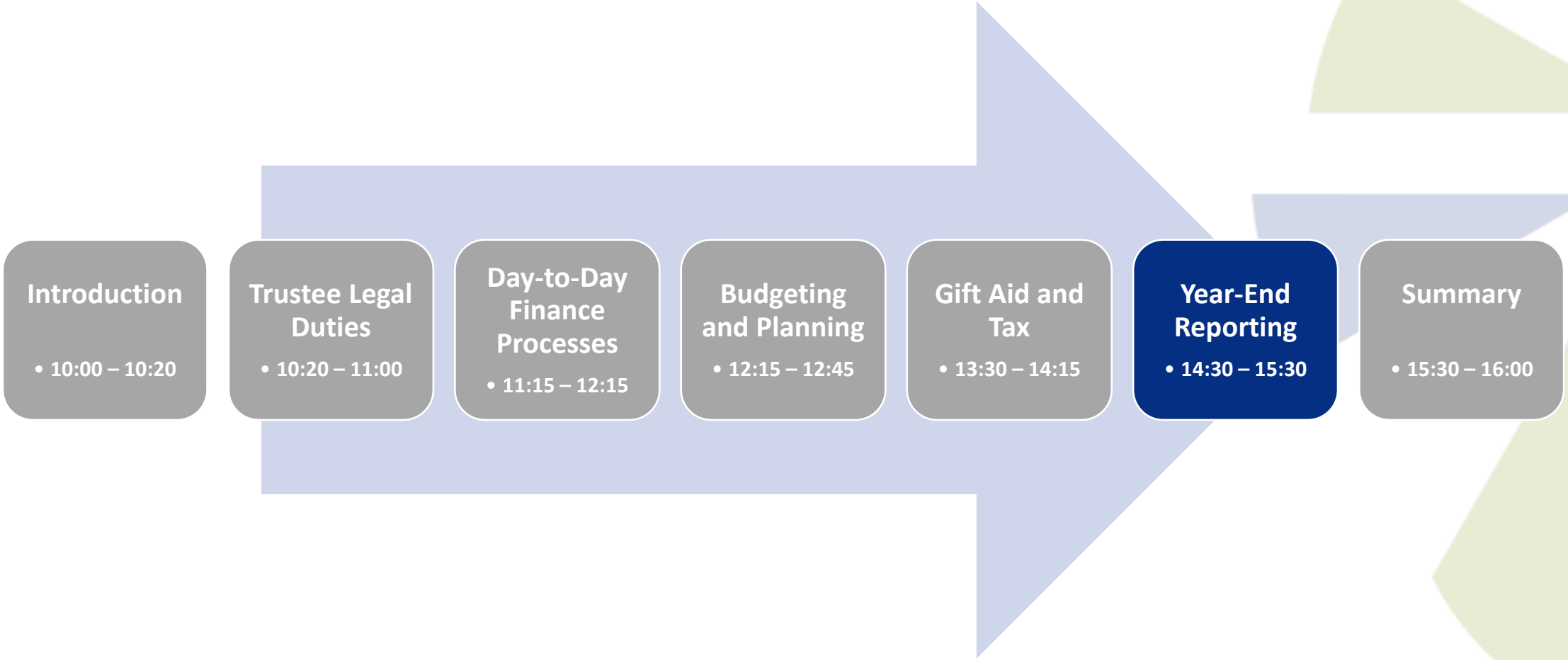
Salary sacrifice pensions and cycle hire schemes

Provided accommodation for ministers of religion is usually not subject to tax

- **Tax rules for ministers often complicated and may require specialist advice – can find other savings**



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Introduction
• 10:00 – 10:20
Trustee Legal Duties
• 10:20 – 11:00
Day-to-Day Finance Processes
• 11:15 – 12:15
Budgeting and Planning
• 12:15 – 12:45
Gift Aid and Tax
• 13:30 – 14:15
Year-End Reporting
• 14:30 – 15:30
Summary
• 15:30 – 16:00

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Charities are required to undertake the following year-end routines, which are the shared responsibility of **all** the trustees

1. Preparing the **Trustees' Annual Report** (TAR) and **Accounts**
   - TAR recommended but not mandatory for excepted charities
2. Arranging **Independent Examination** or **Audit**
3. Submitting **Annual Return** to the Charity Commission
   - Excepted charities do not submit an Annual Return

See guidance CC15d, CC16 (R&P), CC17 (Accruals) and CC31

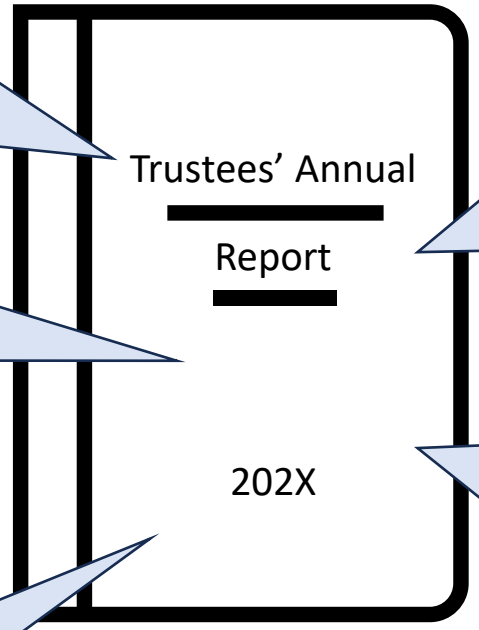
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1 The TAR is a formal report to the general public about the work of the church

The TAR represents an opportunity to ***inform*** and ***celebrate***

Set out the church's ***vision*** and its ***plans*** for the future

Demonstration ***public benefit*** (see guidance PB3)



See example report in Appendix F

Informative and ***readable***, disclosing key information in an accessible format

Can use images and figures, and reports from individual activity groups in an appendix

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1 The Charities (Accounts and Reports) Regulations 2008 section 40 sets out mandatory disclosure requirements for all TARs

- Name of the charity
- Charity / company reg. numbers
- Principal address
- Description of charity and its purposes
- Description of main activities and achievements
- Trustees on the date of signing the TAR and during the year
- Any parties authorised to appoint trustees

- Particulars of the governing document
- Any funds in deficit (and plans to rectify)
- Reserves policy
- Funds held as custodian trustees (if applicable)
- Regard for Commission guidance on public benefit
- Signed and dated by suitably authorised trustees

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1 Financial statements must be prepared following the end of the accounting year – this is relatively simple for R&P accounts

Receipts and Payments Accounts for each fund

Statement of Assets and Liabilities (SoAL)

Statement of Balances (SoB) in Scotland

Notes to financial statements (not mandatory but recommended)

Further details on the following slides

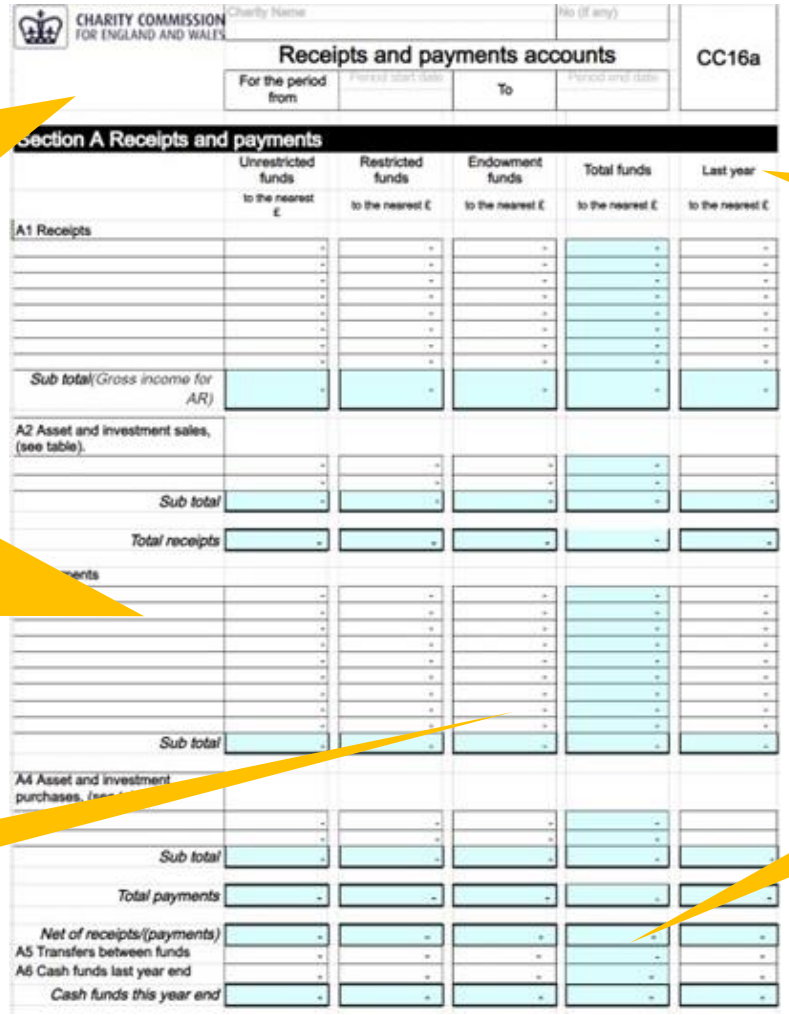
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1 Receipts and Payments accounts show a cash book summary for each fund, or class of funds (unrestricted, restricted etc.)

No special format required, but consistency is important

Only include amounts actually received or paid in the year

Show material items



CHARITY COMMISSION FOR ENGLAND AND WALES

Receipts and payments accounts

CC16a

For the period from ... To ...

Section A Receipts and payments

	Unrestricted funds to the nearest £	Restricted funds to the nearest £	Endowment funds to the nearest £	Total funds to the nearest £	Last year to the nearest £
A1 Receipts					
Sub total (Gross income for AR)					
A2 Asset and investment sales, (see table).					
Sub total					
Total receipts					
Sub total					
A4 Asset and investment purchases.					
Sub total					
Total payments					
Net of receipts/(payments)					
A5 Transfers between funds					
A6 Cash funds last year end					
Cash funds this year end					

Include previous year comparator

Ensure internal consistency and continuity with prior period

See example in Appendices F2-F5

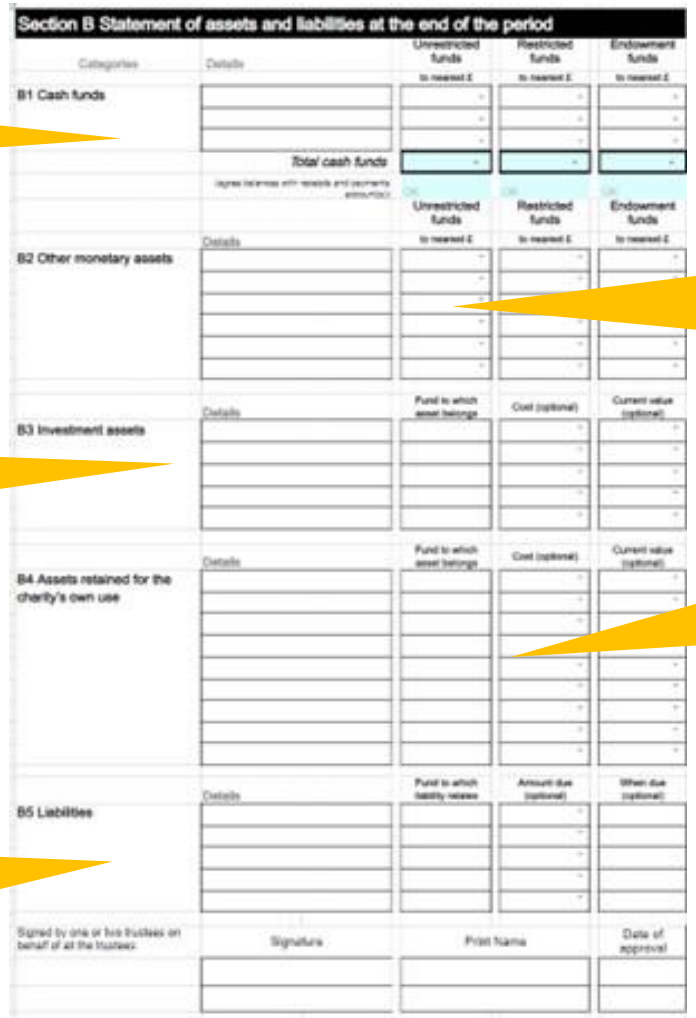
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1 A Statement of Assets and Liabilities (SoAL) for R&P accounts should include the following:

Cash and bank balances

Investment assets – value at year end

Liabilities – only amounts actually owed



Section B Statement of assets and liabilities at the end of the period

Categories	Details	Unrestricted funds to nearest £	Restricted funds to nearest £	Endowment funds to nearest £
B1 Cash funds				
	Total cash funds			

	Details	Unrestricted funds to nearest £	Restricted funds to nearest £	Endowment funds to nearest £
B2 Other monetary assets				

	Details	Fund to which asset belongs	Cost (optional)	Current value (optional)
B3 Investment assets				
B4 Assets retained for the charity's own use				

	Details	Fund to which liability relates	Amount due (optional)	When due (optional)
B5 Liabilities				

Signed by one or two trustees on behalf of all the trustees	Signature	Print Name	Date of approval

Other monetary assets e.g. Gift Aid receivable

Fixed assets – valuations not mandatory

See example in Appendix F4

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1 Notes to statements, while not mandatory for Receipts and Payments (unless incorporated), are strongly recommended

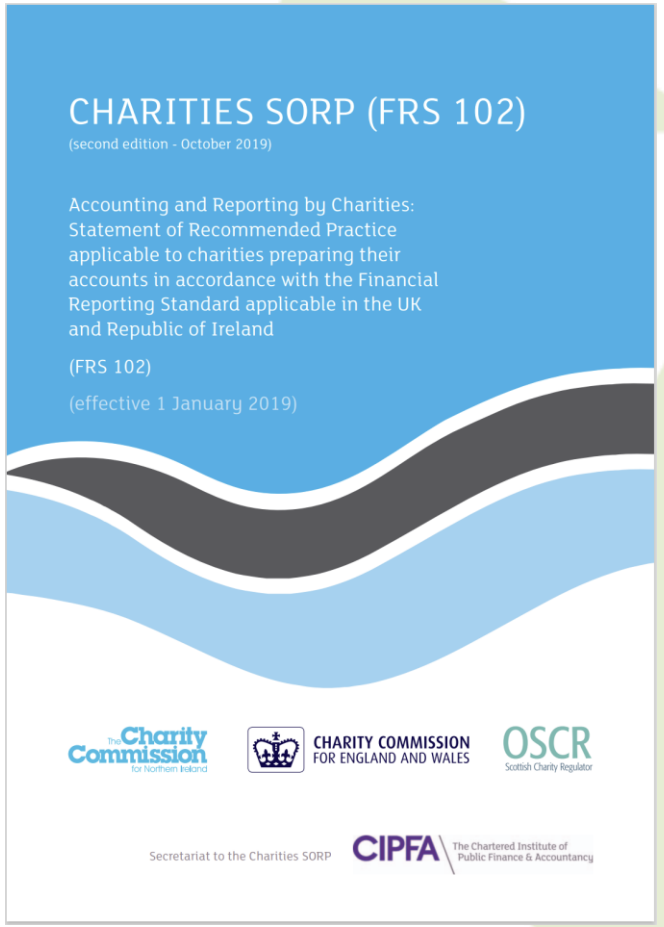
- State the accounting basis used
- State the purpose of each restricted or designated fund
- Provide further explanation on material items
  - Keep the statements simple and put detail in the notes
  - Include related party transactions for transparency

See example in Appendices F2-F4

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1 Charities using Accruals must comply with the Charities Statement of Recommended Practice (SORP)

- The Charities SORP sets out mandatory requirements for the accounts and notes
  - Mostly good practice for R&P charities to consider
  - Includes the requirements of the 2008 regulations
- It also mandates content for the TAR
- Larger charities (income > £500k p.a.) have further requirements



Further details in Appendix G

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1 The following headings for the TAR are recommended in the SORP as good practice for organising the required content

- Structure, Governance and Management (inc. trustee appointment)
- Objectives and Activities (inc. volunteers)
- Achievements and Performance (inc. public benefit)
- Financial Review (not the same as the accounts)
- Reference and Administrative Details
- Exemptions from disclosure (if applicable)
- Funds held as custodian trustees (if applicable)
- Plans for Future Periods (larger charities only)

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1 Accruals accounts are more rigorous than R&P, and require different financial statements

Statement of Financial Activities (SoFA)

Balance Sheet

Notes to financial statements (various mandatory disclosures as required by the SORP)

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2 Most charities require Independent Examination (IE) of their accounts, with some requiring or volunteering for an Audit

Independent Examination	Audit
Legal minimum degree of scrutiny for most charities	Significantly more expensive and demanding
Carried out in accordance with guidance CC32 (which thus constitutes *de facto* rules for R&P accounts preparation)	Conducted by a registered auditor in accordance with FRC standards
Provides 'Negative Assurance' that examiner has not found evidence that legal duties to prepare accounts have not been met*	Provides 'Positive Assurance' that the accounts give a 'true and fair view' of the charity's finances

* See Appendix F5 for formal declaration wording

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2 The Charities Act requires IE or Audit depending on a charity's gross income, total assets and legal form

Gross income (£/year)	Total assets	
	Up to £3.26m	Over £3.26m
Up to £25k	Nothing	Nothing
£25k to £250k	IE	IE
£250k to £1m	IE	Audit
Over £1m	Audit	Audit

See Appendix A1 for further details

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2 Additional requirements may be imposed to have a higher degree of scrutiny than is required by the Charities Act

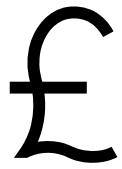


Audit required by the governing document
(unless written pre-1993 and referring to any scrutiny as "audit")

Audit required



Requirement from governing body / denomination



Condition of grant or donation

The Commission can grant dispensation from audit in very exceptional circumstances – see OG15 B3

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2 The Charities Act specifies who can be an Independent Examiner

"an independent person who is reasonably believed by the trustees to have the requisite ability and practical experience to carry out a competent examination of the accounts"

Charities Act 2011 (Section 145)

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2 The key terms are interpreted as follows:

Independent	Person
• Not connected to a trustee (i.e. spouse / partner, blood / in-law relative, business partner or any other controlling situation) • Not involved in decision-making running the charity • Not a major donor or beneficiary	• Signing in their own name (not a firm)

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2 The key terms are interpreted as follows *(continued)*:

Requisite ability and **practical experience**

- The trustees must be satisfied that the examiner is competent with ***charity accounts***
- For gross income is over ***£250k p.a.*** the examiner must be a member of a professional body listed in the Charities Act

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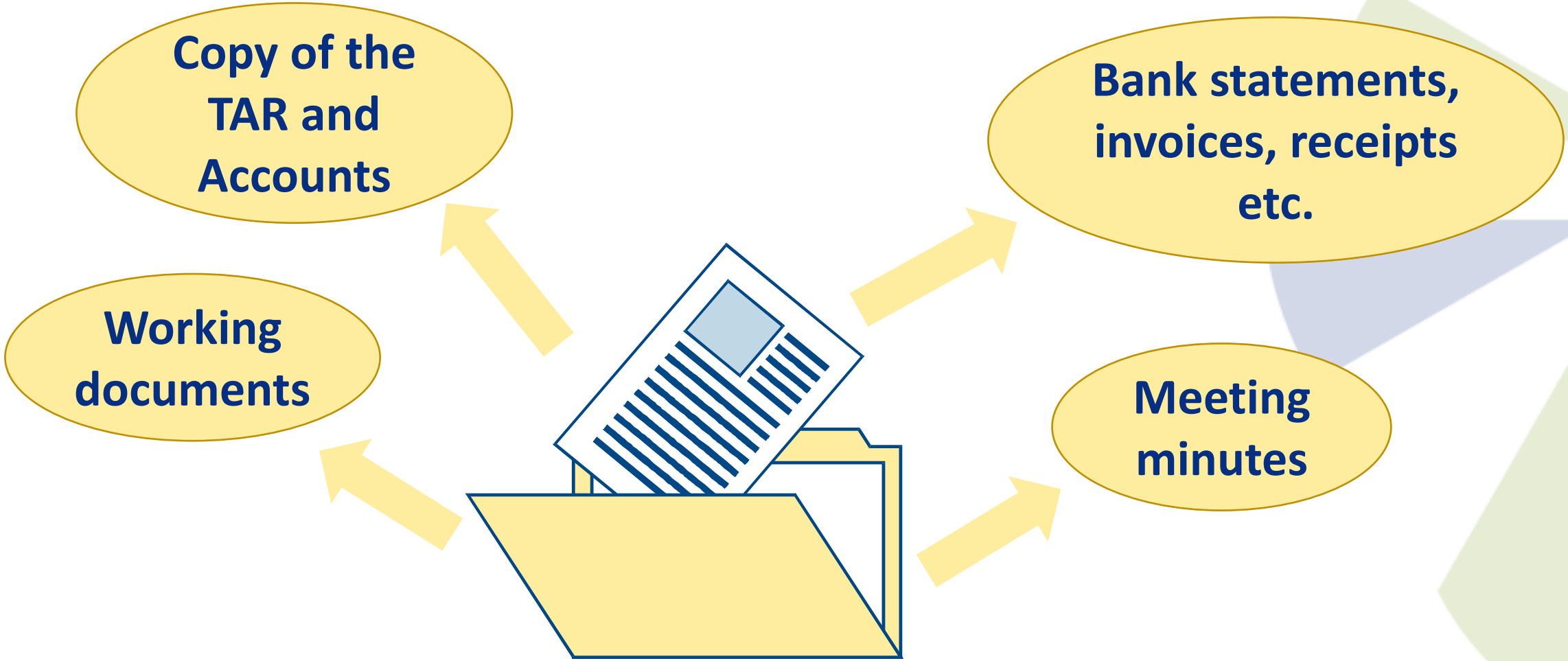
2 Where to find an Independent Examiner



Appointment requires a Letter of Engagement from the trustees, usually a fee and potentially approval by the church (see example letter in Appendix H)

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2 What information will the Independent Examiner require?



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2 The examiner should be provided with finalised and signed copies of the TAR and Accounts before they issue their report

- Trustees approve and sign the TAR and Accounts
  - This may occur after the examiner has reviewed an initial draft

- The examiner will issue an **Independent Examiner's Report** (see Appendix F)
  - If no serious issues are found, this will be an **Unqualified Report**
  - If agreed beforehand, they may also issue a **Management Report** (see Appendix I)
  - They are obligated to report matters of 'material significance' to the regulator directly

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3 Once the IE process is concluded the church may publish its TAR, Accounts and IE report

Examined accounts are usually presented to the church (membership approval may be required)



Documents are submitted with the Annual Return (if registered) and potentially also published to members, donors, governing body etc.

See Charity Commission guidance CC31 (for trustees) and CC32 (for examiners), and ACAT training on Independent Examination

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Topics covered in today's course

- Trustee Legal Duties
  - Legal overview of churches as charities
  - Responsibilities of charity trustees

- Day-to-Day Finance Processes
  - Maintaining systems for managing financial operations
  - Keeping accounting records
  - Principles of fund accounting

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Topics covered in today's course

- Budgeting and Planning
  - Budgeting
  - Risk management

- Gift Aid and Tax
  - Gift Aid
  - GASDS
  - VAT
  - Payroll

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Topics covered in today's course

- Year-End Reporting
  - Trustees' Annual Report
  - Financial Statements
  - Independent Examination

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Resources

ACAT: Handbook
Helpline
Other courses
Annual conference
General queries (membership@acat.uk.com or training@acat.uk.com
Partners in ministry

Other: Charity regulators (CCEW, OSCR and CCNI) and HMRC
Charities Act 2011 and the Charities SORP
PCC Accountability
Fundraising Regulator

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