



**TREASURERS
AND
BOOKKEEPERS
RESOURCE
MANUAL**

PREPARED BY

**UNITING RESOURCES,
FINANCIAL MANAGEMENT SERVICES**



SYNOD OF NSW AND ACT



**UNITING CHURCH IN
AUSTRALIA**

This manual is intended for the use of Uniting Church Staff and Volunteers in the Synod of NSW and the ACT. The Manual or any part thereof cannot be amended or duplicated in any format without the permission of Uniting Resources.

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1. INTRODUCTION:

1.1 Foreword - Purpose of this (Treasurer's) Manual

Thank you and congratulations for agreeing to work as a volunteer treasurer for your Congregation (or Presbytery). We are delighted and express our sincere gratitude that you have chosen to serve your church (our church) in this way.

The questions often posed to us by new treasurers are “*what do I need to know*” or “*what happens next*” The hope of this manual is to address these questions.

Being a voluntary position and influenced by many local and external factors such as resources available (ie, support from other members of the congregation and elsewhere) funding, access to computers and previous technical knowledge there is no single answer to these questions.

Many of our treasurers have existing computer knowledge and can apply for instance, the use of spreadsheets to do this work, others rely on dedicated accounting software such as *MYOB* or *Quicken* whilst others apply a simple manual hand written multi column ledger system. Depending on these factors the work of a treasurer can be done in couple of hours per week to several hours per week.

The workload of the treasurer can also be affected by what the Congregation or Presbytery is asking the Treasurer to do. It could be some or all of the duties listed later in this manual. Whilst treasurers mostly generically perform the same duties, no two treasurers would be alike in their roles. The purpose of this manual is also to standardise these duties.

We are not suggesting that everything in this manual is part of the Treasurer's role. Many of the tasks or duties stated need to involve others in your congregation or presbytery. Some of the matters included are more educational or “good to know” as background information if needed when specific matters actually do arise which may involve you as the treasurer.

As well, the intention of this manual isn't for you to read it from cover to cover. No instruction manual does that. This manual is a reference manual which you refer to as you need it.

Naturally, Uniting Resources' (UR's) response is to provide the necessary balanced support to enable you to do this work and serve your congregation

regardless of your background, resources, technical skills and computer systems used.

This manual replaces the 74 page A5 size version of 1995 and is primarily for the use of Volunteers working as Treasurers for Uniting Church Congregations and Presbyteries in the Synod of NSW and the ACT. For simplification this manual often only refers to Congregations but it is equally applicable to Presbyteries.

This manual also includes tax Issues, so it is in a much more simpler format to follow than the previous and much more detailed “GST Manual” of 2003.

Uniting Resources also has other manuals and resources. These include:-

1. The Human Resources Manual
2. The Property and Insurance Manual (soon to be updated and separated)
3. Guidelines and Instructions
4. Connect Newsletter
5. E-Connect (Email) Newsletter (issued by Financial Management Services)
6. Web site
7. Other information sent to you by email

The abovementioned manuals have far greater detail on Human Resources, Property and Insurance so coverage of this information in this manual is at a rather basic level as it involves or impacts on treasurers.

Also included in this manual as appendices is the May 2009 version of the “Guidelines for the Remuneration of Specified Ministers” issued by the Secretariat just so you can keep all of the information together in one place.

Recognising that some 80% of our treasurers do not have the necessary background finance or accounting skills to completely understand the work associated within this role, the manual is written in a more layman or “user friendly” format avoiding technical accounting and business jargon where possible.

The Synod also recognises that the remaining 20% of our volunteer treasurers do have the necessary background professional accounting or business skills to better understand the concepts of accounting, tax, audit, financial reporting, etc. The aim of this manual is also to meet the needs of this latter group without over simplifying the information presented.

It is a balancing act for UR to meet the needs of all volunteer treasurers regardless of skills and resources.

This manual will not always provide the necessary answers to all your questions. No single manual or resource can ever do that. To cover all

potential answers any single person would pose would require a manual many times the size of this one.

From time to time you will have a question unique to your own congregation or presbytery or unique to your own personal circumstances, experience or skills. At such times you may need to seek answers elsewhere, for instance, from The Australian Taxation Office (ATO), The Australian Bureau of Statistics, etc. More commonly, you may need to contact us in UR or the Uniting Church in general. A comprehensive contact list is attached as **Appendix 7** in this manual.

If you feel we haven't covered a topic which you consider may be of interest to you and other treasurers please email me at kegank@nsw.uca.org.au or complete and post the feedback form shown as **Appendix 8**.

We can't promise we will include every suggestion but if deemed it has a wider application and interest to other treasurers we will certainly consider it.

This new manual also takes the opportunity to introduce the new and much more simplified UR2 Annual Return to Synod.

Delivery of the Manual

Initially, it will be placed on the Synod web site as a "read only" copy, with a link sent to treasurers. Following this, a hard copy manual will be posted to all treasurers. From then on updates will be sent to you via an email link to the "updated pages". It will then be up to you to file any updated pages sent to you into your manual. We also suggest you place it in a 2 ring binder.

I trust you will find this manual of great value in serving your Church and the wider Uniting Church Synod as a treasurer.

KEGAN KASHIAN
CHIEF FINANCIAL OFFICER
UNITING RESOURCES
THE UNITING CHURCH IN AUSTRALIA
SYNOD OF NSW AND THE ACT

2. “UCA 101” - OVERVIEW OF THE UNITING CHURCH

Aim of this Chapter

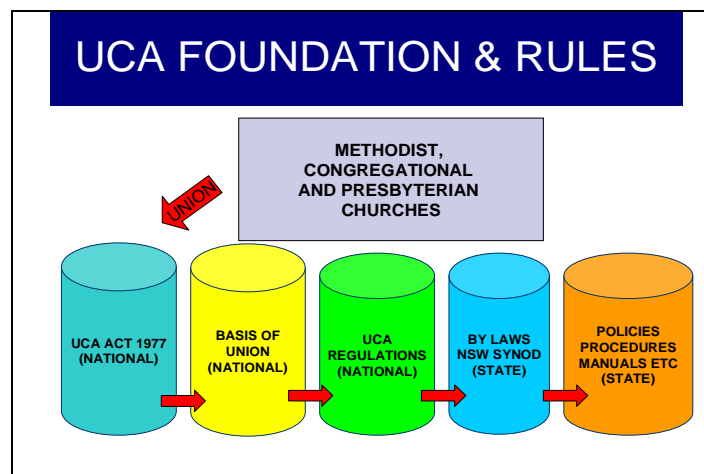
As a treasurer serving your Congregations you may sometimes feel isolated and don't quite appreciate why you have to do all that you do or where does your Congregation fit into all this. You may also not appreciate or understand that we are all in fact part of a much bigger organisation called “The Uniting Church in Australia”. Whilst this doesn't affect your day to day work, it is important to understand and appreciate what our Church does, what it stands for and more directly related to you, what wider resources are available to you.

This section may also fill in the gaps or provide background knowledge in your understanding of the Church when dealing with specific parts of the Uniting Church.

This chapter is therefore designed to give you an understanding and appreciation of the Uniting Church as it operates nationally and particularly in NSW.

2.1 Formation and Laws of the Uniting Church in Australia

The Uniting Church in Australia was formed on 22 June 1977 by the joining of the Methodist, Presbyterian and Congregational Churches in Australia. This was legally achieved through Acts of Parliament for each State and Ordinances for each Territory. For the Synod of NSW and the ACT, we work with an Act in NSW and an Ordinance in the ACT. The diagram below illustrates how the various Laws of the Church work.



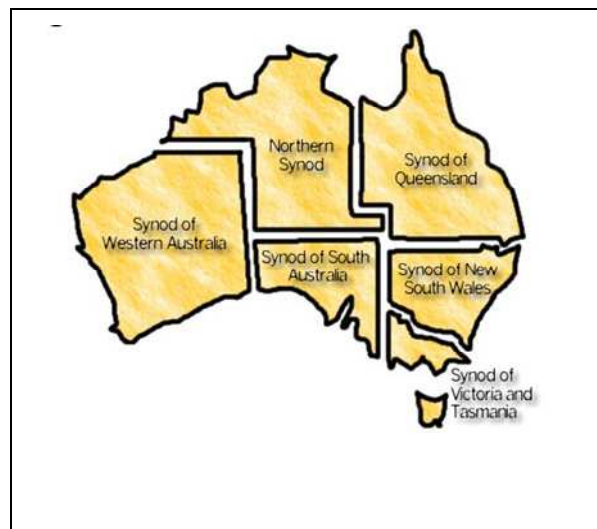
The key document that underpins the formation of the Uniting Church in Australia includes the 'Basis of Union' and the 'Constitution' – copies of these documents can be obtained from either the offices of the Assembly or the Synod of NSW and the ACT Secretariat.

All the Constitution, Regulations and By-Laws are regarded as 'Church Law' as they were consultatively developed, properly authorised and issued by the National Assembly and the Synod of NSW and the ACT.

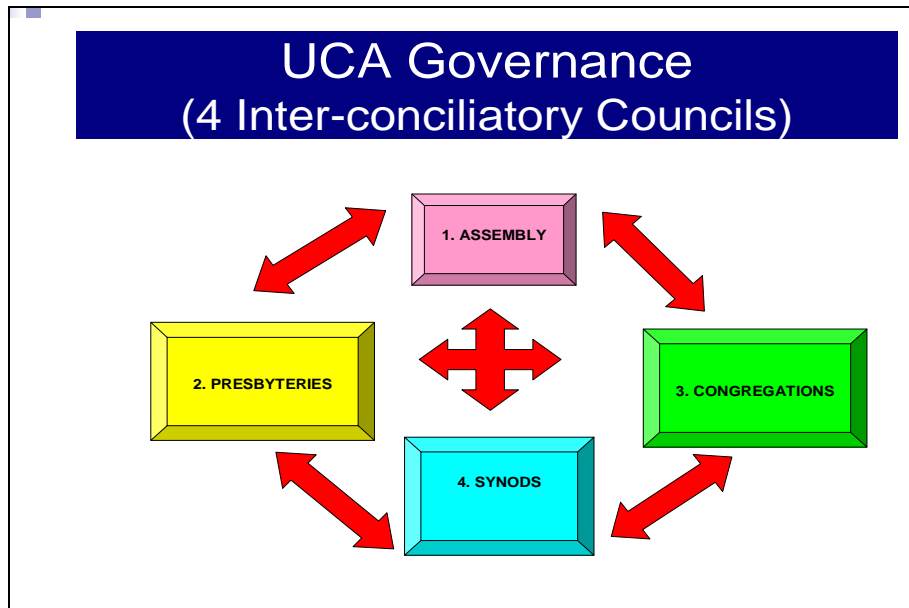
The National Assembly may continue to make regulations for the control, management and administration of, and dealings with, UCA finances and property. This may impact on the work that you do as a Treasurer.

All congregations and presbyteries are obliged to operate within this 'Church Law'. The process of accepting appointment on any Church Council regardless of the role being undertaken reflects the person's inherent agreement to operate under the UCA Constitution, Regulations and By-Laws.

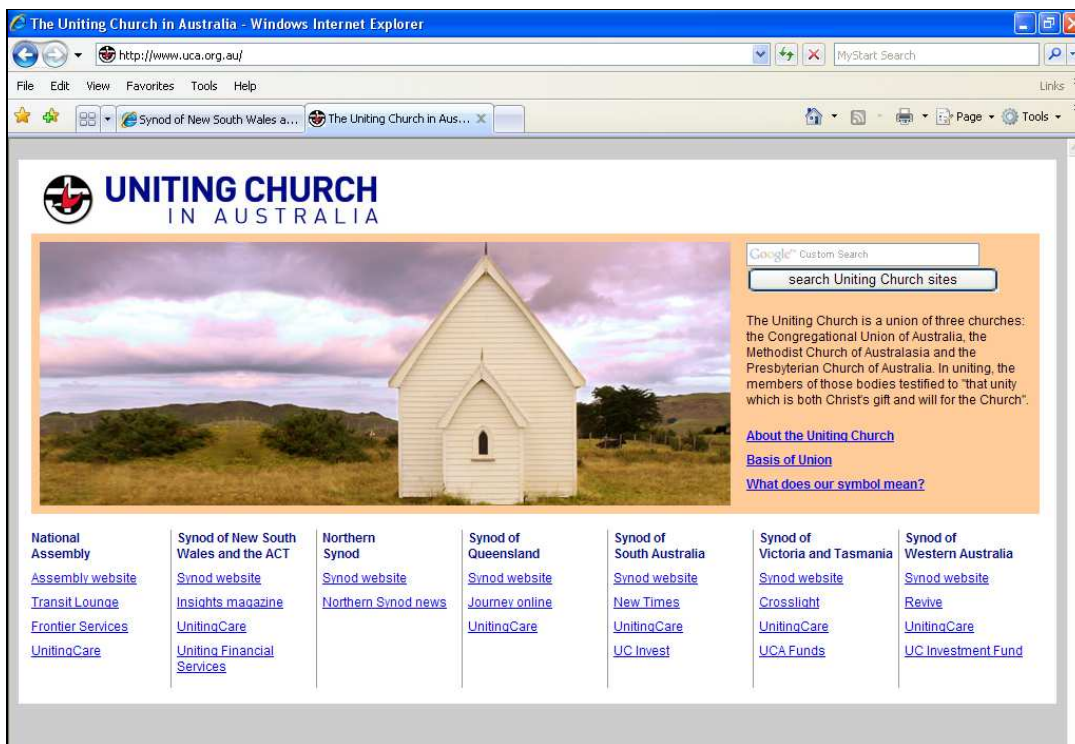
The Uniting Church in Australia operates nationally as the Assembly, in collaboration with 6 Synods (see diagram below).



It does not operate as a hierarchy, but as a series of interrelated councils (Assembly, Synods, Presbyteries, Church Councils, Congregations, Boards, Agencies etc.), each with a different role to play. See diagram on the next page. Explained diagrammatically:-



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Wherever possible, decisions are made by consensus.

The Synod of NSW & ACT is responsible for the United Church's activities in NSW and the ACT and consists of thirteen regional (geographical)

Presbyteries and some non geographical Presbytery like entities such as the Korean Commission, Pacific Island Council and the UAICC (Uniting Aboriginal and Islander Christian Congress). Each Presbytery consists of many individual worshipping Congregations. The Uniting Church is committed to the ministry of the whole people of God, and to discovering the gifts that each person brings to the service of Christ and the church.

Church people gather regularly as congregations. Congregations in each local area are central to the church's life. They provide caring faith communities to which all people are welcome. They aim to unite people with each other and with God.

As one of the largest non-government providers of community services in all parts of Australia, the Uniting Church is strongly committed to Social Justice reflecting the love and grace of God in caring for people, in advocating for those with special needs and for the equitable and appropriate provision of social services.

2.1.1 The Trusts (The Property Trust)

The Trusts, being The Uniting Church in Australia Property Trust (NSW) and The Uniting Church in Australia (Australian Capital Territory) Property Trust established through the *Uniting Church in Australia Act 1977 No 472* (the Act) for the state of New South Wales and *Uniting Church in Australia Ordinance No 15 of 1977* in the Australian Capital Territory, are each unincorporated associations known as a body corporate with perpetual succession to deal with matters in NSW and the ACT where it is necessary to have a legal entity.

Both pieces of legislation established statutory corporations with the powers and duties to:

- (1) *(a) acquire, hold, deal with and dispose of property of any kind
(b) mortgage, charge or otherwise encumber any of its property,
or
(c) borrow money for the purposes of the Trust.*
- (2) *Subject to this Act, the Trust shall hold trust property in trust for the Church and upon any other trust affecting the property.*
- (3) *Subject to subsection (2), the Trust shall hold, manage, administer and otherwise deal with trust property in accordance with the regulations, directions and resolutions of the Assembly.*

The Property Trusts are the sole owners of all assets, real and personal, of the agencies and activities of the Uniting Church. This includes the purchase and sale of property, the leasing of property, and the acceptance of funding from Government or other Agencies. The Property Trusts are the only bodies that are able to sue or be sued in a court of law.

Also, under both Acts the Trusts are able to provide a guarantee, offer security and enter into financial indebtedness.

Under Regulation of the Uniting Church in Australia, the bodies for which property is acquired or held for their use are the bodies responsible for determining how the property is managed and controlled. This means that, whilst the property is held with the Property Trust, the bodies responsible for determining how the property is managed and controlled have the stewardship (authority and permission) to use the assets and, accordingly, the property is recorded in their accounts.

Subject to church regulation, decisions regarding the purchase or sale of real estate and other assets are in most cases made by the bodies responsible for determining how the property is managed and controlled. When the decision has been made, a Certificate of Correctness or similar assurance of authority and correctness from the body which has control and management of the property is provided for review by the Synod Property Board (Uniting Resources). Once satisfied that the appropriate church protocols have been adhered to, the Property Trust members then execute the documents.

Transactions involving 'legal documents', particularly those that require the application of a corporate seal (such as general commercial and construction contracts, leases, applications for government funding, purchase of land, etc. are required to be executed by the Property Trusts.

The Uniting Church in Australia: A Demographic Profile

- The Uniting Church nationally is the third largest Christian denomination in Australia. It has around 2,800 congregations, 51 presbyteries and 6 Synods. Uniting Church members number 300,000 while 1.3 million Australians claim an association.
- The church has a special ministry, through Frontier Services, to the people of the outback, with some of its ministers affectionately known as 'Patrol Padres' and 'Flying Padres'.
- The Uniting Aboriginal and Islander Christian Congress is the aboriginal arm of the church with 10,000-15,000 aboriginal and islander people involved.
- The National Church Life Survey (2006) provided the following demographic information:
 - The gender balance of the Uniting Church is 64% female, 36% male,
 - 60% are in their first marriage, 16% widowed and 11% never married.
 - The highest educational qualification reached have 50% in primary/secondary school, 24% in a trade certificate or diploma and 25% university degree or postgraduate qualifications.
 - People associated with the Uniting Church are more likely to be employed/retired than is the case for the general Australian population. 36% are employed, 48% retired, 13% on home duties and 2% unemployed.

- 5%-7% of Uniting Church members worship in languages other than English, with 25 different language groupings plus various aboriginal tribal languages. Of those not born in Australia, 10% come from English speaking countries and 8% from non English speaking countries.
- More than 20,000 people are employed by the church in community service work, particularly in age care, Lifeline, hospitals, nursing, family support services, youth services, and care for the homeless.
- Professionals and paraprofessionals make up a large part of those associated with the Uniting Church. One industry sector in which Uniting Church people feature most is community service e.g. teaching, health and legal services. The other main industry for them is agriculture.

2.2 Structures - UCA and the Synod of NSW and the ACT

2.2.1 National Structure

As stated above, the UCA operates through the National Assembly, 6 Synods (which are broadly along state and territory lines) and Presbyteries and Congregations. The UCA Regulations provide a national organisational structure whereby each Synod operates within the same State structure involving four main Councils:

1. National Assembly
2. Synods
3. Presbyteries
4. Congregations, Parish Missions, Faith Communities.

The National Assembly is a council of the church that operates at a national level and issues Regulations that govern the church.

Each Synod is another council of the Church. Each State Synod operates independently from each other, and creates By-Laws that govern that Synod and certain areas of Congregations and Presbyteries. The Synod of NSW and the ACT includes the Australian Capital Territory, the State of New South Wales and Norfolk Island. The Synod of NSW and the ACT By-Laws relating to treasurers functions are more fully described in this Manual.

A Presbytery is another council of the Church and oversees congregations within a geographical area. The Synod of NSW and the ACT has 13 Presbyteries.

Each Congregation is required to have a council and congregations are seen as the primary embodiment of the church.

Together the Basis of Union, the Constitution, the Regulations and the By-laws describe the relationship between each council and how they are governed.

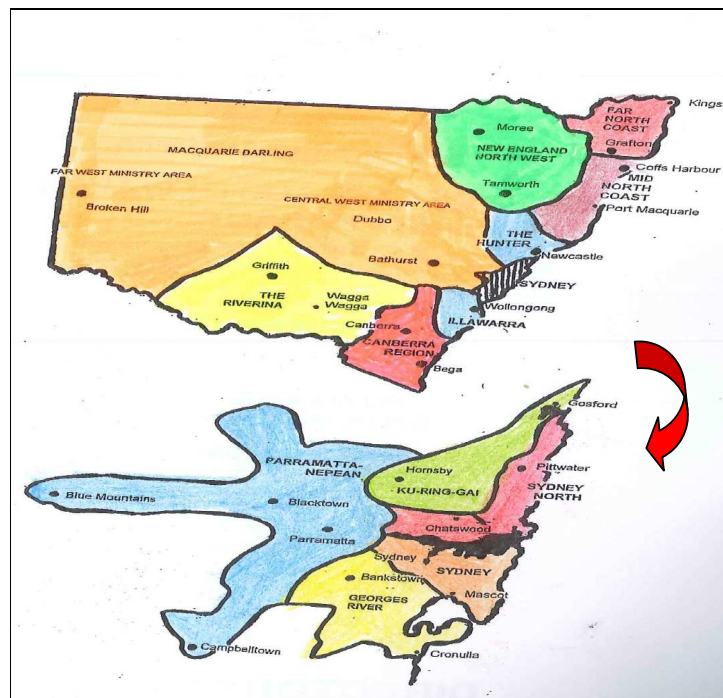
2.2.2 Synod of NSW and the ACT Structure

2.2.2.1 Presbyteries

The NSW and ACT area is split up into 13 presbyteries as follows:

1. Sydney
2. North Sydney
3. Georges River
4. Parramatta Nepean
5. Ku-ring-gai
6. Illawarra
7. Canberra Region
8. The Riverina
9. Macquarie Darling
10. New England North West
11. The Hunter
12. Far North Coast
13. Mid North Coast

A rough sketch map outlining the various presbyteries and geographic boundaries is shown below. The second map is a more detailed break up of the Presbyteries within the Sydney Metropolitan area.



Each presbytery is made up of multiple congregations with some also having responsibility for separately established church missions (e.g. Wesley Mission, Parramatta Mission). Presbyteries are the district council and are responsible for all acts of pastoral and administrative oversight. They have

responsibility for life and mission as well as the wider work of the church, and they are required to strengthen and assist congregations.

There are also non-geographic, presbytery-like entities established by the Synod to cater for the needs of non English speaking congregations.

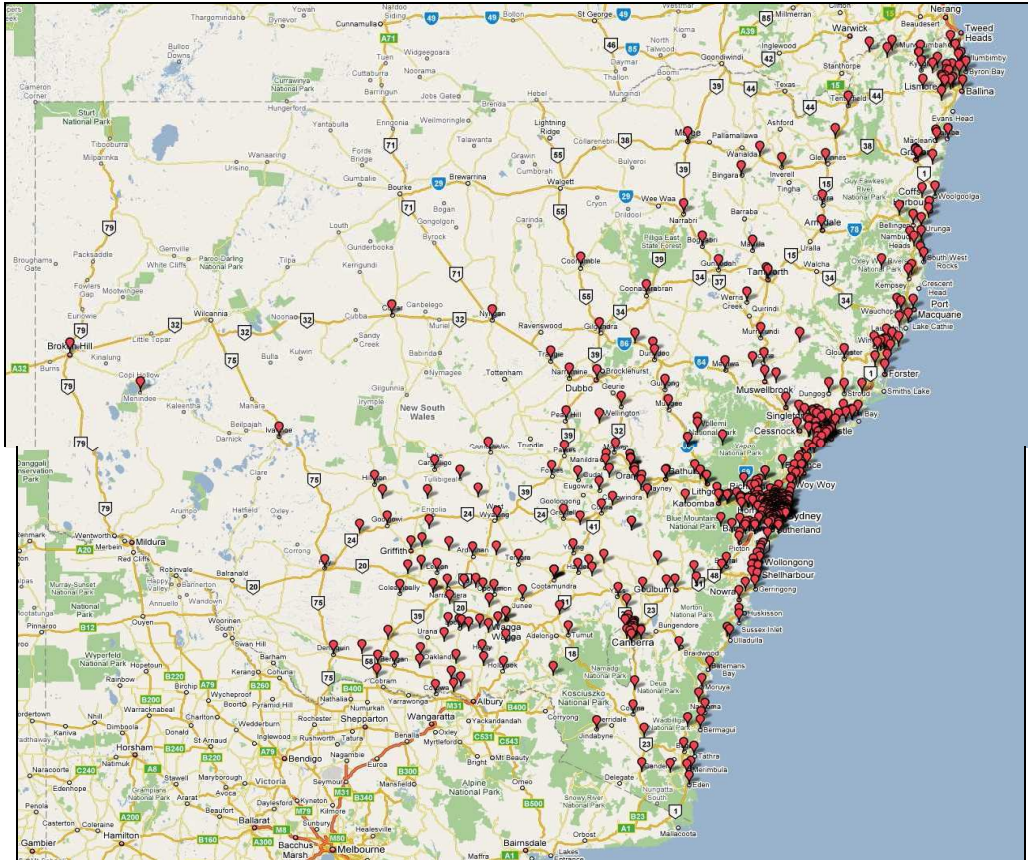
2.2.2.2 Congregations

All congregations fall within one of the abovementioned 13 presbyteries, except for the Aboriginal Islander and Korean congregations which fall within the UAICC “Congress” and Korean Commission respectively.

In total, there are 429 congregations (represented in the diagram on the next page) included in the 13 presbyteries.

A congregation is the embodiment in one place of the church. Each congregation generally has a minister (or shares a minister with other congregations), has a church complex or other building for worship as well as a minister’s residence (manse) with the Property Trust as the legal registered title holder or rents other buildings for the delivery of its mission. Each congregation has a mission plan that guides the interaction with the community above and beyond services of worship.

We ask all treasurers to familiarise themselves with the Congregation’s/Presbytery’s Mission Plan as ultimately its delivery may require financial consideration or financial plan, even a budget.



2.2.2.3 Missions

There are also 6 Missions in addition to stand alone congregations:

1. Wesley Mission
2. Parramatta Mission
3. Newtown Mission
4. Paddington Mission
5. Lismore Mission
6. Exodus Ashfield

A Mission is, in some ways, a microcosm of the church in that, while each has a relationship with a Presbytery, a Mission typically stretches beyond a single suburb and offers a range of community based services, such as:

- Aged Care Services
- Disability Support
- Camps and Conferences
- Employment Services
- Child and Family
- Homelessness
- Commercial Services
- Training and education

- Counselling
- Youth.

2.2.2.4 Boards Structures, Purpose and Responsibilities

The Synod of NSW and the ACT is made of a Secretariat and 4 Divisions called Board of Mission, Board of Education, UnitingCare and Uniting Resources.

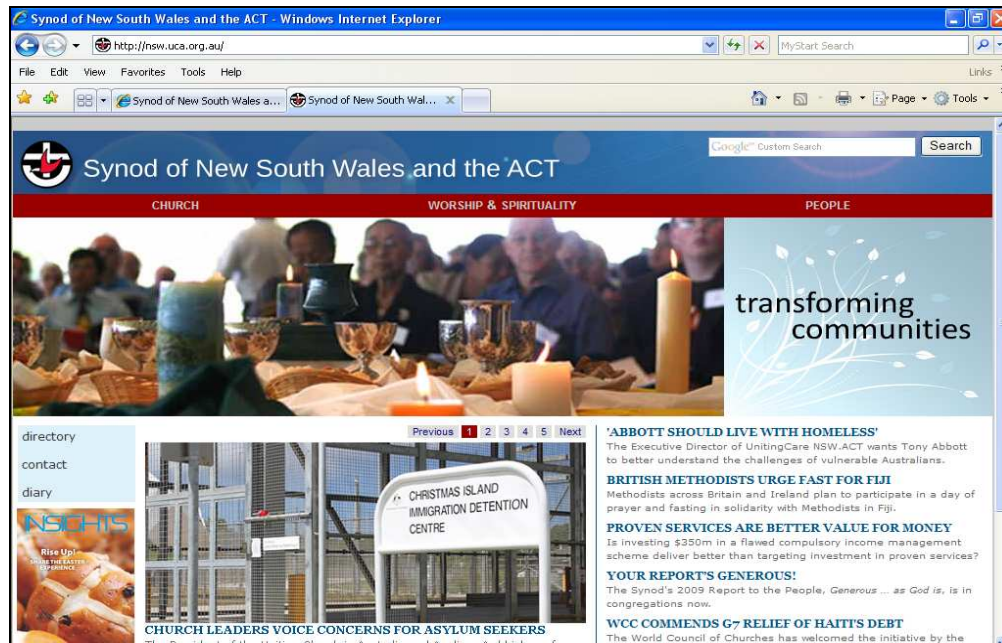
Congregations and Presbyteries will have direct interaction with each Board of the Synod depending upon the type of activities being provided by their Church organisations. For instance, Child care and aged care activities require prior approval of UnitingCare NSW.ACT. Churches seeking assistance with mission planning or Synod grants need to liaise with Board of Mission.

Each of these Boards has been established by the Synod of NSW and the ACT for a distinct purpose and has distinct responsibilities. They have responsibility under the UCA Regulations to establish policy, implement systems and monitor activities for their areas of control. Each Board also has its own BY Laws which details their authority, responsibility and services to the Synod.

Each Synod Board has their own separate Board that meets on a regular basis, and are each headed by an 'Executive Director' that reports to their respective Boards of Management. Executive Directors are responsible for keeping their Boards informed of pertinent matters, recommending policy and required action, and implementing decisions of their Board.

The distinct purpose and responsibilities delegated by the Synod of NSW and the ACT to the Secretariat and each of these Boards is outlined below.

For further details please log on to the Synod web site at www.nsw.uca.org.au. Below is the current front page.



2.2.2.4.1 Secretariat

The Secretariat's key purpose is to ensure the work and operations of the Synod and the Standing Committee continue to operate smoothly. It has responsibility to provide support for the:

- Advisory Committee of Ministry Placements;
- Reception of Ministers Committee; and
- Other committees concerned with:
 - Sexual misconduct or discipline of Ministers;
 - Support funds for Ministers; and
 - Relationships with multi-cultural churches;

The Secretariat is also responsible for oversight of Uniting Creative that publishes and distributes Insights magazine, Connect newsletter, Living is Giving magazines, newsletters, etc.

Where Church Councils and/or Ministers require clarification and confirmation of specific policy and logistics relating to ministers stipends, they should contact the Secretariat.

2.2.2.4.2 Board of Mission (BOM)

The BOM's key purpose is to provide leadership and direction in ministry and mission activities of the Church.

Its responsibilities include:

- Establishing policy relating to church ministry and mission;
- Promoting and resourcing of ministry and mission;

- Supporting church ministers in their roles;
- Supporting the establishment of new and multi-cultural congregations including Aboriginal and Torres Strait Islander, Korean, Chinese and Indonesian congregations;
- Coordination of Synod Mission Resource Fund projects and annual applications for funds;
- Coordination of overseas ministry projects;
- Assessing exemptions from 10% property tithes upon sale (through the Synod Mission Resource Fund).

Where Church ministry involves multi-cultural congregations, or expansion of ministry strategies requiring additional funding, congregations should liaise with the BOM.

2.2.2.4.3 Board of Education (BOE)

The BOE's key purpose is to provide leadership and direction in theological training, primary and secondary education, and education materials for the Church.

Its responsibilities include:

- Establishing policy and content relating to Christian and spiritual teachings in theological training and school education;
- Coordination of conference centres for the specific purpose of promoting Christian teachings and providing a place for community interaction;
- Oversight of the Centre for Ministry theological training centre;
- Oversight of primary and secondary UCA schools;
- Coordinating teaching of 'religious instruction' in public schools.

Whilst there is no direct operational oversight of the UCA Schools, there are formal representational links via School Councils. The Schools are:-

1. Kinross Wolaroi
2. Knox Grammar
3. Margaret Jurd Learning Centre
4. Methodist Ladies College
5. Newington College
6. Pymble Ladies College
7. Ravenswood School for Girls
8. Wahroonga Preparatory School.

The schools support some 9,000 students, involving 7,500 families, and chaplaincy is provided at each school.

2.2.2.4.4 UnitingCare NSW.ACT (UCR)

UnitingCare NSW.ACT's key purpose is to provide community welfare services, chaplaincy, and social justice to UCA adherents and the general public.

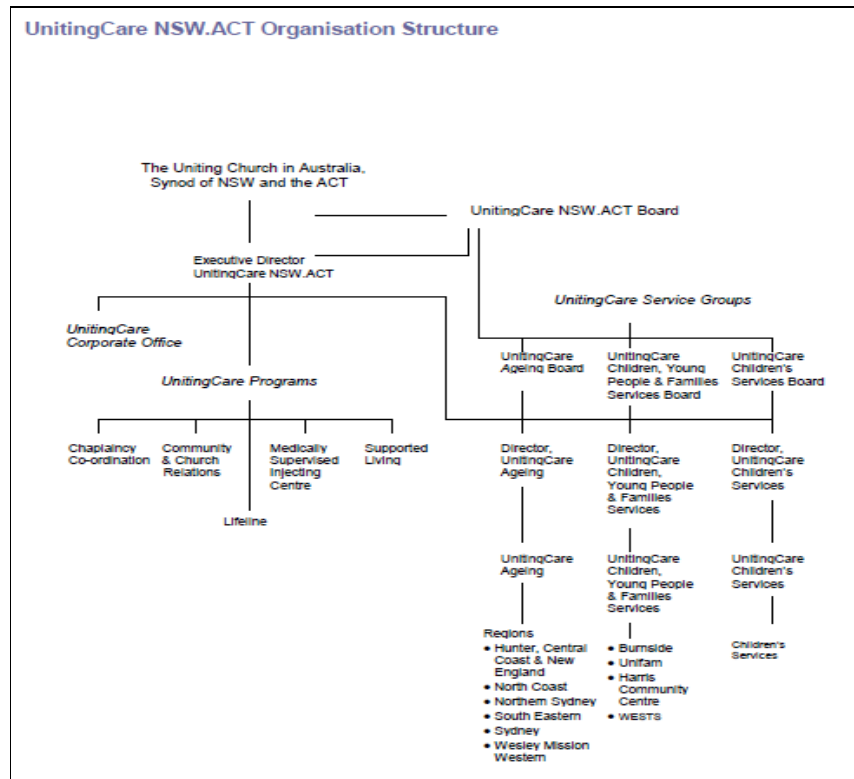
It provides services across several areas:

- Aged care (through its service group UnitingCare Ageing NSW.ACT);
- Child care (through its service group UnitingCare Children's Services);
- Chaplaincy (to hospitals, mental health, corrective services, and police institutions);
- Medical care (through Wesley Mission hospitals);
- Housing;
- Counselling (through LifeLine, and its service group Children Young People and Family Services (CYPFS)); and
- Opportunity shops (through LifeLines, congregations and missions).

Its responsibilities include:

- Establishing policy and content relating to caring for the aged, children, homeless, emotionally distressed, and other groups of need;
- Oversight of UCA aged care facilities;
- Oversight of UCCS child care centres;
- Oversight of Lifeline agencies and other related entities.

Where Church organisations operate opportunity shops, child care centres, or counselling centres, consultation should be undertaken with and approvals are required by UnitingCare NSW.ACT. Below is the current organisation chart.



2.2.2.4.5 Uniting Resources (UR)

Uniting Resources (UR) was established under By-Law N3.31 and is responsible for carrying out Synod of NSW and the ACT governance requirements outlined in the Regulations Sections 4 and 5. UR's Mission and Vision statements are:-

- **Mission statement:** "With God's help, and a servant heart, to provide professional services and innovative leadership in the effective management and creative use of the church's resources to achieve its mission."
- **Vision statement:** "Uniting Resources be recognised as the professional and innovative partner in the delivery of resources and management services to support the creation and sustaining of a growing and vibrant church."

Uniting Resources' key purpose is to provide leadership and direction in governance and compliance, financial management and reporting, audit and accountability, property management, risk management and insurance, asset management, information systems and communications, human resource management, and occupational health and safety.

Its responsibilities include:

- Establishing policy and content relating to governance and risk management, financial management, taxation and audit,

property and asset management, insurance, information technology, human resource management, occupational health & safety (OH&S), etc;

- Monitoring and strengthening efficient and effective use of financial and other resources of the Synod of NSW and the ACT and related organisations;
- Synod Fund financial management (the Synod Fund subsidises grants to congregations);
- Coordination of congregational financial reporting audit and accountability;
- Coordination of property insurance, public liability insurance, professional indemnity, directors and officers liability insurance, voluntary workers insurance, and other insurances as required by congregations and other Synod of NSW and the ACT agencies;
- Coordination of workers compensation insurance for employees of congregations and other Synod of NSW and the ACT Boards and agencies;
- Assessment of proposed property developments, sales, purchases and leases by congregations and other Synod of NSW and the ACT agencies;
- Maintenance of Synod of NSW and the ACT website, communication systems, and information technology services;
- Provision of a range of investment, savings and other funds management services by Uniting Financial Services for church organisations, members and staff. See separate section following.
- Bequest administration;
- Taxation matters;
- Provision of human resource management services including recruitment, employment contracts, salary packaging, performance management, industrial litigation, etc;
- Provision of payroll services on behalf of congregations and other Synod of NSW and the ACT Boards and agencies (for a fee);
- Provision of occupational, health and safety and injury management services to congregations and other Synod of NSW and the ACT Boards and agencies;

Uniting Resources administers the UCA Property Trust (NSW) and the UCA (ACT) Property Trust on behalf of the Synod of NSW and the ACT. These Trusts are legal entities that hold ownership of all Uniting Church property within the boundaries of the Synod of NSW and the ACT, on trust for the Church as a whole. Where churches lease property to/from third parties, or

wish to dispose of or acquire property, approvals are required by Uniting Resources.

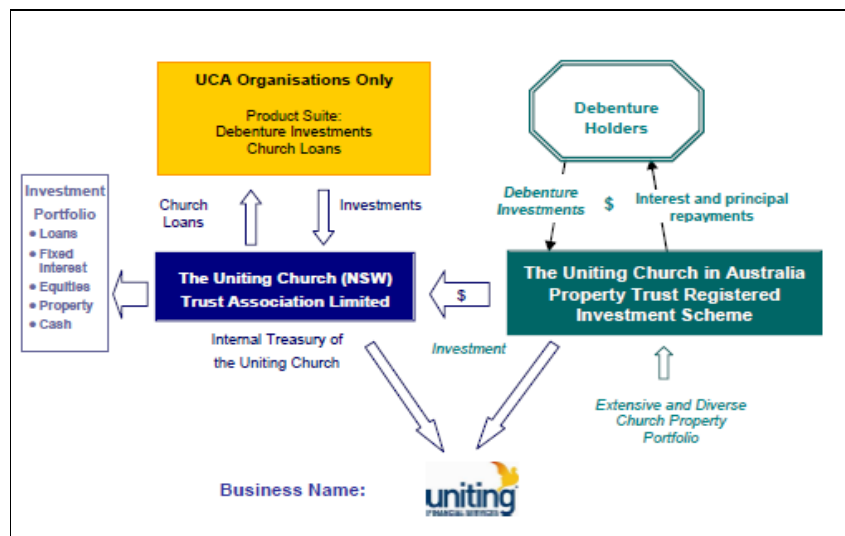
Uniting Resources is divided into 8 sections. These are: -

1. Financial Management Services (FMS)
2. Information Technology Services (ITS)
3. Human Resources Services (HRS)
4. Workplace Safety Services (WSS)
5. Property Services (PS)
6. Risk and Insurance Services (R&IS)
7. Uniting Financial Services (UFS) – see separate section below
8. Synod Office Services (SOS)

Uniting Resources also manages Uniting Financial Services (UFS). This entity was established to look after cash management and financial investment needs of Synod of NSW and the ACT Boards and agencies.

2.2.2.4.6 Uniting Financial Services (UFS)

Uniting Financial Services (UFS) is the treasury arm of the Uniting Church Synod of NSW and the ACT. They provide a range of professional financial products and services to Uniting Church organisations and individual members - congregations, presbyteries, agencies, etc. The diagram below illustrates the function of UFS.



UFS financial products and services include:

- Cheque and savings accounts
- Fixed term investments

- Self Help Scheme products
- Loans to congregations and presbyteries
- Online Banking
- BPAY

Detailed information about these products and services or any other general enquiry can be obtained by contacting Uniting Financial Services.

The Uniting Financial Services office is situated at Level 3, 222 Pitt Street, Sydney NSW. Office hours are 9.30 am to 4.00 pm Monday to Friday. They can be contacted on:-

- Phone: **1300 133 673**
- Email: contactus@unitingfinancial.com.au
- Fax: **02 9267 4965**
- Postal address: **Reply Paid A2178 Sydney South NSW 1235**

..... or visit their website at <http://www.unitingfinancial.com.au>

Any forms you may require are available online on the UFS website stated above.

UFS funding the Synod (Fund)

UFS exists to perform two important functions in the life of the Church. The first is to provide a stable, secure investment facility for the Synod, presbyteries, congregations and to other organisations and members of the Uniting Church.

The second is to enable Church organisations to practice responsible stewardship in the investment of funds entrusted to them. With the former, UFS provides over 80% of the Synod's financial needs annually. Using the latest financial information, the diagram below demonstrates how this operates (see black arrow).

Along with Living is Giving contributions, the Synod is provided with a total of (approx) \$14.476 million (in 2010/11 terms), which in turn is allocated 67% to the Synod Operating Fund (supporting various Synod Boards/departments) and 33% to the Synod Mission Resource Fund (supporting Congregations and Presbyteries via an application process). This diagram is updated annually in the Synod's Annual Report issued in August.

SYNOD FUND BUDGET (PRE DISTRIBUTION)				
INCOME	2008/09 Actual Audited	2009/10 SSC Approved Budget	2010/11 1st Draft Budget	2011/12 Forecast
Living is Giving contribution	2,009,243	2,000,000	1,850,000	1,800,000
Uniting Financial Services distribution	11,900,466	12,347,120	12,821,457	11,533,342
Other sundry income	327,437	250,000	200,000	150,000
TOTAL INCOME	14,237,146	14,597,120	14,871,457	13,483,342
Less Promotions expenses	172,678	183,108	188,601	194,259
Less Administration expenses	218,059	199,919	205,917	212,095
Available for distribution	\$13,846,409	\$14,214,093	\$14,476,939	13,076,988

		67%			33%
		Synod Operating Fund			Synod Mission Resource Fund
Income			Income		
12%	Assembly	1,737,233	19%	Presbyteries & Congregations via Applications	2,750,618
55%	Allocated to Synod Boards	7,962,316	14%	Presbytery Resource Grants	2,026,771
	Total Income Available	\$9,699,549		Total Income Available	4,777,390
	Grants Paid			Grants Paid	
	Assembly	1,737,233		Grants based on SMRF Applications (See Schedule 2)	2,750,618
	Boards and their Agencies (See Schedule 1)	7,962,316		SMRF Presbytery Resource Grants (See Schedule 3)	2,026,771
	Total Grants paid	\$9,699,549			\$4,777,390
	Net Operating Surplus or Deficit	\$0			\$0

2.3 Complexities of UCA Organisations Governance

2.3.1 The UCA Governance Structure

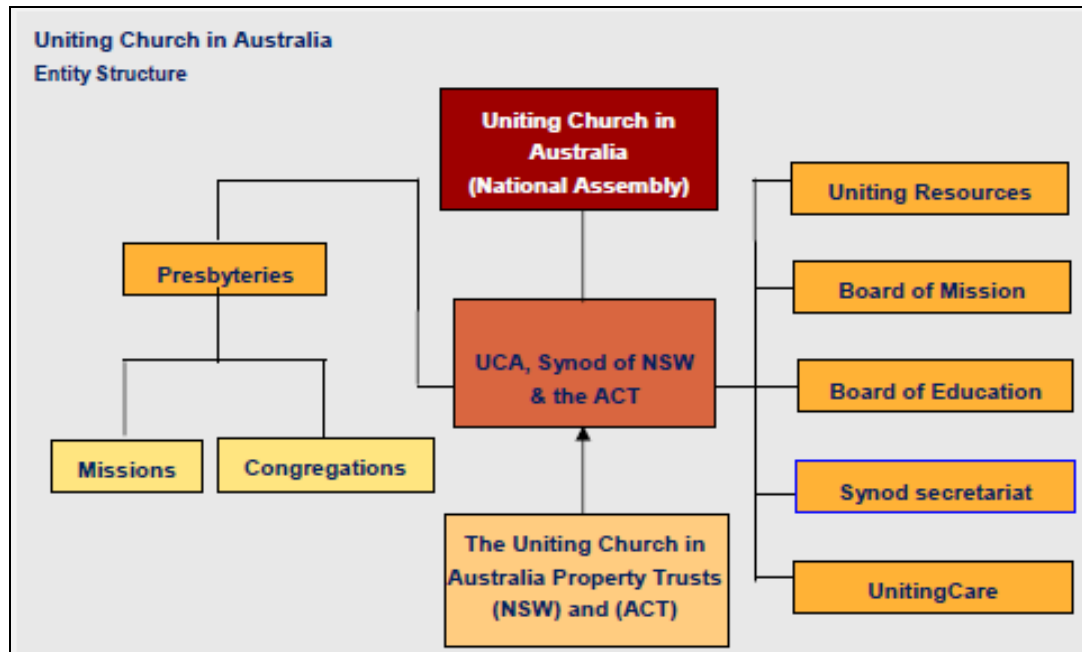
As stated above, the Uniting Church does not have a hierarchical structure.

A very small number of Synod of NSW and the ACT organisations are legally incorporated. This legal status creates additional compliance reporting issues and legal protection issues for the Church and the officers of an incorporated organisation. These issues also complicate insurance coverage matters.

'Incorporation' of separate UCA organisations is actively discouraged. Should your congregation wish to incorporate any 'activity', approval for this is required by the Synod Standing Committee.

Each organisation operates with its own Board, Church Council or Management Committee. The governance requirements for all these legal entities cannot be underestimated. It is important that anyone serving on a Board, Church Council or Management Committee makes themselves familiar with the roles and responsibilities of members, as they are considered to be responsible for management, decisions and performance of those organisations.

The members of the individual Church Council, Management Committee or Board are considered to be the legal employers of employees within their organisations. Given the aforementioned common law, OH&S and legislative obligations are 'non-delegatable' and cannot be "passed" onto to managers or other persons, whether paid or not, within the organisation.



2.3.2 Regulations – Responsibilities and Powers (as it impacts on Treasurers)

All Treasurers should make themselves familiar with the UCA Regulations. Sections of the Regulations of specific relevance to financial matters include:

Regulations Section 3 – Government and Administration

Relevant sections relating to government and administration in Regulation Section 3 are:

- 3.1.8 Responsibilities of Congregations (especially s3.1.8 (g)-(j));
- 3.1.13 Duties & responsibilities of Church Councils (esp s3.1.13(b)(viii)-(x));
- 3.1.21 Duties and responsibilities of Treasurers;
- 3.1.28–31 Obligations of Parish Missions;
- 3.4.4 Powers and responsibilities of Presbyteries (esp s3.4.4I,(e),I-(v));
- 3.4.28-29 Appointment and role of Presbytery Treasurers;
- 3.4.35 Annual audit of books;
- 3.5.11-12 Responsibilities of the Synod of NSW and the ACT;
- 3.5.34 Powers of the Synod of NSW and the ACT;
- 3.5.40 Bodies responsible to Synod of NSW and the ACT;
- 3.5.53 Property supervision;

Regulations Section 4 – Property

Relevant sections relating to government and administration in Regulation Section 4 are:

- 4.1.1 Definitions (property includes money, investments, and rights relating to property);
- 4.2.1 Functions of the Synod Property Board;
- 4.3.1-3 Functions and responsibilities of the Presbytery Property Committee;
- 4.4.1-5 Functions and responsibilities of Church Council in relation to property;
- 4.6.1-4.7.5 Application and approval processes for property dealings;
- 4.8.1 Use of sale proceeds;
- 4.9.1-2 Legal actions and arbitrations relating to property;
- 4.11.1-4.12.7 Powers of Synod in relation to unsafe buildings, sharing of property, maintaining registers, and providing returns/reports;

Regulations Section 5 – Finance, Budgeting and Audit

Relevant sections relating to government and administration in Regulation Section 5 are:

- 5.3.3-4 Powers of the Synod of NSW and the ACT to make by-laws on financial and accounting matters;
- 5.4.1-3 Management of Presbytery funds;
- 5.5.1-3 Management of Congregation funds;
- 5.5.4 Governance and accountability responsibilities of Church Council;
- 5.5.10(a)-(b) Accounting and banking;
- 5.5.10I-(g) Audit of accounts;
- 5.5.10(h) Financial budgets;

Each State Synod has the capacity to establish its own governance and management requirements through 'By-Laws'. The Synod of NSW and the

ACT By-Laws relating to treasurers functions are more fully described in the Manual.

2.3.3 Treasurers' Reporting Lines

Treasurers duties and responsibilities need to fit within their Congregation's and wider UCA (Regulations) Governance and Reporting structures. Treasurers are often also members of Church Committees which report to Church Council, which in turn report to Presbytery (Pastoral Committees, Finance and Property Committees, etc). They may also report to UnitingCare NSW.ACT on Childcare or Lifeline matters.

UR interacts directly with Congregation and Presbytery Treasurers on financial, property, tax and other issues. Depending upon the size of congregation turnover (income or receipts), there may be slightly different accountability criteria applied where the lines of communication are less formal and more hands on. For instance, smaller congregations with fewer members don't necessarily have enough people to form formal structures or committees. In such cases treasurers could also be fulfilling other roles as needed in their congregations.

3. TREASURER'S ROLES AND RESPONSIBILITIES

As stated earlier, there is no such thing as a “position description” for a volunteer treasurer. However, this chapter does list various tasks commonly performed by a treasurer in a congregation. They are not listed in any priority order as they are equally important and the absence of any duty performed would create a risk itself for the congregation.

A treasurer has many responsibilities (eg good financial stewardship, bookkeeping, etc), but if one statement would sum up the role it would be to :-

..... effectively communicate to Church Council the current & future financial health of the congregation, reporting well in advance any potential risks and related issues which could impact in this outcome

3.1 Accountability of Monies and Assets on behalf of the Congregation (or Presbytery)

Every Treasurer or bookkeeper looking after monies on behalf of a Congregation must be able to account to the members of the congregation, and to their governing bodies (the Church Council) that these monies have been properly counted, recorded and banked. Just by reporting to Church Council via a monthly “Treasurer’s Report”, the treasurer is being accountable to everyone in the congregation by allowing others to see his/her work as represented in the presentation of an Income and Expenditure statement (or Receipts and Payments) and Balance Sheet. Accountability is a broad term, which is manifested in a number of ways, and can refer to:

1. Qualitative aspects of how the Treasurer’s responsibilities are conducted. Usually, the range of Treasurers tasks will require:
 - Accurate and honest handling, management and use of cash and cheque receipts (offerings and other cash receipts should be checked by a second person at the time of collection, and signed weekly records maintained);
 - Timely and reliable calculation of stipends for Ministers and employee wages, and associated taxation, superannuation, annual leave, workers compensation, etc;

- Timely checking and payment of general invoices (usually within 30 days of invoice date, although special arrangement may be put in place for 7 days).
 - Accurate and timely book-keeping of receipts and payments;
 - Retention of organised supporting documents to enable independent parties (such as auditors or congregation/committee members) to verify the accuracy and completeness of the transactions and books;
 - Ensuring adequate cash reserves are available to pay stipends and wages and other bills as they become due;
 - Accurate, complete and meaningful financial reports; and
 - Valuing property and assets, and recording depreciation of these assets, ensuring their replacement value and age are accurately recorded in the books of the congregation.
2. Efficient and effective use of monies for church ministry.
3. Complying with legislative and contractual reporting requirements within the required timeframes, in the correct format, and to the required standard. Examples of this include:
- Providing accurate and complete books for audit when requested;
 - Submitting BAS returns (for GST and PAYG) and FBT returns (if necessary) to the Australian Taxation Office when due;
 - Submitting superannuation payments and workers compensation premiums to the relevant agencies when due, including the Secretariat for the Ministers Support Fund and Ministers Beneficiary Fund.
 - Complying with the diverse range of employment legislation;
 - Submitting UR2 annual returns (unaudited and audited) to UR when due;
 - Submitting annual returns (as required) to the Australian Securities Investment Commission (ASIC), the Australian Bureau of Statistics (ABS) or the NSW Office of Fair Trading when due, if your legal structure requires this;
 - Acquitting grant funds in the manner and format requested by the Government funding agency.
4. Persons of authority that can commit the organisation to certain actions and decisions, and are therefore ultimately responsible for resolving and acting upon issues that arise, eg submitting BAS returns. Where tasks are delegated by an 'authorised person' to someone without experience or skills, the 'authorised person' remains accountable to the organisation for the actions of the inexperienced or unskilled person. Please note that where a commitment is made that requires a legal entity to sign under

seal, arrangements should be made with UR Property Services for the Property Trust (NSW and ACT) to execute this.

5. Decisions being justified and documented, and can be readily understood by anyone reviewing the decision at some stage in the future. Any Church Council or Committee decision that involves payment of monies should be properly documented in the Minutes of the meeting in which the matter was discussed.
6. Monitoring results of routine operations, and results and outcomes of organisational activities, and analysing and interpreting emerging trends to ensure the Church/congregation can respond or correct things in a timely manner. This includes financial budgeting for planned activity income and costs, and comparing actual results to the initial budgeted results.
7. Conflict of Interest. Treasurers must ensure that they maintain their total independence from any decisions made by the congregation or the church council where they (or members of his/her family) will directly or indirectly benefit from the decision or transaction made. Such benefits could be monetary or in kind products or services. If the Treasurer is involved in the decision making process (eg Council or Committee), the treasurer needs to publicly declare his/her interest at the commencement of such a meeting and have this declaration noted in the minutes. The treasurer cannot vote in the decision. Some may even ask the treasurer to leave the meeting whilst such a decisions is being made to avoid this conflict and preserve the Treasurer's independence.

3.2 Governance Issues

Governance is the structural framework of an organisation for ensuring administration and management are undertaken in the right way, and reflects the methods used to 'govern' (in this case) the Congregation, depending on the complexity and size of operation and ministry. It includes proper purpose, accountability, delegation, probity, ethics, effectiveness, policies and procedures, efficiency, information systems, risk management, audit, management committees, etc, to name a few.

There is a range of governance issues that Treasurers need to observe and sometimes attend to, which might include:

- Clarity of role, responsibilities and authority (Church Council or Management Committee clarifies Treasurer's area of responsibility in relation to what tasks, standards and results are expected);
- Professional development (identifying Treasurers training requirements, attending training sessions on areas of job relevance and/or weakness, ensuring congregation is not exposed unnecessarily to financial and compliance risks due to Treasurers not being adequately skilled in their roles);

- Budgeting and planning (preparing annual financial budgets that realistically reflect what the Congregation/Presbytery is likely to achieve within each year);
- Cash management (prompt counting, recording and banking of cash, cash flow management, solvency);
- Payment of remuneration (remuneration for ministers and employees is correctly calculated and processed for payment on due paydays, sufficient cash is available to pay remuneration when due, superannuation is forwarded on to relevant Fund, adequate workers compensation insurance has been arranged, leave and taxation entitlements are accurately calculated and maintained);
- Property management (includes money, property or business investments, and rights relating to property in accordance with UCA Regulations and By-Laws);
- Effective and efficient use of funds (responsible use of funds on Church and Congregation priorities);
- Using funds for their intended purposes (such as ministry, mission of church, asset maintenance or redevelopment, donations to Living is Giving or external activities, etc);
- Book-keeping and accounting (recording financial transactions in a systematic way, reporting in a meaningful format to users, assessing impact of actual results on ongoing viability of the Congregation);
- Documentation and record-keeping (justification of decisions and actions, 'audit' trail for independent checks of events and transactions);
- Insurance (insurance risks are periodically assessed, and insurance coverage is paid when due to ensure the Congregation is adequately covered for property, safety and security, public liability, decisions and actions, etc);
- Risk management (time and costs of tasks are balanced to ensure risk and exposures are adequately managed within inevitable resource constraints);
- Monitoring and reporting (sharing summary reports of actual financial and non-financial results with the Congregation, monitoring actual performance against the budgets or other planned activity, and coordinating completion of independent audits).

3.3 Compliance Issues

'Compliance' is about acting in accordance with directives or requests, whether they be formal legal requirements (such as financial reporting, audits, taxation returns and employee taxation deductions, superannuation, employment legislation, etc) or internal policy requirements (such as Synod of NSW and the ACT property approvals, use of sales proceeds, etc).

Compliance is related to governance in that they are both about fulfilling necessary and reasonable expectations to governing bodies.

3.4 Treasurers Roles and Responsibilities (General Check List)

When Treasurers accept their appointments, they are accepting the responsibility to operate within a legislative structure and to fulfil necessary requirements. The legislative structure is the Uniting Church of Australia Act 1977 (or Ordinance), which also comprises the Constitution, Regulations, and By-Laws. Necessary requirements are those outlined under legislation, as well as in any additional policies determined by those bodies (ie Synod Boards and Presbyteries) that have been given the authority and delegation to establish and implement additional 'controls'.

Congregations (and other Synod of NSW and the ACT agencies) are required to fulfil a number of compliance issues, which include but are not limited to:

- Taxation returns (fringe benefits FBT, goods and services GST, employee taxation deductions PAYG);
- Corporations law for not-for-profit public companies limited by guarantee (annual returns to NSW Office of Fair Trading or ASIC, advice of changes in office bearers, operating within constraints of Constitution, holding of Annual General Meetings within 3 months of financial year-end and presenting audited report at meeting, etc);
- Privacy, anti-discrimination, occupational health and safety (OH&S) legislation, etc;
- UCA legislation (accountability, financial reporting, audits, property management and approvals, and other relevant requirements under the Regulations and By-Laws);
- Minister support (stipend payments, housing, travel allowance, MEA reimbursements, monthly contributions to Ministers Support Fund and Ministers Beneficiary Fund, etc).
- Employee management (recruitment and termination within state legislation, payment of wages in accordance with award provisions and/or contracts of employment, payment and deduction of superannuation, recording employment and leave accrual entitlements, etc).

Summarising the aforementioned into a Treasurer's Check List, there are in fact 2 lists:-

1. Treasurer's Essential Duties Performed – these are duties normally associated with or performed by a treasurer
2. Treasurer's Desirable (or Other) duties performed – these are duties more commonly performed by other members of the Congregation but not uncommon if a treasurer performs them

Treasurers Responsibilities – Quick Check List – Essential Duties

Task	Details	Frequency	Internal Checks and Controls
Accounts Payable	Paying all of the organisation's bills (creditors invoices received) either via cheque, EFT or direct debit	Depending on volume of bills received could vary from paying daily, weekly, fortnightly. To avoid accumulation of paper work when recording or entering transactions in your accounting system, suggest not fortnight at the maximum.	Treasurer receiving Invoices must ensure that they are examined and signed by the authorised designated Church member (with cheque attached if not EFT).
Accounts Receivable	All cash and cheques received are properly recorded and banked	Banked immediately following Sunday Church services on Monday. The person banking the money could be the Treasurer or an independent person.	Two independent Church members (scrutineers) count the Sunday offertory monies immediately following services, record the amount in the Church register then hand the money to the Treasurer (or other designated person) to bank the money. The scrutineers cant bank the money or be the Treasurer.
Bookkeeping – recording transactions (payables and receivables)	Depending on whether an accounting software (eg MYOB) is used, computer spreadsheet or a manual ledger, all Accounts Payable and Receivable transactions are recorded in the system.	As stated above, not be left longer than a fortnight.	External Audit unless a designated member of the organisation with the right skills wants to conduct more frequent "spot" checks of transactions back to the Treasurers books. This does not replace or is a substitute for a proper annual audit.
Financial Reporting ("The Treasurer's	Provide the Church Council (and other times, wider church members)	Monthly, as part of the Church Council Agenda. The	Audit by an External or Internal Auditor

Report”)	with an up to date (also called Year to date) statement of Receipts or Payments and a Balance Sheet (of assets and liabilities). These statements should enable strategic and operational decisions to be made.	Treasurer’s Report becomes an agenda item due to its importance. The report is also minuted and becomes part of the formal minutes of the Church Council meeting. At year end, when audited accounts are presented, this also has to be formally minuted within the Church Council minutes.	
Stipends and other lay staff salaries, wages and allowances paid	Apart from Accounts Payable above, Treasurer has to ensure that the Minister and others are paid when due. Treasurer must ensure that latest Stipends sheet is used as received from the Synod Secretariat.	At least Monthly. If Payroll is outsourced to an external provider (eg Synod’s Payroll Services), then this is fortnightly	External Audit unless a designated member of the organisation with the right skills wants to conduct more frequent “spot” checks of transactions back to the Treasurers books. This does not replace or is a substitute for a proper annual audit.
Ensuring Sufficient Cash Reserves are held for emergencies	As part of the “Financial Reporting” above, such a report should include within the Balance Sheet, the amount of cash reserves (cash savings in bank accounts). This balance should be communicated to the Church Council to give an assessment of how much cash is available for emergencies. This becomes even more important If the organisation is surviving by drawing on such cash reserves. The balance available gives an assessment of how long the Congregation can survive.	Monthly as part of the Financial (Treasurer’s) Reporting above	Audit by an External or Internal Auditor
Fixed Assets Register	Treasurer must keep a record of all of the Congregation’s valuable assets on a register (shown elsewhere). This serves 2 purposes:-	6monthly to annually should be enough as part of the abovementioned Financial (Treasurers) report.	Audit by an External or Internal Auditor

	<ol style="list-style-type: none"> 1. depreciation of these assets are provisioned (by establishing a sinking or asset replacement reserve) so at the end of the useful life of the assets, they can be replaced or 2. Insurance purposes, to obtain an accurate coverage in the event of loss or damage 		
Completing formal returns to various external and internal (Synod) reporting bodies	<p>These include (but not limited to) submitting:-</p> <ol style="list-style-type: none"> 5. BAS returns to the ATO 6. UR2 returns to UR, to name the two most common 7. Audited accounts to Church Council 	BAS is monthly but others are annual	Audit by an External or Internal Auditor
Budgeting	Conducting the annual budget exercise culminating in the presentation of the Congregation's annual budget presented to Church Council	Annual	Assessed (and owned) by the Church Council and other key and relevant members of the Congregation, eg, Property sub committee, the Ministry Team, etc
Training and Handover	Considering and implementing a Succession Plan by identifying skilled Church members to take over from treasurer on resignation/retirement. Afterwards providing necessary handover and training to new Treasurer	As necessary	Church Council oversight

Treasurers Responsibilities – Quick Check List – Desirable Duties

Task	Details	Frequency	Internal Checks and Controls
Insurance Cover (this task could also be done by the Secretary or Property sub Committee of the Congregation)	Using the abovementioned Fixed Assets Register, ensuring that the Congregation is adequately covered for Insurance purposes, in fact not under-insured.	Annual assessment of cover required using (if necessary) current valuations of assets.	Church Council sign off and Synod (Risk and Insurance department) acceptance
Computer Hardware and Software, especially	Making sure that any software used by the	Kept at least 3 years to replace software	Password protections

Accounting software	Congregation is kept up to date and secure with relevant password protection. Hardware is kept up to date via the Fixed Assets Register system mentioned above.	and hardware	across all users on all software used. Passwords are regularly reviewed and changed, at least 6 monthly.
Preparation of SMRF applications	In seeking funding (grant) from the Synod Mission Resource Fund, completing the application form in conjunction with the Ministry Team and signed off by Church Council	As necessary	Wider accountability to Ministry team, Church Council, Presbytery and SMRF Committee. Audit by an External or Internal Auditor
UFS application forms	This could include opening deposit accounts, seeking borrowing via loan application form, etc	As necessary	Wider accountability to Ministry team, Church Council, Presbytery and SMRF Committee. Audit by an External or Internal Auditor
Selection of Living is Giving programmes	Either the Congregation decides to simply select the "Tithe" option from the LIG handbook or wider choice of programmes, the Treasurer could be an integral part of this process	Annual	Church Council and External Audit

4. BOOKKEEPING & ACCOUNTING SYSTEMS

4.1 Accounting Methods and Terms

4.1.1 Bookkeeping Function

Book-keeping is one of the core responsibilities of a Church Treasurer. Good book-keeping ensures there is a permanent record of all financial transactions that occur within your Church. The task of book-keeping enables a Treasurer to substantiate to the Congregation and broader Synod of NSW and the ACT that good financial stewardship is being undertaken in your Church.

The UCA Regulations requires each Church to undertake the task of book-keeping and states the following about a Church's Books of Account:

“The proper use of approved methods of accounting is required in relation to all funds of the Church. The body responsible shall keep proper books of account in which shall be entered an account of all receipts and disbursements received or made, of all credits and debts owing or due and of all matters necessary for the due and full explanation of same, and the body responsible shall, upon the request of the chairperson of the Church Council or other appointing body or the Synod Property Officer or any person authorised by any one of them, produce the same together with all supporting or relevant accounts, receipts, documents and writings for inspections, and shall permit extracts therefrom or copies thereof to be made by any such officers of persons authorised as aforesaid.”

To ensure a Church is operating in a financial sound manner, annual financial audits are required to be organised by appropriately skilled people to assure the completeness of information that is being recorded and the observance of appropriate financial management controls.

Regardless of the size of your Congregation timely, reliable and accurate book-keeping is essential.

4.1.2 Accounting Methodologies

In fulfilling the duty of managing your Church's financial stewardship, a Treasurer needs to understand the basis from which your Church will account for its financial transactions. The two alternative methods for recording financial transactions are defined as “cash accounting” and “accrual accounting”.

4.1.2.1 Cash Accounting

Cash accounting only records receipts/cash inflows and payments/cash outflows on the date they actually occur.

4.1.2.2 Accrual Accounting

Accrual accounting records income and expenditure on the date there is a legal entitlement to receive the money or legal obligation to pay the money regardless of when the money is actually received or paid.

Accrual accounting includes non-cash 'asset wear and tear' costs (reflecting the depreciating values of assets) and employee leave entitlements if taken in the future.

In implementing accrual accounting, processes need to be developed to record expense invoices received for payment (but not yet paid) at the end of each month, the last couple days of unpaid remuneration at the end of each month, and any income that has been earned but the physical cash has not yet been received. These month-end adjustments create creditors and debtors in your financial statements.

Congregations and Presbyteries due to their size, turnover or accounting skills often use the cash method.

4.1.2.3 Hybrid of Cash and Accrual Accounting

A hybrid methodology of Cash and Accrual Accounting is sometimes used by congregations. For example, most congregations would not record month-end adjustments for remuneration, unpaid invoices or unbilled income. They may also only record depreciation or provision for property refurbishment at the end of the year, rather than every month when financial reports are issued to the Church Council. Annual leave entitlements may only be recorded at the end of each year, rather than every fortnight when remuneration is paid.

4.1.2.4 'Specific Purpose Reporting' for Congregations

The Synod of NSW and the ACT has developed specific policy requirements due to the UCA's structural and regulatory requirements (for example, the ownership and management of property and sales proceeds).

Your congregation's financial reports should be prepared for the specific purpose of the Synod of NSW and the ACT to enable them to monitor and consolidate the operations and activities of its churches. Accounting instructions for the year-end financial statements are issued each year by Uniting Resources, and accompany the UR2 forms.

4.1.3 Types Of Transactions

4.1.3.1 Cash Transactions

'Cash transactions' are defined to include all transactions that affect the balance of cash accounts with financial institutions (such as Uniting Financial Services) and bank accounts. These transactions would be recorded on the facility/bank statements.

Transactions may be receipts or payments. They may occur in cash, by cheque, or through EFT. They may also be frequently occurring transactions or periodic asset purchases or sales.

Examples include:

- Deposit of church offerings received;
- Receipt of monies owed to the organisation;
- Payment of remuneration;
- Payment of the Ministers Expense Account (MEA) expenses which while being congregational funds are classified as monies held in trust for the minister;
- Payment of repair and electricity bills;
- Purchase of new computer;
- Sale of property (when payment is made, not when contracts are exchanged); etc.

4.1.3.2 Non-Cash Transactions

'Non-cash transactions' are defined to include all transactions that do not affect the balance of cash accounts with financial institutions (such as UFS) and banks, and therefore will not appear on facility/bank statements.

These arose through accounting concepts and are book-keeping entries only, to reflect either gradual wear and tear of property and equipment, future obligations to pay, or future entitlements to receive.

Examples include:

- 'Accruing' employee entitlements to annual leave and long service leave;
- 'Recognising' depreciation of furniture and equipment to reflect wear and tear during the use of those items;
- 'Recognising' provision for property refurbishment to reflect gradual deterioration of the condition on buildings;
- 'Accruing' invoices received, or amounts payable under a contract, but not paid by the financial reporting date, involving an outstanding amount against 'creditors';

- 'Accruing' property rental revenues earned but not received by the financial reporting date, involving an outstanding 'receivable/debtor' to the congregation.

4.1.3.3 Operational Transactions

Operational transactions relate to day-to-day operations of the congregation/organisation and do not provide long-lasting value.

Operational receipts (recorded on Operating Statement) include transactions such as:

- a) Donations – from offerings, donations, Synod fund and government grants, bequests which can be used for operational purposes;
- b) Property income – from church halls, residents, commercial offices, etc;
- c) Service income – from child care, aged care, counselling, etc
- d) Retail sales – from opportunity shop sales, goods sold;
- e) Interest income – interest earned on investment and bank accounts;

Operational payments (recorded on Operating Statement) include transactions such as:

- a) Staff costs – including Ministers stipends, employee wages, employee leave entitlements, training;
- b) Property costs – including rent charged, repairs and maintenance, utilities, rates, property insurance, design consultants, etc;
- c) Mission contributions – including Living Is Giving, local mission, overseas mission, non-UCA donations, presbytery levies, etc;
- d) Worship costs – including worship expenses, church bulletins, music, refreshments, social activities, etc;
- e) Administration costs – including accounting fees, non-property insurances, stationery, telephones, postage, legal fees, audit, depreciation, etc.

4.1.3.4 Capital Transactions

Capital transactions generally relate to periodic large value items that provide several years of benefit (or commitment). This includes asset purchases, property refurbishment or replacement, and accompanying loan arrangements (if any) for asset purchases and developments.

Capital receipts include transactions such as:

- a) Bequests of property, or bequests of cash which can only be used for property purposes;
- b) Drawdown of loan funds from a financial institution;
- c) Revaluation of property, resulting in (non-cash) increase in value;
- d) Sale proceeds from sale of property (if property not already recorded in Balance Sheet);

- e) Interest earned from Sales Proceeds accounts (due to Synod's policy regarding congregations' use of those funds);

Capital payments include transactions such as:

- a) Purchase of assets >\$2,000 per item (eg. Vehicle, furniture, sound equipment, land, buildings);
- b) Refurbishment of property, utilising Provision for Property Refurbishment;
- c) Repayment of loan funds (Principal portion)
- d) Pay-out of funds upon dissolution or split of congregation/district;

4.1.3.5 Differences between Operational and Capital Transactions

Differences may be diagrammatically presented as follows:

Key Attributes	Operational Transactions	Capital Transactions
Nature of transactions	Day-to-day receipts and payments	Periodic asset purchases and sales, loans to finance purchases
Value of transactions	Generally low value eg Calculator	Generally high value eg Computer
Frequency of transactions	Frequent – weekly/monthly	Infrequent – biannual/periodic
Length of benefit of 'purchase'	One year or less	More than one year
Tangibility of transaction	Generally 'service' oriented purchases, or low value goods consumables	Generally 'goods' oriented purchases

Differences between Operational and Capital Transactions will become more obvious when looking at the UR2 annual return in Section 11 of this manual.

4.2 Accounting Systems

4.2.1 Manual and Computerised Accounting Systems

Records of financial transactions may be maintained in manual systems or computerised systems.

4.2.1.1 Manual Systems

A manual system generally refers to a 'Cash Book' being maintained, separately recording all incoming monies and outgoing monies. Manual systems reflect the core 'book-keeping' function, and are based on 'cash accounting' principles.

At the end of each 'reporting' period (monthly/quarterly), the Treasurer needs to do a separate manual financial report for the Management Committee/Church Council.

Due to the manual nature of this type of accounting, this system can be time consuming to maintain, and the hand-written nature of these systems mean that any adjustments/corrections can be difficult to insert into the relevant area of the 'books'.

4.2.1.2 Cash Book Template

For those Treasurers who wish to use a manual system and are comfortable with using Excel spreadsheets, an electronic spreadsheet has been developed by UR and is available for use as a template.

This template can be copied in a 'Cash Book' or can be printed off for use as separate 'Cash Book' sheets.

All queries in the use of this template should be forwarded to UR on email treasurer@nsw.uca.org.au

4.2.1.3 Computerised Systems

Computerised systems are flexible and can automatically provide you with reports for your Church Council. Examples of computerised systems include MYOB and Quick Books.

The benefits of computerised systems include:

- Standard financial reports can be easily produced;
- Regular 'non-cash' transactions such as depreciation charges can be automatically set for processing on a monthly basis;
- GST can be calculated and reported by the system;
- BAS reports can be automatically prepared;

- UR2 reports can be automatically generated (through MYOB UCAP).

4.2.1.4 MYOB UCAP (UCA Package) software

The Synod of NSW and the ACT has a relationship with an organisation called Benkorp, and has developed a customised MYOB accounting solution that is designed around the needs of Uniting Church congregations. This software package is called 'MYOB UCAP'.

This is a specially designed product that is ready to use and is accompanied by a detailed User Manual. This can only be purchased through Benkorp.

This Treasurers Manual does not cover training aspects of MYOB or any other software systems itself. This requires dedicated past experience in the use of MYOB or undertaking specific MYOB training which can be provided by Benkorp.

Unless you are an experienced user, MYOB is not a system that you can train yourself simply by purchasing the package. Uniting Resources does not have the resources to provide this training to treasurers so it is currently outsourced to Benkorp.

Some Presbyteries have taken it upon themselves to conduct free MYOB training workshops for their Treasurers in various locations throughout NSW. These have proven very successful.

In other Presbyteries experienced MYOB treasurers have also volunteered their services to train other treasurers at zero or little cost.

Treasurers can make further enquires through:

- Benkorp Office – telephone 1300 138 627
- Website – www.benkorp.com/ucap
- Email address – hello@benkorp.com
- Your Local Presbytery Treasurer (see Synod Directory)

4.3 Record-Keeping and Archiving

4.3.1 Introduction

It is important to ensure your congregation maintains adequate accounting and financial records. These records provide an auditable record of your church's financial transactions and position.

The record-keeping system you implement can utilise a combination of physical and electronic data storage methods.

4.3.2 Archiving and Handling of Prior Year Information

4.3.2.1 Legislative Requirements

The archiving requirements for financial records for your congregation are derived from a variety of different sources which include tax and employment legislation. This type of storage and archiving should not be confused with records which could have a historical value in the life on the Uniting Church and the 3 pre union Churches. If in doubt please contact the Synod's Archivist as to historical content and value. Contact details for the Archivist are on the Synod's Contacts List at the end of this manual.

a. Retention Periods for Records held

Original documents should be generally retained or stored for 5 or 7 years. Some records, however, should be kept for longer periods, some even permanent.

All documents that are archived (ie. Stored offsite during the retention period) need to be fully itemised by file number or information details (eg type of document, name, date, topic) to ensure documents are easily locatable and retrievable in the event that the information is required in subsequent years. A summary of typical retention periods for certain types of original documents are listed below:

Type of document	Retention Period
Incorporation & establishment documents	Permanent
Property titles & purchases	Permanent
Development approvals	Permanent
Architectural plans	Permanent
Business contracts (eg. Services, loans)	20 years
Employment contracts	Permanent
Employee time sheets	5 years after year-end
Employee training records	5 years after training
Payroll records	7 years after year-end
Workers Compensation records	Permanent
General office records and correspondence	5 years
Financial records and transactions	7 years after year-end
Financial reports & statements	7 years after year-end

Audit reports	7 years
Litigation records	Permanent

b. Destruction of records

After the initial retention period has ended, records may be destroyed.

A record should be maintained of all documents that have been destroyed. The record should identify the destroyed documents in a list-format, the date the documents were approved for destruction and the date the destruction occurred. This record will provide an auditable trail of the management of your Congregation's records in the event that there is a request for such information in future years.

For further information on archiving, please contact Uniting Resources.

5. INFORMATION TECHNOLOGY & COMMUNICATIONS SYSTEMS

5.1 Information Technology Services (ITS)

Information Technology Services (ITS) of Uniting Resources is the Synod of NSW and the ACT's technical support group. The unit supports many of the Synod's agencies, provides support (including Helpdesk) to Presbyteries and Congregations and maintains the Synod's Wide Area Network (WAN) and intranet.

ITS can assist your Congregation by providing technical support in managing IT projects, setting up computer installations, maintaining computer systems, and advising in hardware and software solutions.

5.2 Personal Computers (PCs)

Personal computers (PCs) are an increasingly important resource tool for a Treasurer. Email and internet access are a vital way of being kept informed and accessing up-to-date Synod of NSW and the ACT information. The Synod strongly encourages all Treasurers to become familiar with using personal computers and implementing PC use within the Treasurer's role.

All electronic information held on a PC should be periodically copied (referred to as a "backup") and stored in a different location in event of theft, electrical faults, or hardware corruption. If your PC operates on a computer network you should ensure all your data files are stored on those shared drives of the network to enable the network backup process to protect your data.

When purchasing a computer it is important that you have:

- adequate storage capacity;
- you can backup on to a media like CD, DVD or USB and
- RAM is sufficient to provide fast processing and support the latest software applications.

For further assistance with any computer related questions please contact the ITS unit of Uniting Resources.

5.3 Telephones

The Uniting Church in Australia has national agreements with communication providers such as Telstra that can provide you with competitive packages for

mobiles and land lines. This is done through an organisation called Church Resources. However, we do stress that any purchases made from Church Resources is a relationship between the Congregation/Presbytery and Church Resources. When completing application or purchase order forms from Church Resources, the account holder's name and address is the purchaser. The Purchaser is NOT the Synod and the Synod's address should not be shown. This particularly so with purchases of telecommunications equipment or plans from Telstra.

For more information, telephone 1300 CHURCH (1300 248 724) or log on to website www.churchresources.com.au/

5.4 Purchase and Replacement of Computers

The Uniting Church in Australia has a national agreement with hardware and software suppliers:

- Access to Dell – www.dell.com.au
- Access to Hewlett Packard – www.hp.com.au
- Microsoft software – email to Stiven.Filipovski@ce.com.au
- McAfee virus protection – contact YourASP (WA) www.yourasp.com.au or email info@yourasp.com.au

The benefits of these national agreements are also accessible for all Uniting Church in Australia congregation members, for personal computer needs. Discounted software, however, is only accessible to employees of Uniting Church in Australia organisations.

5.5 Computer Security

You should not connect your computer to the internet without having virus protection software installed and operational. In addition to anti-virus software there are other protections you can implement on your computer called "Firewalls". A firewall can either be software or hardware based.

When using anti-virus software you need to ensure it is regularly updated from the Internet with the latest patches for your computer.

The ITS unit can assist you with identifying appropriate security software and hardware for your needs.

5.6 Fee-for-service arrangements

If you are considering setting up a computer network or need some IT support the ITS unit are available to help in such projects for a competitive fee.

ITS can be contacted 02 8267-4404 or email its@nsw.uca.org.au.

6. CASH MANAGEMENT & BANKING

6.1 Cash Management Principles

6.1.1 Uniting Church in Australia Regulations and Synod of NSW and the ACT Requirements

The Uniting Church in Australia *Regulation 5.5.10(b)* outlines requirements for banking of cash:

“All monies received from time to time shall be placed to the credit of an account in the name of the body responsible in any one or more of the following institutions:

- b. a bank;*
- ii) a permanent building society;*
- iii) a credit union;*
- iv) a fund or agency of the Church;*
- v) any other body;*

provided the particular institution has been approved by the Synod.

The body shall appoint two or more persons to operate on such account and may from time to time alter or revoke a previous appointment and/or make new or additional appointments. Any such institution shall be empowered to honour such withdrawals by way of cheque or otherwise bearing the signature of any two of such persons, unless and until written notice shall be given to and received by such institution of any other appointment or the alteration or revocation of any appointment.”

The Synod of NSW and the ACT also determined that cash investments of UCA organisations should be deposited with UFS.

*The **Compulsory Deposits Policy** is a resolution passed by the Council Of Synod in March 2000 requiring all Uniting Church organisations, including congregations and presbyteries, to deposit all their cash investments and most of their working capital with The Uniting Church (NSW) Trust Association Limited (now trading as Uniting Financial Services) or the Canberra Presbytery Investment Fund. (Reference: **Minute 301/99C Working paper No. 11 Regulation 5.5.9(b)**). The Compulsory Deposits Policy assists the Synod make available additional grants for needy parts of the church.*

This requirement to use the facilities of Uniting Financial Services (UFS) to deposit cash received and to control access to funds serves a number of purposes:

- Guards against loss of monies due to misplacement or inadequate security;
- Removes temptation of having surplus cash accessible by those in need;
- Provides easy mechanism to monitor balance of cash available;
- Maximises interest earnings on savings;
- Avoids payment of unnecessary bank charges or fees (UFS has zero bank fees)
- Ensures there is an auditable record of all cash flows, and income transactions are not overlooked in the entry of the organisation's accounts;
- Enables the UCA to benefit from every dollar invested with Uniting Financial Services.

Regardless of the balance of accounts, there must be two signatories/authorisations for accessing funds in the accounts. In the event that cheques are drawn and signed by persons who are not registered or authorised signatories, and the funds are drawn out of the congregation's accounts, the bank can be held liable for processing the cheque. Where there has been a loss of monies due to negligence or insufficient internal controls operating within the congregation (or other Synod of NSW and ACT organisations), the individual and/or the congregation/organisation is held liable.

Opening of new accounts should be controlled by the Treasurer and Chairperson, as it is important to know what accounts are operating and for what purpose. The Treasurer and Chairperson should also be fully aware of who the current signatories are, and must therefore sign-off on any amendments to bank account signatories.

It is the Treasurers responsibility to take the utmost care in counting, banking and limiting access to the congregation's cash received. Cash and cheque books are valuable negotiable instruments, and should be stored in a secure place not accessible by others.

Key principles for managing money include:

1. Congregations should have at least one account into which cash received can be readily deposited, and from which monies owed can be readily paid;
2. Two persons should count all Sunday offerings as soon as practicable after the service, and the total cash/cheques received should be recorded in a cash receipts book;
3. Cash should be banked as soon as practicable after receipt;
4. The Treasurer is ultimately responsible for the safe and secure control and management of all accounts used by committees and activity groups that are under the umbrella of the Treasurer's organisation;

5. Any proposal to open a new account requires the approval of the Treasurer and Chairperson;
6. All accounts should have at least two signatories required for withdrawal of any funds;
7. Cheque books should be retained in a secure place at all times;
8. Blank cheques should not be signed in advance, under any circumstances;
9. Where it is not feasible for the Treasurer to maintain control, safe and secure storage of the cash and cheque books for some church activities, a 'responsible person' should be formally nominated for this purpose by the Treasurer, and this should be minuted in the Church Council/Management Committee Minutes;
10. Regular reconciliation between the bank account statement and the accounting system should be undertaken, and signed by the Treasurer;
11. All existing accounts should be periodically reviewed to assess their need for continued use. See also Section 10.5 (Unclaimed Monies) problems caused by non closure of bank accounts.

6.1.2 Potential Risks Where Principles Not Observed

Risks that arise where these principles are not observed include:

- Under-recording of cash receipts and/or cash payments;
- Incomplete financial records, resulting in inability of auditors to arrive at a confident conclusion about the accounts;
- Misstatement of cash balances in the financial statements;
- Potential fraud committed on the congregation/organisation;
- Likelihood of other areas of governance and administration not being complied with.

6.2 Banking

6.2.1 Types of Accounts Frequently Used by Congregations

Typical types of accounts (held with Uniting Financial Services) are described below:

1. **Operating Account** – the account most commonly used for regular cash/EFT deposits and EFT/ cheque payments.
2. **Ministers Expense Account** – to hold monies to be paid to bona fide third parties on behalf of the Minister or Accredited Youth Worker as part of the 'non-taxable' stipend component. The balance of the account may be used for a range of purposes as outlined by the Secretariat. There should be a separate account for each individual to ensure personal balances are not confused. Funds in these accounts should match the MEA liability balance;

3. **Investment (Term Deposits) Accounts** – surplus monies that are unlikely to be needed in the following 6-12 months (or more) may be ‘invested’ in return for a higher level of interest;
4. **Property Refurbishment Accounts** – designated monies set aside for the specific purpose of property refurbishment;
5. **Sales Proceeds Accounts** – net proceeds from sale of UCA property over which the congregation has ‘custodial rights’. Monies may be used for general capital purposes (such as other property acquisition or development, or asset replacement) where approval has been obtained from the UCA Property Trust (who legally owns the funds);
6. **Ladies Auxiliary/Youth Group/Other** – separate accounts used by organised groups of the church congregation, where they desire independent control of their funds raised;
7. **Self Help Scheme** – the congregation and members may contribute financial support to the Congregation by depositing personal funds into a high interest savings account linked to their congregation’s Self Help Scheme to support a particular project.

6.2.2 Minimising Number of Accounts Wherever Possible

Congregations commonly maintain several bank accounts, and there are a number of reasons for this, which may include:

- Different people may be managing the accounts, and they require different signatories for payments from the account (eg. General operating account, ladies auxiliary, youth groups, etc);
- Monies may be held for specific purposes, and the congregation is taking care to ensure that funds for one purpose are not inadvertently used for a different purpose (eg. Property refurbishment, sales proceeds or bequests);
- Monies may be held ‘in trust’ on behalf of others (eg Ministers Expense Account, Self-Help Funds, linked congregations, etc);
- Higher interest may be earned by putting funds aside for specified terms in term deposits.

It is recommended, however, that congregations/organisations minimise the number of accounts held wherever possible for the following reasons:

- Existence and storage of several cheque books increase the risk of confusion, loss or fraud;
- Accounting entries are made more complex, as each receipt/payment needs to be matched against the correct account;
- It is more difficult keeping tab on the full range of bank accounts open and operating, and of the balances held in each account;

- Each account requires a regular reconciliation which adds to the Treasurer's existing workload.

6.2.3 Managing Investments

6.2.3.1 Term Deposits

Where congregations have acquired substantial surpluses in their accounts that are not required for day-to-day operations, money can be 'invested' in term deposits with Uniting Financial Services. 'Term deposits' pay a higher interest rate on cash balances, but the condition for the higher cash return is for funds to be unavailable to the organisation for a certain period of time eg. 6 months, 12 months, etc.

6.2.3.2 Reconciliation of Bank Accounts

'Reconciliations' between the bank account statements and relevant accounts in the accounting system should be done on a regular basis to ensure:

- All cash has been banked as appropriate within prompt timeframes of receipt;
- Incorrect entries are promptly identified and corrected;
- All electronic transactions processed by the bank are recorded in the accounts as receipts or payments in the relevant time period;
- Delays in cash deposits and cheque drawings are identified and monitored;
- Cancelled cheques are not processed by the bank.

6.3 Cash Receipts

6.3.1 Management Controls

Handling of cash requires strict controls. All cash that comes in should be promptly:

- Counted in the presence of two people;
- Receipted (if the person requires evidence of the money being paid) – offerings do not generally require receipts;
- Recorded in the books;
- Stored in a secure locked place until the money can be banked; and
- Deposited or invested with a recognised financial institution or bank as soon as practicable.

6.3.2 Church Offerings

Church offerings should be immediately recorded in a separate Congregational Receipts Register which usually details:

- Day/date monies collected;
- Number of attendees
- Worship service time (if more than one);
- Total offerings collected (separate columns for cash and cheques);
- Total donations collected for other Appeals (separate columns for different fund-raising events);
- Names and signatures of the two people counting the monies (in separate columns).

This applies to small and large congregations. All monies received should be totalled, as well as separately categorised into the reason for giving (which determines how the monies are subsequently used). An example of a Congregational Receipts Register can be obtained from Uniting Resources.

This Congregational Receipts Register can be maintained through a number of different methods:

- an exercise book, or
- separate sheets completed each week (and numbered and filed together).

Care should be taken to ensure auditable evidence is maintained of cash received for every Sunday worship service. This is best done through manually recording the information on paper, as there should be strict controls evidencing the values of cash and people involved.

Offerings received should be banked each week (usually the Monday following Sunday services when the banks are opened), and the deposit amount should reconcile to total amount of offerings recorded in the Congregational Receipts Register.

An electronic system is not appropriate for counting of offerings and cash donations, as they cannot record signatures or keep evidence of any changes to values.

Offerings may also be made electronically through automatic direct debit authorities from congregation members. This is called Giving Direct. These electronic (non-cash) offerings are handled differently.

6.3.3 Fundraising

Congregations frequently hold fund-raising events which involve collection of large amounts of cash.

Cash received from these events needs to be handled carefully to ensure that all monies are accounted for and recorded appropriately in your congregation's financial records.

An appropriate banking process needs to be considered for each fundraising event.

6.3.4 Other Income

Congregations are often receiving money from alternative income sources such as Synod or Presbytery grants, or property income.

This money should be appropriately documented and recorded in your congregation's financial reports.

6.4 Electronic (Non-Cash) Receipts

Money may be received directly from congregation members as an electronic deposit. Other monies such as grant payments and payments for services are also often being paid electronically.

6.4.1 Benefits of Electronic Receipts

Electronic deposits can be a more convenient way of receiving money as the manual process of depositing funds at a bank branch is removed.

Monies received electronically also can be accessed sooner than cheque deposits which may take up to 3 days for the funds to be cleared into your bank account.

6.4.2 Management Controls

Management controls for electronic deposits and investments involve:

- Identifying the receipt and its purpose when the bank or investment statement is received;
- Recording and correctly coding the 'receipt' into the congregation's books;
- Reconciling electronic receipts as part of the 'reconciliation of bank accounts' process.

Treasurers should encourage congregation members and suppliers who are depositing funds electronically into your congregation's bank account to clearly identify what their payment was for.

Electronic receipts need to be recorded into the accounting system once the bank statement or (investment statement) is received, before the closing balance on the bank / investment statement can be reconciled to the bank / investment balance in the accounting system.

6.4.3 Giving Direct' – Church Offerings

Congregation members may arrange automatic weekly/fortnightly/monthly payments (known as Giving Direct arrangements) in-lieu of putting money in the collection plate during worship services.

The benefit of this arrangement is that when members are not able to attend the service due to sickness or holidays, they are still able to contribute to the ongoing functioning of the church. In this way, congregations receive offertories 52 weeks of the year regardless of attendance. This has proven to be a huge boost in income for Congregations who have introduced this in their congregations and helped budgeting of offerings income much easier to anticipate and monitor.

Some treasurers seem to have a concern when Giving Direct is introduced in their congregations. Their concern seems to centre around loss of control, of not knowing who is contributing via this system (ie direct credit to the congregation's bank account). They seem to want to know contributors details.

Our response to this concern is:-

1. the whole concept of giving to a congregation should be a confidential matter in any case, between the giver and God. This confidentiality is no different to placing money in a plate in any case, so were not sure why Giving Direct is creating such a concern
2. from a financial perspective, the fact that a congregation is guaranteed 52 weeks of income via Giving Direct vs. normal plate offertory giving that relies on the contributors physical attendance every Sunday, should more than outweigh any administration or bookkeeping concerns

For further information on Giving Direct refer to their website on www.missionfinance.nsw.uca.org.au/givingdirect.

6.4.4 Giving Direct' – Living Is Giving

Treasurers may also arrange automatic monthly/quarterly payments of their Living is Giving contributions to the Synod through Giving Direct arrangements.

For further information on this, refer to the Giving Direct website www.missionfinance.nsw.uca.org.au/givingdirect.

6.5 Paying Expenses (Electronic & Cheques)

6.5.1 Supporting Documentation

All payments your congregation makes should be supported with documentation outlining:

- to whom the payment was made;
- what the payment was for;
- the value of the services or product (including GST); and

- acceptance by an 'authorised' person of the payment being church-related (or work-related).

Supporting documentation should be filed away in an orderly manner, and be accessible for either future queries or for audit.

6.5.2 Cash Payments

Generally, cash payments should only be made for amounts under \$50, where it is not cost-effective to draw a cheque or arrange a separate electronic deposit in the person's bank account. In such instances, cash payments are made from a Petty Cash Float.

6.5.3 Cheque Payments

Cheques are an easy and safe way to make payments (especially when they are crossed as 'not negotiable'). You should always complete the cheque stub to provide an audit trail for the auditor.

Cheque books should be kept by the Treasurer (or other authorised person) in a secure place. UCA cheques generally require two signatories before they are considered valid and negotiable. Care should be taken that all sequential numbers on cheques are fully accounted for, and this should be an integral part of the regular bank reconciliation.

6.5.4 Electronic Payments

Electronic payments are an increasingly easy and popular way to pay accounts. Electronic payments can be more convenient than cheque payments as the money is available for the recipient on the following day (or specific days determined where periodical payments are made).

Electronic payments should be clearly marked to identify who the payment came from and what it was for. Electronic payments require specific account details for where the payment should be made to.

Uniting Financial Services can provide advice on how to make electronic payments, and how to view electronic transactions over the internet. Please contact their Customer Services Team on telephone 1300 133 673 or email contactus@unitingfinancial.com.au for further information.

6.6 Credit Cards

Credit cards for use by Congregation Ministers (as part of their package) or other delegated members of a Congregation can only be obtained from Uniting Financial Services (UFS). Congregations attempting to obtain "other" credit cards from non-UFS banks do so at their own financial risk and need to undertake a comprehensive verification and authorisation process, which is largely avoided with the UFS card.

6.6.1 Important Controls for Managing Credit Cards

Whilst cards maybe a useful way to pay expenses, they do carry increased risks for fraud if they are lost or misused.

Important controls for managing credit cards may be summarised to include:

- Credit cards should only be issued to those who have a definite need for a card;
- Credit card holders are to sign for their cards upon issue, and holders must familiarise themselves with the banks 'terms and conditions' of use;
- At no time should a person's credit card be left with another person to use;
- Under no circumstances should cash withdrawals be made from these cards;
- All transactions on monthly statements should be checked and explained by the holder, and subsequently authorised by the supervisor of the holder;
- Original receipts should be returned to the Treasurer to enable recovery of the GST component of each transaction.

6.6.2 Issuing cards to Ministers and delegated members

Care should be taken to ensure that credit cards are only issued to those who need them. This might include the Ministers and/or Treasurers, but these roles do not always require a credit card. There should be a policy on who should hold such cards, and applications for credit cards should be approved by the Church Council.

6.6.3 Monthly Statements

Every month, UFS will send your congregation a statement of credit card transactions. Each transaction should be checked and described by the credit card user. Receipts for all transactions should be obtained, kept, and attached to the monthly statement. Statements for Ministers and Treasurers should be authorised by the Church Council.

Attaching receipts ('Tax Invoices') to the statement also enables the congregation to recover the GST component from the Australian Taxation Office. The original Tax Invoices must be retained and be able to be presented in the event that a GST audit is conducted.

Treasurers should ensure that credit card statements are fully paid by the due date to ensure interest charges are not incurred.

6.7 Petty Cash Floats

6.7.1 Purpose of Petty Cash Floats

Small value purchases (ie under \$50) are sometimes required to be made by congregation members, Ministers or church employees. This can be accommodated through a Petty Cash Float held in a secure place.

6.7.2 Management and Control of Floats

Petty Cash Floats can be controlled by any trustworthy person, who is known as the nominated holder of the float. The nomination should be formally presented to, and recorded at, a Church Council meeting, and be minuted as a permanent record of the appointment. Petty Cash Floats are best allocated to someone who is accessible by people in a central office area on an ongoing basis.

Petty Cash Floats should be kept in a locked container in a secure environment at all times.

6.7.3 Establishing a Petty Cash Float

Formal approval for establishment of a Petty Cash Float should be given by the Treasurer (or Chairperson if the Treasurer is the '*nominated holder*'). Thought is given to the appropriate level of float – for example, a float of \$50 may be sufficient if there are only a few sporadic payments, although a large organisation may require a float of a higher value.

6.7.4 Reimbursement of the Petty Cash Float

The petty cash float needs periodic reimbursement for monies paid out, in order to keep sufficient funds available for future payments. Reimbursement should be sought from the Treasurer (or other cheque signatories) approximately two weeks before the float is likely to be fully spent. This time period should give sufficient time to process and cash the reimbursement cheque.

A Petty Cash Payments Summary sheet lists and describes all payments made from the float. There is provision on this form for counting remaining cash, to ensure the float is reconciled on a regular basis.

A copy of the reimbursement sheet should be kept on the Petty Cash file.

6.7.5 Independent Petty Cash Checks

Periodically, the petty cash float should be counted and reconciled by an independent person (preferably the Treasurer). This is to ensure that the cash is being properly used for its intended purpose, and 'loans' are not occurring.

Independent checks done by counting and recording all remaining cash in the float tin, recording any amounts paid out but not yet sent in for reimbursement, recording any reimbursements in transit, and totalling them up. They should

equate to the total approved value of the petty cash float. Any discrepancies should be noted and explored.

Petty Cash Checks should be done on 30 June each year (the last day of the financial year), as a standard year-end procedure.

7. LAY STAFF AND MINISTERS EMPLOYMENT, AND PLACEMENT MATTERS INCLUDING PAYROLL

7.1 Lay staff

As mentioned in the introduction to this manual, there is a comprehensive Human Resources (HR) Manual available for lay staff located on the Synod's web site. This section of this manual provides a shorter educational overview for treasurers in dealing with day to day operational matters. We recommend you contact the Manager HR when dealing with specific lay staff employment matters.

Recruitment, termination and employee management can create significant and long-term impacts for your Congregation due to the ongoing nature of employment and the high proportion of wages to total operational costs.

If employment issues have not been addressed correctly from the outset of an employee arrangement, if in the future unforeseen employment issues arise with those employees, experience has shown they can initiate industrial relations proceedings or take the employer to court for resolution and rectification.

Employment relationships are unique and challenging. Unfortunately due to the nature of employment relationships, there is an increasing level of technical expertise required to manage certain employee relationships effectively. In the current employment environment, employment legislation changes frequently and what is contemporary today may be outdated tomorrow.

It is important that Congregations seek advice before committing to a course action that involves the employment, termination of employment, the engagement of consultants, contractors or volunteers, occupational health and safety or workers compensation matters.

For employment matters including contractors, consultants and volunteers please contact:

Vicki Roper
Manager – Human Resource Services
Uniting Resources
Phone 02 8267 4365
Email vickir@nsw.uca.org.au

For workplace safety and OH&S matters including contractors please contact:

Bill Tobin

Manager – Workplace Safety Services
Uniting Resources
Phone 02 8267 4242
Email billt@nsw.uca.org.au

For Workers Compensation matters and the organising of workers compensation insurance coverage please contact:

Rachel Watson
Injury Management and Workers Compensation Claims Co-Coordinator
Workplace Safety Services
Uniting Resources
Phone 02 8267 4467
Email rachelw@nsw.uca.org.au

Uniting Resources is committed in assisting your Congregation to ensure the relationships you have with your employees are healthy and beneficial from the outset.

If you have questions in relation to any of the following employment topics you should contact the Manager HR Services of Uniting Resources for assistance:

- Organisational structure and management delegations
- Job roles and position descriptions
- Required skills and capabilities upon commencement
- Contractual arrangements with employees
- Employee Performance Agreements
- Volunteers
- Payment methods
- Superannuation
- Salary packaging
- Workers compensation
- Workplace Safety and OHS issues
- Training and Development
- Employee management
- Performance management
- Rewards for good performance
- Counselling and discipline
- Litigation
- Employee References

7.2 Volunteers

7.2.1 Voluntary Workers Defined

‘Voluntary workers’ are people who elect to undertake tasks for the church, and follow guidelines of the Church, without any payment for their time.

People who volunteer their time and services as an expression of their discipleship do not receive payment for the services they provide. They are, however, entitled to be reimbursed for out of pocket expenses they might incur in the course of providing these services to the Church.

7.2.2 Synod of NSW and the ACT Policy

Procedures for engaging volunteers are outlined in the “*Synod of NSW and the ACT Volunteers Policy*”, which is available on the Uniting Resources website. The website is:

www.unitingresources.org.au/hrs/hr_information/volunteers

Specific advice in relation to volunteers and your Church can also be sought from the Manager – HR Services Uniting Resources who is available on telephone 02 8267 4365.

7.2.3 Rights and Responsibilities

When an individual agrees to be a volunteer, the individual elects to provide their services (normally their time), and the Congregation agrees to provide the volunteer with a worthwhile and rewarding experience. In the volunteer and Congregation relationship, each party has the right to some basic expectations of the other.

It is expected the volunteer will follow Synod of NSW and the ACT policies and guidelines, and the requests and direction from those people who are managing the volunteer process.

Volunteers are also entitled to be treated with respect in the same manner respect is shown to employees, and to receive good management and clear direction and assistance in order for them to effectively carry out their volunteer duties.

The Synod of NSW and the ACT Volunteers Policy states that volunteers have the right to:

- Be asked for their permission before any job-related reference, police or other checks are conducted;
- Be allocated a task or job worthwhile to them, for no more than 16 hours per week in any one role, on a regular long term basis;
- Know the purpose and “ground rules” of the Congregation;
- Receive appropriate orientation and training, such as but not limited to OH&S, fire and emergency evacuation for the tasks;
- A safe place to work and suitable tools to enable them to carry out their tasks;
- Reimbursement of agreed expenses;
- Be heard and make suggestions;
- Personal accident insurance in place of workers compensation insurance;

- A verbal statement of service, if appropriate.

It is important that all volunteers sign a Volunteer's Agreement prior to commencing their voluntary duties. A copy of this agreement can be found in the Synod of NSW and the ACT Volunteers Policy.

7.2.4 Paying Honorariums

Under no circumstances should regular honorariums be paid to volunteers. Payment of regular honorariums can be deemed to be assessable income by the Australian Taxation Office and can turn the 'volunteer' relationship into an 'employment' relationship.

Due to the legal complexities of this area, wherever an organisation is considering paying honorariums to any of its voluntary workers, advice must be sought from Uniting Resources.

Due to the legal complexities of this area, wherever an organisation is considering paying honorariums to any of its volunteers, advice must be sought from HR Services of Uniting Resources– on telephone 02 8267 4365 or 02 8267 4369.

7.3 Contractors

7.3.1 Contractors' Defined

Contractors' are people who are engaged through an external and independent 'business' to undertake a specific task over a specified period of time.

All 'contractors' must be covered by a contract for service, which clearly outlines the desired task outcomes, key responsibilities and period of engagement.

'Contractors' should not be considered 'employees' at any time.

7.3.2 Common Attributes of Contractors

Specific attributes of contractors include:

- They are usually fully trained in the task they are to undertake, and are expected to maintain their professional knowledge in their own time and at their own expense;
- They are not generally managed in the same way as employees. Companies that are engaged to undertake a discrete task are usually given discretion as to how the task is undertaken, as long as the agreed outcomes and results are achieved. An example is a management consultant, plumber, and outsourced accounting or legal services;

- They either own their own business (using a company name, or their own name if a sole trader), or may be employed or contracted by another business (for example, plumbers or recruitment agency staff). They must carry their own professional indemnity and worker's compensation insurance;
- They usually have more than one client to which they provide services;
- There should be a contract engaging their services, which must not contain any reference to specific conditions of employment (eg no annual or sick leave entitlements).
- They charge for services through a regular invoice arrangement, which is paid through accounts payable (not the payroll);
- They must record an Australian Business Number (ABN) on any invoice they supply to you for payment. If the ABN is not provided on an invoice, you are required to deduct 'withholding tax' at the top marginal rate (including Medicare) from the payment to the supplier and then pay the amount withheld to the Australian Taxation Office. If the supplier is registered for GST, they must submit to you a 'Tax Invoice'. Further information about tax invoices is provided in the GST Manual;
- For contractors based in NSW, they must complete certain documentation as required by WorkCover and provide documentary evidence of their worker's compensation and public liability insurances before they are engaged to provide the services. If this documentation is not completed and provided, your Church may face additional legal exposure and financial liabilities, with the contractors being "deemed" to be employees of your Church for certain purposes.

7.3.3 Distinctions Between 'Contractors' and 'Employees'

Contractor relationships differ significantly to employee relationships.

As mentioned above, contractors are generally hired through an external and independent business for a short period of time to complete a distinct task with a specified time frame. Under no circumstances should contracts specify an obligation for the principal contractor (Synod of NSW and the ACT organisation) to be liable for leave or superannuation, or for deducting contractor's tax on behalf of the Australian Taxation Office. Contractors are paid upon presentation of an invoice, and are fully responsible for their own leave, superannuation and tax payments.

Employees are generally employed under specific terms of engagement where job tasks, key responsibilities, reporting lines, working hours, annual and sick leave entitlements, conditions of employment, etc are clearly stipulated in an employment contract.

Employees are expected to be directed and trained by management, and to follow directions of management. Management has a significant input into the way employees do their work. Employees are paid through the payroll system, are required to provide their Tax File Number (TFN) and sign a Tax Declaration form, and are issued with an end-of-year Payment Summary for tax purposes.

7.3.4 Suppliers

When Congregations pay suppliers who provide goods or services to them, these suppliers generally need to quote an ABN on an invoice or some other document that relates to the goods and/or services they provide.

If they do not provide an ABN the congregation may need to withhold 46.5% of the total payment for that supply.

The congregation will not have to withhold an amount from a payment if:

- The payment is \$75 or less, excluding any GST;
- The supply that the payment relates to is wholly input-taxed; or
- The supplier is an individual and has given you a written statement which says:
 - The supply relates to a private recreational pursuit or hobby; or
 - The supply is wholly of a private or domestic nature for that supplier.

A supplier can make the above statement by completing the “Statement by Supplier” Form which can be obtained from the Australian Taxation Office website or by contacting Uniting Resources.

If the Congregation has reasonable grounds to believe that the supplier is making a false or misleading statement when providing the completed Statement by Supplier form, the Congregation should still withhold the relevant amount of tax and pay that tax to the Australian Taxation Office.

7.4 Employee Management Systems

7.4.1 Records Maintenance

To ensure your Church is compliant with a variety of legislative requirements, you are required to hold and maintain personnel files for employees and business files for contractors/consultants.

Documents that are required to be held on file for employees include, but are not limited to:

- Contractual obligations;
- Position descriptions;
- Proof of identity;

- Tax declarations;
- Superannuation information;
- Salary deduction requests;
- Leave records;
- Time sheets; and
- Performance reviews.

Contact Uniting Resources if you have further queries about designing and implementing appropriate systems for personnel files.

If you have any queries about appropriate electronic filing systems please contact the Information Technology Services (ITS) unit on 02 8267 4300.

7.4.2 Employee Records – Terms and Conditions of Employment

All employees of your Church must be employed with a common law contract of employment. Prior to a new employee commencing employment with your Church the terms and conditions of employment must be provided to the future employee in a document known as a “Letter of Offer”.

The Letter of Offer will establish the inherent duties of the role being undertaken and are described in a ‘Position Description’. This document should be provided to future employees to ensure the employee is clear about their position requirements, priorities, and management expectations. Position descriptions are also used when assessing whether employee performance meets the employer’s expectations.

To ensure compliance with employment legislation, your Church must seek guidance from the HR Services of Uniting Resources before seeking approval from the Presbytery PRC to employ an individual.

Samples of suitable common law letters of offer for specific situations are available upon request. All employment related matters should be referred to HR Services of Uniting Resources on telephone 02 8267 4365 or 02 8267 4369.

7.4.3 Contractors/Consultants Files and Records

Short-term tasks that require specific expertise are generally undertaken by external consultants or subcontractors. These suppliers still require a clear definition of the roles to be undertaken, and clear instruction in relation to the Congregation’s expectations. External consultants and subcontractors must be covered by a service contract, and provide proof of current insurance coverage.

To ensure compliance with occupational health and safety legislation, your Church should seek guidance from HR Services of Uniting Resources before engaging the services of an external consultant or contractor.

For clarification of essential information required, please contact HR Services of Uniting Resources on telephone 02 8267 4365 or 02 8267 4369.

7.4.4 Privacy of Employee and Volunteer Information

It is of utmost importance to treat employee and volunteer information confidentially, and to securely store information so it is only accessible by people that need to know that information. You should always ensure that information that is collected is only to be used for the purpose for which it was collected.

7.4.5 Payment of Remuneration - Commencement of New Employees

The commencement of 'employees' on the payroll should be fully supported by (certified copies of) original documents proving identity, age, taxation rates, etc as well as the employment contract which outlines conditions of employment. The importance of establishing proof of identity, and maintaining evidence of this in your organisational files, is imperative for taxation and audit obligations. You need to be aware of the privacy issues relating to storing employment and payroll records and for further information about privacy issues please contact Uniting Resources.

All employees (casual, part-time or full-time) must be issued with a common law letter of offer, which clearly outlines their duties, reporting lines, rate of pay, regular working hours, etc.

Employees must complete an ATO Taxation Declaration form upon commencement. These are obtained from the Australian Taxation Office or some newsagents.

Commencement of any new employees on the payroll should be approved and checked by the Treasurer, for accuracy and appropriateness. As payroll costs for an organisation are often the largest costs, proper checks for commencement of employees on the payroll is essential as this is one of the highest risk areas for potential fraud and/or overpayments.

A checklist for new starters is available on Uniting Resources intranet and web sites: www.unitingresources.org.au/hrs.

7.4.6 Calculation of Gross and Net Wages

Each payment period (generally fortnightly), employees should submit time sheets that record actual hours worked, and which are authorised by their supervisor.

Salary and wages payments are made on the basis of these timesheets. Taxation is deducted from employees' gross wages, at the relevant marginal rates. Superannuation contributions are also made for each employee in accordance with award and/or superannuation legislation.

Ideally, all employees should be paid via direct debit (electronic) arrangements due to the convenience to the employee and the importance of

honouring the employer's obligations under legislation and common law and its moral responsibilities to its employees.

7.4.7 Recording Leave Taken

Where employees do not attend work on a regular working day, the type of leave taken should be recorded in the system. There may be instances where their regular pay needs to be reduced by the amount of this leave. Special care should be taken to properly and accurately record and maintain annual leave, sick leave and long service leave entitlements. Where employees are working part-time or casual hours, some software systems have difficulty in correctly recording accrued entitlements and balances.

7.4.8 Paying Taxation, Superannuation and Other Deductions on Behalf of Employees

All deductions (except for taxation deductions) must be requested by the employee in writing before deductions commence.

Deductions from employee salaries and wages should be paid the following month to the relevant body. Some organisations have a particular date for payment, for example, PAYG tax deductions to the Australian Taxation Office should be paid by 21st of following month/quarter (when the BAS Statement is submitted).

Other deductions requested by the employee may need to be made before a certain timeframe, especially if these deductions relate to mortgages/rent, credit card payments, private medical insurance, school fees, etc.

Records should be carefully maintained to ensure the receivers of payments know where to allocate the funds.

7.4.9 Cessation of Employees

When an employee is leaving employment with your Congregation, there are a number of checks which should be undertaken. These include:

- Payment of statutory entitlements such as, accrued but untaken annual and long service leave and award entitlements such as time in lieu of overtime;
- Ensure appropriate tax withholding rates are used on the termination payment;
- Return of keys;
- Return of church computers and other items on loan;
- Cancellation from the payroll system;
- Issue of a Separation Certificate (where the person is not going to another job, in the event that unemployment benefits need to be claimed).

It is vital that the employee is permanently removed from the payroll system. Ongoing payment of fortnightly wages to ex-employees, by mistake, occurs surprisingly often.

A formal checklist for cessation of employees is available on Uniting Resources' HRS website: www.unitingresources.org.au/hrs.

7.4.10 References for Ex-Employees

Employees may receive a Statement of Service upon cessation. The Synod does not encourage written references to be provided, especially not on the employer's letterhead. There have been instances in the past where prospective employers have been assured of an ex-employee's competence, and have subsequently sued the referring organisation for providing misleading information that resulted in them suffering financial losses when they terminated the person's employment soon after commencement.

Verbal references for employees may be provided to future employers, providing that any responses provided are facts which can be substantiated by objective assessment.

7.4.11 Year-End Tasks

7.4.11.1 FBT returns (for Lay Staff only)

The Fringe Benefit Tax (FBT) year is from 1 April to 31 March each year. Annual FBT returns for the full prior year are required to the Australian Taxation Office by 21 May each year. An FBT return will be required to be lodged if any employee receives a fringe benefit during the year. FBT returns are not required if your Congregation only provides exempt fringe benefits to Ministers (religious practitioners).

Synod of NSW and the ACT agencies are periodically audited by the Australian Taxation Office for the accuracy of their FBT information and returns, and significant penalties are applied where the returns are inaccurate or misleading.

More information on salary-related FBT can be obtained by contacting Uniting Resources.

7.4.11.2 Annual Payment Summaries *(previously known as Group Certificates)*

The Income Tax year is from 1 July to 30 June of the following year. The Australian Taxation Office requires annual Payment Summaries to be issued **by 14 July** each year, for all persons receiving remuneration through the payroll system, for any part of the prior tax year. This includes ministers, full-time, part-time and casual employees, and visiting casual preachers (where travel monies were paid).

While the Synod of NSW and the ACT does not recommend the payment of honorariums, if any are being paid to volunteers, the honorarium constitutes assessable income under tax legislation. A Payment Summary must be issued at 30 June for all persons receiving honorariums. (Payment of honorariums also has further ramifications for the organisation, and these should be discussed with HR Services of Uniting Resources if they are being paid).

Payment Summaries can be automatically produced from computerised accounting systems that incorporate payroll modules. Where these computerised systems are not maintained, Treasurers must ensure the Payment Summaries are manually prepared and submitted to the Australian Taxation Office within the two week timeframe after year-end. Samples of these forms are obtainable from the Australian Taxation Office through their website.

7.5 Payroll Systems

7.5.1 Payroll System Information

For each Minister, Accredited Youth Worker or employee receiving remuneration, the payroll system used in your Church should store details of:

- Name of employee or Minister
- Employee number
- Bank account details
- Regular hours of duty
- Hourly rate of pay
- Hours actually worked each fortnight
- Total remuneration
- Total deductions by type (eg. Tax, superannuation, ministers expenses, savings, mortgage, etc)
- Net fortnightly pay
- Accrued annual leave and long service leave entitlements, annual leave and long service leave taken, and balance of credits
- Auditable record of any data changes and data entry

The payroll system should include details of all remuneration-related payments made to each Minister or employee from their date of commencement.

Where computerised accounting software is used, the latest software upgrades include payroll modules and current taxation tables. The total value of each employee's pay is automatically calculated based on the number of hours worked (as the contracted hourly rate is already stored in the system when the employee is set up for the first time), which ensures calculation of wages is accurate. The taxation component and superannuation contributions are then also automatically calculated. Any regular deductions set up in the system are also automatically made at this point.

In manual payroll systems, extra care should be taken to ensure wages and associated deductions are correctly calculated. Printed tax tables are available from the Australian Taxation Office.

7.5.2 Time Sheets – Hours of Duty

A standard full-time working week is 38 hours. All employees should be aware of normal hours of duty, and the standard daily hours when they are required to attend for work. The agreed working hours per week are outlined to employees in the common law letter of offer provided to employees before they commence employment.

Timesheets should be filled in by all employees to confirm their attendance and working hours within each pay period. Generally, time sheets are relied on for calculating employee wages each fortnight. It is especially important that casual employees complete time sheets for each period of duty, and that these hours reconcile to hours paid each pay period they work.

Timesheets should be completed and signed by employees, and approved by the employees' managers. Details of wages paid should be noted on these forms, before they are filed away.

7.5.3 Leave Entitlement Details

Employee leave entitlement accruals and employee leave taken should be recorded in a timely and systematically manner. If using a manual system, Treasurers will need to take the utmost care to ensure Minister's, Accredited Youth Worker's and employee's leave accruals are accurately maintained. Special care should be taken with part-time employees, or employees taking periods of 'leave without pay'.

7.5.4 Remuneration Deductions

Deductions made from Minister's, Accredited Youth Worker's and employee's remuneration can only be made with the individual's written request/approval.

Any amounts that have been deducted from remuneration must be paid to the relevant recipient of those monies in the time frame originally agreed upon.

Each payment you make to the Australian Taxation Office or an approved superannuation fund must be supported by appropriate paperwork identifying the individuals involved, their portion of the total payment, and their allocated identifier numbers (where applicable), to enable the recipient of the funds to correctly match the payments in their systems and records. These lists are separately maintained and should be promptly updated with any changes.

Deductions for the MEA should be journalised to the designated Minister's Expense liability account and the corresponding amount of cash should be transferred from your Church's main Operating Account to the MEA.

7.5.5 Entry into Accounting System

Payroll systems and accounting systems are often run separately. Where/if there are two separate systems running, Treasurers should ensure that fortnightly stipend / salary / wages payments are also recorded into the accounting system after each pay run.

Totals for each type of deduction (taxation deductions, superannuation contributions, minister's expenses and other deductions) should be separately tallied each fortnight, and journals processed to ensure they are correctly reflected as remuneration expenses and outstanding creditor liabilities in the accounting system.

If your Church is using MYOB, this accounting system also has a useful payroll system for standard employment terms. More complex employment arrangements may require manual intervention. You should ensure that you have correctly set up the Payroll facility in MYOB and that it is correctly journaling remuneration items in to the correct general ledger accounts.

If you are unsure about using MYOB please contact Uniting Resources for assistance and guidance.

7.5.6 Outsourcing of Payroll Services to Uniting Resources

Uniting Resources also provides a payroll bureau service to Synod of NSW and the ACT organisations for a nominal fee per annum.

For further information about Uniting Resources – HRS Payroll Bureau Service, contact the HR Coordinator on telephone 02 8267 4369.

7.6 Privacy Legislation

7.6.1 Relevance to Synod of NSW and the ACT Congregations

Privacy of personal and sensitive information has become a legal right to Congregation members and employees since changes were made to the Privacy legislation in 2000.

Examples of how this legislation relates to your Church and the Synod of NSW and the ACT include:

- A Church's Congregation member register cannot be accessed by other Congregations or Synod of NSW and the ACT organisations for promotional or professional purposes;
- A Church cannot publish an individual's name on a prayer list unless they have been given specific permission;
- Ministers may find it difficult to visit or locate UCA adherents in a public hospital;

- Personal discussions between Ministers and Congregation members, or between the managers and employees, should be kept confidential unless specific permission to share information has been provided;
- Employee information must be kept confidential and securely locked at all times.

7.6.2 Synod of NSW and the ACT's Commitment to Privacy Legislation

As from the 21 December 2001, the Uniting Church in Australia Synod of NSW and the ACT made a commitment to adhere to the Privacy Amendment Act (2000) which set out new laws in relation to all personal information collected in private sector organisations. In 2001 the Synod of NSW and the ACT formulated its own Privacy Policy, namely the 'Synod of NSW and the ACT Privacy Policy', which details the Church's position on privacy.

A Privacy Manual and Legislation kit was prepared and circulated to all Uniting Church entities (i.e. Boards, Presbyteries, Congregations, Child Care Centres, Aged Care Centres, Lifelines and all other agencies) in January 2002. This Privacy kit enabled the appointment of a local Privacy Officer in each entity of the Uniting Church who would ensure compliance by coordinating a tailored privacy policy for the entity, consistent with the 'Synod of NSW and the ACT Privacy Policy'.

The local Privacy Officer is responsible for conducting an annual assurance audit, completing a declaration and returning this to the Synod of NSW and the ACT Privacy Officer, Mr Kegan Kashian CFO Uniting Resources each year.

If you require a copy of the Privacy Kit, please contact Uniting Resources and a copy will be provided.

Further Information

For more information regarding privacy matters, please contact FMS on treasurer@nsw.uca.org.au or refer to the Privacy Policy on the web site [Privacy Policy](#)

7.7 Ministers and Accredited Youth Workers

7.7.1 Guidelines for Remuneration of the Specified Ministries

Ministers and Accredited Youth Worker Terms of Placement are organised by Congregations in consultation with the Presbytery Pastoral Relations Committee (PRC), and under the guidance of the Secretariat. Further information about Terms of Placement may be obtained from the Secretariat on telephone 02 8267 4326.

"Guidelines for Remuneration of the Specified Ministries" are issued by the Synod Secretariat and explains remuneration for Ministers, Deacons,

Deaconesses, Lay Pastors, and Accredited Youth Workers in an Approved Placement. The current guidelines are included in this manual as **Appendix 4**. Future Guidelines will be mailed to you and we suggest should be filed in this manual. Any questions relating to Appendix 4 should be referred to the Associate General Secretary on 02 8267 4326.

Ministers and Accredited Youth Workers (accepted by the Australian Taxation Office as Religious Practitioners) are entitled to a range of tax-free non-cash benefits that employees are not entitled to. For guidance on these benefits please contact the Synod of NSW and the ACT Secretariat.

7.7.2 Paying Stipends to Ministers and Accredited Youth Workers

There are four components to stipends:

- Taxable remuneration component (70% of total stipend);
- Non-taxable remuneration component (30% of total stipend);
- Housing allowance (if applicable); and
- Travel allowance.

The level of stipend remuneration is established as part of the “call process” and is set out in the Terms of Placement documentation. Updates are outlined in the annual “Stipend, Allowances and Support Fund Information Circulars”.

Congregations are responsible for paying the stipend, allowances and support fund contributions for all persons in a specified ministry. Stipends are normally paid monthly and must be credited to the individual’s bank account by direct credit no later than the 15th of each month. Some Congregations are able to coordinate electronic payment of regular remuneration deductions on the individual’s behalf. Preferably, all remuneration-related payments are made by electronic transfer.

Up to 30% of stipends can be treated as non-taxable and are transferred to the Minister’s Expense Account. This is a non-cash fringe benefit that must be paid to a bona fide third party it is, however under a specific Tax Ruling [TR 92/17], considered an ‘exempt fringe benefit’ and therefore no FBT is payable on this benefit, nor does it need to be recorded on the individual’s annual Payment Summary. The annual Payment Summary and ongoing Business Activity Statements reporting only includes the 70% taxable portion of remuneration.

7.7.3 Ministers Support Fund Levies

The Minister’s Support Fund Levy primarily covers the cost of long leave, worker’s compensation insurance coverage and reimbursement for sick leave.

All Congregations with a Minister in placement are required to pay this levy as well as the Congregation’s contribution to the Beneficiary Fund. Such payments are to be made direct to the Synod of NSW and the ACT Secretariat.

All ministers are required to make a personal contribution to the Beneficiary Fund from their after tax remuneration.

Lay Pastors and Accredited Youth Workers contributions for superannuation are treated differently and are to be forwarded to UC Super as the default fund superannuation fund.

Levy payments and Beneficiary Fund contributions must be made to the Synod each month. Annual adjustments to levies and rates are contained in the annual Information Circulars issued by the Secretariat.

Minister's Expense Account (previously known as Ministers Benefit Account)

7.7.4 Types of Transactions for which the MEA Funds Can be Used

There are a range of expenses that can be paid on behalf of the Minister from their Minister's Expense Account (MEA) which are outlined in the "Guidelines for Remuneration of the Specified Ministries". These include items such as domestic utility costs, mortgage payments, education expenses, medical expenses, hospitality, motor vehicle, health and life insurance costs, etc. Please note this list is not exhaustive, and may change from time to time.

If the Minister cannot use their MEA balances on the items that are listed, agreement to use their 30% non-taxable stipend component on other items should be sought from the Secretariat.

7.7.5 Control of MEA Accounts

Payments made from the MEA account must be authorised by the Treasurer, and be supported by receipts or invoices to enable the recovery of GST. As the Australian Taxation Office requires such payments to be made to bona fide third parties, Ministers are not to be given the cheque book for their MEA account and allowed to write out cheques as they wish. All payments should include the signature of the Treasurer. It is not appropriate for the Minister to be a signatory on their own MEA account.

7.7.6 Miscellaneous Income to the Congregation

GST on expenses paid from MEA accounts is recoverable from the Australian Taxation Office. **It is Congregation money and refunded to the congregation. It's not for the Minister.** If any issues arise in this respect please contact the Associate General Secretary on 02 8267 4326.

Interest earned on the MEA accounts are also retained by the Congregation, not the Minister.

7.7.7 Balances at End of Placement

If there is an unspent balance in the MEA account when a Minister is finishing his/her placement, the Minister should have the choice as to how he/she wishes to receive the balance of their remuneration. Choices include:

1. Fully utilising the balance through payments that comply with Synod policy, as outlined above;
2. Negotiating with the new Congregation to take over the unspent balance, involving a cash payment from the current placement Congregation to the future placement Congregation;
3. Paying the balance to the Minister (in which case the full amount becomes taxable at the marginal rate and processed through the normal payroll system).

The MEA funds cannot be accumulated to finance a deposit on a property purchase. If funds are used for a deposit on a property purchase, these funds should be taxed at the marginal rate and treated as a 'cash payment' to the Minister.

Mortgage interest payments are an acceptable payment from the Ministers Expense Account, however, only when made direct to the relevant financial institution or bank.

7.7.8 Ministers Housing Expense Accounts (arising from Residence / Housing Benefits)

When a Minister chooses to live in their own home, they may receive a 'residence benefit' (housing allowance), which may be paid in one of three ways:

1. Added to their total remuneration (30% of this is tax-free and is transferred to the Ministers Expense Account, the other 70% is taxable remuneration);
2. Directed to a financier into a mortgage account (this is considered to be a 'non-reportable fringe benefit' by the ATO and the entire payment is not taxable);
3. Paid directly into a Ministers Housing Expense Account (100% non-taxable as long as strict rules of access of funds are followed). MHEA funds must be fully controlled by the Congregation, and may only be spent on:
 - Council and water rates, housing insurance, electricity, gas, telephone, etc for the Minister's property;
 - Repairs and maintenance to the property;
 - Capital improvements to the property.

Where the Minister cannot spend all funds allocated to the MHEA account, surplus funds can be either be paid to an external financier into a mortgage account, or it can be paid out to the Minister (with the effect of increasing the

total remuneration and taxable amount). Any amounts paid direct to the Minister (or to an account over which the Minister can withdraw funds without providing evidence of how the monies are spent) must be included in the total taxable remuneration amount.

7.7.9 Leave Entitlements

Leave entitlements for people in specified ministries are detailed in the Synod's By-laws and a brief summary is provided in the "Guidelines for Remuneration of the Specified Ministries".

Annual leave is funded by Congregations. Sick leave and long leave is funded through the Ministers Support Fund. Congregations should maintain records of all leave taken by Ministers.

7.7.10 Casual Preachers

Where the Congregational Minister is on leave or there is no Minister in placement, Congregations may engage casual preachers to deliver services.

From 1 July 2002, PAYG withholding has been extended to cover certain payments made to religious practitioners and it is important that Congregations follow the Australian Taxation Office guidelines. The guidelines are:

- Any payment made to a "religious practitioner" which is defined in subsection 136(1) of the FBTAA to mean:
 - A Minister of religion;
 - A student at an institution who is undertaking a course of instruction in the duties of a Minister of religion;
 - A full-time member of a religious order; or
 - A student at a college conducted solely for training purposes to become members of religious orders.

Should be made in a way that enables the issue of an annual Payment Summary at 30 June. For Synod of NSW and the ACT systems, this means they should be paid through the payroll system and a Payment Summary should be issued to the person by 14 July each year.

If an individual preaches:

- only one or two days within each quarter (ending 31 March, 30 June, 30 September and 31 December) taxation does not need to be deducted from the payment;
- On three or more days within each quarter, the payment is subject to PAYG withholding tax.

Further Information

For further information on Minister and Accredited Youth Worker remuneration and entitlements, and workers compensation coverage, please contact the Associate General Secretary on 02 8267 4326.

7.8 Superannuation

7.8.1 Employer Contributions

Employing organisations must contribute 9% of ordinary time earnings (as defined by the Australian Taxation Office) as a superannuation contribution on behalf of each employee. Superannuation contributions must be paid to a complying superannuation fund on a quarterly basis (if not more often). The due date is the 28th day of the month following the end of the preceding quarter (eg. 28 October, 28 January, 28 April and 29 July).

Superannuation does not need to be contributed by the employer where:

- Salary and Wages (as defined by the Australian Taxation Office) are less than \$450 within any calendar month (unless provided for within an award);
- Employees are aged 70 years or more;
- Employees are under 18 years and working part-time.

7.8.2 Employee Contributions

Employees may also contribute to a nominated superannuation fund. These can be pre or post tax deductions from their remuneration and are paid to the fund by the employer in the following month.

7.8.3 Choice of Superannuation Fund

Award-free employees may nominate a preferred superannuation fund to receive their contributions, as long as it is a complying fund. Employers are required to action the employee request within two months of the employee completing and returning a Choice of Super Election Form to their employer. Treasurers should request award-free employees to complete a 'Choice of Fund' form regardless of whether the employee elects to choose their own super fund or use the employer's default fund which in the case of employers within the Synod of NSW and the ACT is UC Super.

UC Super brochures are available UC Super and their contact details are www.ucsuper.com.au or phone 1800 811 145.

Further Information

For further information on this topic, please refer to the Synod of NSW and the ACT Employment Policy and Procedures Manual on Uniting Resources' HRS website: www.unitingresources.org.au/hrs.

7.9 Workers Compensation Insurance

7.9.1 Ministers and Accredited Youth Workers

Ministers of the Word and Accredited Youth Worker placements in the Synod of NSW and the ACT are covered for workers compensation through the Synod Secretariat, with the associated costs forming part of the Ministers Support Fund Levy. Ministers and Accredited Youth Workers are 'deemed' employees for workers compensation purposes, only.

Congregations do not need to arrange workers compensation cover annually for Minister or Accredited Youth Workers in placement with the congregation, and should not include them in any wage declarations for employees that the congregation may be required to submit to the Church's workers compensation insurance agent, which is currently Allianz.

Treasurers should ensure Ministers Support Fund levies are paid on time, as premiums are paid from this Fund.

7.9.2 Lay Staff Employees

All employees (full-time, part-time and casual) must be covered for workers compensation.

It is the responsibility of each Congregation to include annual wages for all employees on the 'wages declaration' submitted to the Church's workers compensation insurance agent, which is currently Allianz. The wages declarations should be based on either estimates at the beginning of the year, or actuals at the end of the prior year.

As all Synod of NSW and the ACT employing entities are part of the "Uniting Church Group" under workers compensation legislative grouping provisions, this means that the actions or non-compliance of one employing entity, within the group, can impact adversely on all employing entities within the group.

Given the above it is imperative that all employers comply with relevant deadlines for the payment of premiums, notification of estimated and actual wage information and notification of claims.

All workers compensation queries and claims should be referred to Uniting Resources on telephone 02 8267 4467.

7.9.3 Voluntary Workers

Voluntary workers (ie those who are not remunerated in any form) are covered for accident and injury through the Synod of NSW and the ACT's global volunteers accident and injury policy.

7.9.4 Independent Contractors

Independent contractors are not covered by workers compensation insurance. They must show proof of current insurance arrangements, as well as providing relevant license or professional membership details.

In the event that they do not have their own workers compensation insurance, they are 'deemed' workers for workers compensation purposes, which places a liability on the organisation engaging their services and must be avoided at all costs.

7.9.5 Work-Related Accidents

All work-related accidents should be reported immediately (after necessary medical treatment has been provided). Even apparently minor incidents may have a longer-term impact due to possible complications at a later date.

Incident forms should be completed. Claims should be carefully managed, and employees encouraged to return to work as soon as their fitness-for-work improves.

It is critical that work-related incidents are properly handled from the beginning. Please contact Uniting Resources' Injury Management and Workers Compensation Claims Co-Coordinator, Workplace Safety Services on telephone 02 8267 4467.

Further Information

For further information, please contact Uniting Resources' Injury Management and Workers Compensation Claims Co-ordinator, Workplace Safety Services on telephone 02 8267 4467.

7.10 Occupational Health and Safety (OHS)

7.10.1 OHS Legislation

The NSW Occupational Health and Safety Act 2000 aims to secure the health, safety and welfare of people at work. It lays down general requirements which must be met at every workplace in New South Wales. The Act places obligations on employers and controllers of premises and applies to employees, students, contractors and other visitors to the workplace irrespective of whether to employer is not-for-profit or commercial.

There are severe penalties for both employers and managers not adequately observing provisions of the OH&S legislation and jeopardising the health, safety and welfare of people at work. Heavy financial penalties and jail sentences (e.g. \$55,000) apply to managers within organisations who have been considered to be in breach of their obligations. It should be noted that financial penalties resulting from OH&S breaches are not covered by Directors and Officers Liability Insurance.

7.10.2 Employer Obligations

Synod of NSW and the ACT employing entities are responsible for ensuring that all employees and others in a workplace are provided with a safe work environment. The strict legislative requirements associated with OH&S should not be underestimated and therefore employers must ensure that they have an effective OH&S system in place that that:

- Implements policy and procedures;
- Controls workplace hazards and risks;
- Prepares for emergencies;
- Records injuries and prevents recurrence;
- Facilitates recovery and return to work following injury;
- Audits system effectiveness and compliance.

Key requirements under OH&S legislation are summarised to include:

- Providing a safe place and systems of work;
- Establishing processes for consultation and communication with employees;
- Identifying, assessing and controlling workplace hazards and risks;
- Providing effective supervision, training and information on hazards;
- Being in a position to demonstrate 'due diligence' with regard to the above.

7.10.3 Reporting to Management

A monthly or quarterly report (depending upon size of operations) should be provided to the Church Council or Management Committee on OH&S, safety and security matters.

Church Councils need confirmation that OH&S systems are working effectively and being consistently applied (examples of reporting requirements are available on the Uniting Resources website).

7.10.4 OHS Systems and Reporting

The Uniting Resources website includes a section on OH&S Management and can be accessed via the following link:

<http://www.unitingresources.org.au/wss>.

Further Information

Further information is available from Uniting Resources' Manager Workplace Safety Services on telephone 02 8267 4242.

7.10.5 OHS Briefings and Workshops

The Workplace Safety Services (WSS) Manager conducts briefings and workshops to educate Synod of NSW and the ACT organisations about their obligations and mechanisms to meet statutory obligations.

These workshops can be conducted to groups of congregations to ensure compliance with legislative requirements. It is strongly recommended that congregational representatives attend such meetings. Please contact Uniting Resources' Manager WSS to organise attendance on telephone 02 8267 4242.

8. ASSET AND PROPERTY MATTERS

8.1 Managing Property within Your Congregation

8.1.1 Legal Ownership by UCA Property Trust

The Uniting Church in Australia Property Trusts (NSW and ACT) are the 'legal' and 'beneficial' owners of all property (real estate, possessions or funds) used by Synod of NSW and the ACT Congregations and agencies throughout NSW and the ACT.

Congregations/presbyteries have 'custodial' rights to property used by them, and are responsible for the management, administration and upkeep of this property.

Due to their capacity to 'control' how the properties are to be used, Congregations are considered the appropriate entity to record the real estate property assets for accounting purposes.

If land and buildings have recently been purchased, their initial value in the Congregation's books is the purchase price (including incidental costs incurred to acquire the property).

If the property was gifted or bequeathed, the property should be valued by a professional property valuer.

All property of the Church must be held, managed and dealt with in accordance with the Regulations of the Uniting Church and the By-Laws and policy decisions of the Synod of NSW and the ACT.

Congregations are required to refer certain property matters to Presbytery for endorsement, and subsequently to the Property Services unit for action and/or submission to the UCA Property Trust for approval.

8.1.2 Synod Property Register

The Property Services area of Uniting Resources maintains a Property Register of all real estate of the Synod of NSW and the ACT. Any changes in valuations, use, and condition should be advised to the Property Services area to enable an update of the Synod's property records. Likewise, all proposals for development, sale, lease or purchase of property should be (ultimately) submitted to the Property Services area for approval by the Property Trust.

The Property Register is used for recording property details such as address, zonings, maintenance history, insurance, etc. The Synod Property Register is not an Asset Register and is not relied on for financial reporting purposes.

The Synod of NSW and the ACT Property Manual provides in-depth detail on the management of Church property, and should be referred to for further information. Please also refer to the Uniting Resources Property Services website: www.unitingresources.org.au/ps.

8.1.3 Property Committees

UCA Regulations requires each Presbytery to appoint a Property Committee. Individual Committee members are also appointed by the Presbytery.

UCA Regulations also requires Church Councils to be responsible for the management and administration for all Uniting Church property acquired or held for the use of the Congregation. Therefore, it is essential each Congregation appoints a Congregation Property Committee and its members should be comprised of at least one member of the Church Council. The Church Council should ensure there are adequate management directives and monitoring processes in place for the Congregation's Property Committee.

Congregation Property Committees and Church Councils are also accountable to Presbytery Property Committees in relation to property matters.

Property Committee members should have experience and/or skills in property and financial management, building security and safety, occupational health and safety, insurance, etc.

A key role that Property Committees can have is in the forward long-term planning for property maintenance, refurbishment and/or replacement. Due to the extent of funds required for these activities, such plans often require several years of systematic planning.

8.1.4 Property Shared Between Two or More Congregations

Occasionally, two or more Congregations share one Church property. In these situations, Synod of NSW and the ACT has developed principles for how the responsibilities for maintenance are allocated, and how operating costs and operating income may be apportioned.

For further information relating to shared property contact Uniting Resources Property Services unit.

8.2 Property Management

8.2.1 Property Repairs and Maintenance

Buildings and associated components inevitably deteriorate over time, or may be subject to external vandalism or an unforeseen accident. Low value repairs and maintenance are generally short-term tasks. Even though buildings may be relatively new in structure and age, they generally require periodic maintenance and repairs.

Under NSW law, repairs for plumbing, electricity, carpentry, flooring etc should be done by a qualified and licensed contractor. Any subcontractor that enters Church premises must be covered through their own insurance. They should show proof of a trade license and current insurance policy before they commence work on the premises.

General assets such as computers, furniture, photocopiers, church pews, white goods, curtains, floor coverings, etc inevitably deteriorate over time or may be subject to accidental damage or external vandalism.

Low value repairs and maintenance are arranged as needed, and the associated costs are recorded as a property expense item in the financial Statement for Operational Receipts and Payments. These items might include plumbing repairs, replacement of rotten floor boards, re-hinging of doors and cupboards, etc. Some allowance for minor property repairs should be included in your Congregation's annual financial budget.

Persons coordinating repairs should ensure that people undertaking the repairs are properly qualified for the tasks being undertaken, and where required they are licensed professionals.

Persons coordinating repairs should also ensure that the contractors are adequately insured, provide evidence of a current insurance policy and complete the principal contractors statements as required by WorkCover.

8.2.2 Property Utility Costs

Power, heating, water, etc are additional costs that increase with the level of usage of buildings. Where church premises are used by other groups, these costs become a part of the access and usage costs.

There have been occasions where Congregations are unknowingly subsidising the costs of other groups using the premises, even though a fee may be being charged to the user. This situation commonly happens during winter when heating bills can significantly increase and the fee being charged to the user is not sufficient to cover all associated costs.

When leasing premises to other groups, the letting fee charged to those groups should ensure that (as a minimum) all utility and 'wear and tear' costs are recovered.

8.2.3 Security

Properties should be securely locked at all times when not in use. Keys should be issued to nominated security persons only, to ensure access, safety and security issues can be properly managed.

Nominated people being issued with keys should sign for them in a Security Register. Lessees may nominate a security person to hold an access key.

Access to church premises should be provided to casual users of the church facilities through a nominated security person. Keys should not be left with casual users of church facilities under any circumstances.

8.2.4 Safety

The Congregation is responsible for ensuring that church premises are safe for the general public to access. There are significant potential penalties where safety standards and expectations are not met.

If there is any possibility that your buildings may contain asbestos, please ensure this is discussed with Uniting Resources.

8.3 Property Renovations and Refurbishments

8.3.1 Major Maintenance v Minor Maintenance

Property renovation and refurbishments are classified as 'major maintenance items' that generally improve the value of the property and its 'usable life', and are therefore classified as longer-term 'asset purchases'.

8.3.2 Property Renovation and Refurbishment

The older properties get, the more repairs and maintenance is required. There will come a time when it is more cost effective to refurbish parts of the property rather than continue maintaining them. Examples may include replacement of kitchens or bathrooms, replacement of roof, floors or structural beams, etc.

These high value tasks require different treatment: they require more involved planning and consultation with the congregation, coordination of substantial financing, and contracting with builders and contractors.

8.3.3 Qualified and Licensed Contractors

All property refurbishment work must be done by a qualified and licensed contractor who must be able to provide evidence of their license at the time of providing a quote for repairs (this might be done through a license number, certificate, etc).

They must also have full insurance coverage in the event that they cannot complete the job for a variety of reasons – this should be a condition of builder contracts.

Proof of a trade license and a current insurance policy must be provided to the Treasurer / Property Committee at the time of signing the contract, before they commence work on the premises.

8.3.4 Property Upgrades due to Legislative Changes

Occasionally, new legislation is passed that requires additions and installations to existing buildings. Examples include:

- Fire safety systems;
- Occupational health and safety;
- Disabled and limited mobility access;
- Child care safety play systems;
- Heightened security;
- Asbestos removal. Etc.

Synod unfortunately does not have funds available to assist with such costs, and these therefore need to be funded by the Congregations.

8.3.5 Local Council Approvals

Changes to the structure of buildings (internally or externally) require approval from the local council. This may include such refurbishments as changes to outside steps, replacement of windows, replacement of flooring, etc.

Property upgrades due to legislative changes often require specific design and installation by a qualified professional. These design plans may be required by the Council in the Development Application.

Renovations that do not involve any change to existing structures often do not require separate application for approval from the local council. The Council should be approached for clarification as to what they require for each individual situation.

8.3.6 Property Trust Approvals

All structural work to be undertaken on properties should be cleared with Uniting Property Services to ensure that any formal approvals required from the Property Trust (NSW and ACT) are fully satisfied.

All contracts for major work on UCA property are to be signed by the relevant Property Trust.

8.3.7 Funding

Refurbishments costs are generally very high, and may require several years of forward planning and deliberate saving to ensure adequate funds have been raised to finance the total costs.

Capital budgets should include planned periodic refurbishments.

The strategy that the Synod of NSW and the ACT recommends Congregations to use in planning for such costs is the annual 'provision for property refurbishment' (property depreciation), and setting aside cash funds in a separate 'Property Refurbishment' bank account.

Failing this, Congregations and Presbyteries can apply for a loan from UFS. Naturally, approval for such loans will be assessed on financial capacity by the applicant to service the debt (principal sum borrowed and interest expense) by paying back the loan.

8.4 Property Purchases, Developments and Sales

8.4.1 Property Sales, Leases and/or Purchases

The UCA Property Trust (NSW and ACT) is the legal and beneficial owner of all UCA property.

UCA regulations require all proposals for development, sale, lease or purchase of property to be:

- endorsed by the Congregation;
- approved by the Church Council;
- approved by the relevant Presbytery; and
- approved by the Synod Property Trust (through Property Services area and the Property Trust).

Uniting Resources' processes for property sales, leases and/or purchases can be obtained from Uniting Resources on 02 8267 4319.

The Synod has issued a policy on the utilisation of sale proceeds, and this is currently under review. Strict Synod guidelines apply, however, for the use of asset sale proceeds. No property transactions may proceed without the prior approval of the Synod of NSW and the ACT Property Trusts.

The Synod of NSW and the ACT also supports establishment of new and emerging churches, and continually seeks sources of funding to facilitate this. It is Synod policy for Congregations selling property to tithe 10% of the sales proceeds to the Board of Mission (administered through the Synod Property Officer). Any applications for exemptions from the tithing requirements must be made to the Synod Mission Resource Fund Committee.

8.4.2 Property Developments

From time to time, Congregations and Presbyteries may wish to restructure their property to provide a reliable income stream into the future, or re-develop existing premises to cater for an expanding and changing congregation base.

All proposed property developments should be referred to Uniting Resources Property Services unit at an early stage of the proposal, before substantial costs are incurred. No Development Applications (Das) to local councils or contracting of builders can occur without prior approval for the project from the Synod of NSW and the ACT Property Trusts.

The Property Services unit also has established a specialist group of Property Consultants and Construction Project Managers for Synod of NSW and the ACT property matters. These staff are well-experienced at property development issues and council requirements, architectural design, environmental and soil issues, heritage building matters, community expectations, etc. They can also provide advice and assistance with explaining property development processes and developing design and construction budgets.

For more information, contact Uniting Resources on 02 8267 4319.

8.4.3 Legal Issues

There are complex legal issues associated with property transactions. These may include (but are not limited to) builder and construction contracts, property sale / purchase contracts, mortgage discharge documents, occupational health and safety, etc.

Due to the potential value of property contracts, and penalties for non-performance under these contracts, it is imperative that the Property Services unit (and Property Trust lawyers) be approached for pre-transaction advice and assistance, and legal review of draft contracts, before congregations make any commitment to another party regarding entering into property-related transactions and/or contracts.

It is also worth noting that sale and purchase of property used for commercial purposes generally includes GST (unless specifically excluded from the contract). Residential properties and sales of church properties to religious groups, though, are treated differently for GST and appropriate advice should be sought.

8.4.4 Local Council Approvals

Property developments will require local council approvals of Development Applications before the Congregation may proceed with any construction work.

The Manager of the Property Services unit can advise on what processes are to be followed, and can be contacted on 02 8267 4319.

8.4.5 GST on Sale of Property

There are a number of different GST implications that can arise as a result of selling property. For further information about these contact Uniting Resources.

8.4.6 Use of Sales Proceeds

UCA regulations outline the priorities in application of sales proceeds upon disposal of a property.

The Synod of NSW and the ACT has strict policy guidelines about how sales proceeds can be used by Congregations. Generally speaking, sales proceeds should be used for capital purposes, whether it includes re-structuring of church facilities, major building renovations, relocation of church building, or purchase of other significant assets etc.

Sales proceeds may be used for alternative means, from time to time, for example to fund a proposed mission opportunity of the Church. These situations however, require detailed and careful consideration by the Synod Mission Resource Fund (SMRF) Committee, and must be accompanied by a detailed and justified proposal.

The approval of the Synod of NSW and the ACT Property Trusts and/or the Synod Mission Resource Fund Committee, is required for any proposed use of sales proceeds, as the Synod still has 'legal and beneficial ownership' of these funds and the Congregation only has 'custodial rights'.

Please contact Uniting Resources for further advice on particular situations.

8.5 Leasing Out UCA Property

8.5.1 Property Trust Approvals

Approval of the Synod of NSW and the ACT Property Trust is required before Congregations may lease out and/or enter into a license or lease agreement with a non-UCA organisation, or a Memorandum of Understanding with another UCA organisation.

The Uniting Resources Property Manual sets out current approval delegations for different types of church property where the church is landlord or lessee. Enquiries should be directed to the Uniting Resources on 02 8267 4319.

8.5.2 Leasing Church Halls and Buildings

Letting fees or rental charges should cover (as a minimum) all associated costs of using the property including power, heating, water, depreciation, cleaning, etc.

Licenses are generally arranged where property usage occurs for less than one year, and leases are generally arranged where property usage extends for more than one year. Contact the Uniting Resources on 02 8267 4319 for clarification of when to arrange a license versus a lease.

The Synod of NSW and the ACT recommends charging commercial rates to external commercial businesses and organisations. Where UCA organisations or other religious or non-profit groups are using church premises, it may be appropriate to charge a lower rate.

Where other UCA congregations are using church premises, it is only appropriate to charge a 'cost contribution' that reflects the percentage of utility, insurance and 'wear and tear' costs involved. This is in accordance with Synod policy.

Where rent is charged at 'commercial market rates', GST is payable to the ATO. The GST component should be charged in addition to the rental amount, so that the Congregation is not out-of-pocket when passing the tax on to the ATO.

If rental charged is 75% or less of the 'GST inclusive market rate', the supply will be GST-free. More information is provided about GST in a separate Tax Manual.

Property hire insurance should be arranged to cover unforeseen accidents during ad hoc or casual usage. This is described in the Insurance Manual. Contact Uniting Resources on 02 8267 4319 for further information on this matter.

For ongoing exclusive usage of church buildings during certain days/times, a lease should be in place to document agreed access and lessor responsibilities, and lessee commitments on rental payments and care of the building. Solicitors should be used for such leases. There have been instances where lessees have not honoured their rental commitments, and without a lease in place, the congregation has little capacity to legally recover unpaid rent from the people involved.

8.5.3 Leasing Manses and Other Residential Accommodation

Where manses are not being used by the Minister or Accredited Youth Worker, they may be commercially leased out for additional income to the Congregation.

Residential property should be leased at full 'market rates'. GST is not payable on residential property, nor may the GST on associated costs to maintain the property be recovered from the ATO during this period.

If the Congregation has leased the manse to another Congregation, it may be appropriate to charge a lower rate that reflects the standard 'housing allowance' as determined by the Secretariat.

If the property is being managed by the Treasurer and/or Property Committee, all precautions should be taken to ensure that the contractual lease arrangements are managed in accordance with the Residential Tenancies Act 1987.

Formal residential leases should be in place. Standard residential lease forms are available from newsagents.

Full credit checks should also be undertaken on all prospective tenants to minimize potential financial loss or damage to property at a later date.

8.5.4 Commercial Property Management

Occasionally, vacant church manse properties are leased to the public through real estate agents. Once an Agency Agreement has been signed, the agent is responsible for following up on unpaid rent and for arranging maintenance and repairs to reported problems.

Agency fees can range from 6% - 10% of gross rental receipts, and may be reduced through negotiation. Generally there is more capacity to negotiate lower rates in high rental rate areas which provide more income and involve less travel for the agent during their management period. Management fees are deducted from rental income every month, and monthly statements are issued. GST charged on residential property management is not recoverable from the ATO.

A notice period of 30 days is generally required where the congregation wishes to change agents or where the Finance and Property Committee resume management.

8.5.5 Resolving Conflicts and Difficulties

Contractual leases outline processes to be followed in resolving conflicts with tenants. These should be strictly observed.

Congregations may not take or defend legal proceedings under any circumstances, without the prior written approval of the Moderator.

Specific queries should be referred to Uniting Resources on 02 8267 4319.

8.6 Accounting for Property

8.6.1 Recording Land and Buildings

All UCA property that is used by Congregations should be recorded in the (accounting) books, ie, balance sheet of the Congregation (rather than by the Synod). The Chapter on the completion of the annual UR2 return to Synod will detail how this works.

8.6.2 Property Budgets and Planning

8.6.2.1 Annual Budgets

Annual Property budgets should be developed by Property Committees, and these budgets should be incorporated into the general Congregation's annual operational and capital budgets for UR1 reporting purposes.

Annual operational property budgets include:

- Income from church property or residential leases, ad hoc church hall hire, and interest income from property bank accounts; as well as
- Expenses from property, public liability insurance costs, minor repairs and maintenance, rates and service fees, utilities costs, etc.

Annual capital property budgets include:

- Sources of cash inflows from Synod or Presbytery grants for property development, sales proceeds upon sale of property, property development fundraising and donations from the congregation;
- Sources of cash outflows for major refurbishments, heritage listing repairs, architectural and consultant fees, council development applications, demolition and land clearing costs, construction costs, tithing fees upon sale of property, etc.

8.6.2.2 Asset Replacement Planning (long Term Planning)

8.6.2.2.1 Benefits of Long-Term Planning

Replacing assets can involve significant funds which Congregations do not generally have available. For this reason, it is strongly advisable for Treasurers to plan gradual replacement of assets over a long-term period. Well-planned replacement will resolve much of the anxiety and inconvenience of trying to raise large amounts of funds within short timeframes and/or having large-scale replacements or refurbishment work undertaken at inconvenient times of the year.

8.6.2.2.2 The Asset Replacement Planning Process

The Asset Register is a good starting base for the Plan. Some assets are replaced more frequently (such as computers, audio visual and office equipment), while other items are replaced less frequently (such as pews, podium, carpets).

By going through the Asset Register, the 'useful life' period and anticipated timeframe for replacement will be apparent (this is required for calculating depreciation on items).

The Asset Replacement Plan should identify various asset categories and the proposed replacement timeframe.

For each item that will be replaced, a decision should be made as to whether it will be replaced by something the same or with something different (due to upgrades in technology and design).

Some assets may not be separately listed in an asset register, but will need to be refurbished or replaced periodically. Examples of these are the kitchen, rest rooms, external roof, or front entry. An Asset Replacement Plan will need to include these types of high cost items to enable planning for congregation needs and funding sources well ahead of time. Depending upon the growth stage of a congregation, it may wish to maintain these types of items rather than refurbishing them, or alternately a congregation may prefer to build a new complex for its changing and expanding needs.

Some major property work may need to be included into the Plan due to an emerging issue such as change in legislation requiring fences, disabled access, removal of asbestos, etc.

Major refurbishments or new property developments tend to take several years of planning due to the complex design, consultation, UCA approvals, council approvals, funding sources, and construction processes involved.

High cost items are best planned for staggered replacement over a longer period, to alleviate funding pressures and to give the congregation a firm direction for its development.

8.6.2.2.3 Updating the Plan

The Asset Replacement Plan should be updated every year as part of the strategic planning and budgeting processes.

On occasions, the items being disposed of may still have a residual value. Examples might include computers, furniture, kitchen cupboards, bathroom hardware, etc.

8.6.2.2.4 Financing of Major Property Repairs and Maintenance

Some church buildings may need major repairs, renovations, or redevelopment. Some church buildings are also heritage-listed and this can result in higher maintenance costs. These matters may require substantial finances and may require several years of planning.

Options for financing include:

- Utilising sale proceeds;
- Utilising funds set aside in the “Provision for Property Refurbishment”;
- Coordinating a range of fund-raising events;
- Directing designated property rental income to the new project;
- Seeking donations from congregation members;
- Arranging a loan with Uniting Financial Services;
- Creating a Self-Help Scheme.

8.6.3 Asset Registers

All assets originally costing over \$500 and expected to be used by Congregations for more than one year are considered to be depreciable assets and should be recorded on the Congregation’s Asset Register.

Specific assets that have shorter ‘useful lives’ than buildings (for example, kitchens, bathrooms, air-conditioning, carports, carpets, etc) should be separately listed in the Asset Register. Each line item in the Asset Register should be depreciated at a rate that reflects their ‘estimated useful life’.

They are recorded in the UR2 Statement of Assets and Liabilities of the Congregation upon purchase under the classification of Building and Fixtures, rather than in the Statement of Operational Receipts and Payments.

The costs associated with ‘wear and tear’ of the assets are gradually reflected as an expense in the Statement of Operational Receipts and Payments through depreciation charges.

Items purchased under \$500 are generally expensed, ie, they are recorded as an expense in the Receipts and Payments ledger (and report). Although not a depreciable asset, they nevertheless have value (for insurance purposes) and may still need to be recorded on the Asset Register.

Details recorded on the Asset Register for each asset should include:

- Date of purchase
- Details of asset/item (including model and serial numbers)
- Purchase cost
- Location of use
- Person using item (if relevant)
- Ownership status

Valuable items, including motor vehicles and real estate property, should also be recorded on the Asset Register. Valuable items are 'depreciated' each period to reflect the 'wear and tear' of their use. (A depreciating asset is an asset that has an effective life of more than one year and can reasonably be expected to decline in value over the time it is used.)

Uniting Resources recommends using the Australian Taxation Office standard rates of depreciation for various asset classes. The ATO releases a new publication each year discussing depreciation and includes the latest depreciation rates.

In addition to the Asset Register details outlined above, the following information should also be recorded for depreciating assets:

- Annual depreciation rate
- Annual depreciated amount
- Accumulated depreciation
- Net value (purchase cost less accumulated depreciation)

Typical annual depreciation rates for non-property assets include:

Property (Buildings)	2-4% per annum (assuming a life of say 30+ years)
Furniture	10% per annum (assuming a 10 year life)
White goods	20% per annum (assuming a 5 year life)
Computers	33% per annum (assuming a 3 year life)
Motor vehicles	20% per annum (on anticipated loss of value over period being held assumes a 5 year life before trade-in)

8.6.4 Security Registers

A number of items are issued to people filling responsible roles within the Congregation/ organisation. These might include:

- Keys (providing access to premises or cabinets holding valuable goods or confidential information);
- Credit cards (which are negotiable financial instruments and may be fraudulently misused by others);
- Cheque books (also negotiable financial instruments and may be fraudulently misused by others);
- Mobile phones;
- Laptops (which are transportable and easily stolen);
- Vehicles (which are insured for approved drivers only, may incur parking or traffic penalties, and/or may be used for personal purposes);

These items require specific care in their storage and use to prevent potential misuse or loss to the Congregation.

8.6.5 Register of Items Issued

People issued with these items should sign for their receipt. A Register of Items Issued should be maintained and would include details such as:

- Date of Issue;
- Description of Item;
- Identifier (eg key no, credit card number);
- Name of Receiving Person;
- Signature of Receiving Person;
- Date of Return;
- Person Witnessing Return

8.6.6 Key Register

A separate Register should also be maintained of all keys cut for various locks/ buildings.

8.6.7 Disposal of Assets

When assets become obsolete or are damaged so that they are no longer used, the assets are disposed of. Disposal of assets requires the approval of the Treasurer and/or Church Council as this action often goes hand in hand with the asset being replaced. Asset replacement is a management decision that needs prior consideration of future needs of the Congregation, available financial capacity to replace the asset and in some circumstances the obsolete or damaged asset may be replaced by something quite different.

Upon disposal of assets, the assets need to be removed from the Congregation's Asset Register, with a comment about the disposal. Any remaining value of the asset (after depreciation) is, in effect, an 'asset write-off' expense and should be recorded as such in the Statement of Operational Receipts and Payments.

8.6.8 Sale of Assets

Assets which are still in good condition but are no longer required for use by the Congregation may sometimes be sold and this will provide additional revenue to the Congregation. Net sale proceeds are recorded as income in the Statement of Capital Receipts and Payments. 'Net sale proceeds' are defined as gross sale proceeds reduced by:

- Residual value of asset in Asset Register;
- Sale costs (such as auction, advertising, and transport costs);

Where the costs of selling an asset exceed the likely proceeds from the sale, the Treasurer may suggest disposal of the asset by other means.

The Asset Register should record the sale (and disposal) of assets.

8.7 Depreciation of Assets

Calculating 'estimated useful lives' of assets provides a guide as to how much will be depreciated during the full period of ownership on an annual basis. An accurate 'cost' of the non-property asset during its period of ownership may be calculated as follows:

- Determine the original purchase price of the asset;
- Estimate the total number of years the asset is to be held by your Congregation;
- Divide the original purchase price by the number of years the asset will be held for.

For example, a computer was purchased for \$2,400 and is expected to be used for 3 years. The depreciation amount is:

Purchase price = \$2,400
Total depreciation = \$2,400 divided by 3
Annual depreciation = \$800 per year

Depreciation rates (as quoted above) are intended to reflect a 'reasonable' proportion of an asset's value which is lost each year through fair wear and tear.

As stated under Asset Register above, valuable (replaceable) assets are depreciated. The Synod of NSW and the ACT encourages congregations and other Synod of NSW and the ACT agencies to annually record the cost of depreciation of buildings. Depreciation rates of between 2%-4% per annum are generally accepted to be appropriate (based on ATO property depreciation rates) depending upon the age and condition of the building. Heritage-listed buildings may need a higher rate due to the ongoing and increasingly specialised nature and cost of repairs for heritage materials and construction methods.

As Congregations will at some point in the future actually need available cash to finance building upgrades, Uniting Resources also recommends that Congregations periodically/annually transfer the cash equivalent value of depreciation/provisions to a separate (sinking fund type) bank account that is specifically reserved for building refurbishments and renovations. This is simply long term good stewardship rather than trying to respond to an emergency situation at short notice where a congregation has to find a large sum of money to undertake major building works.

8.8 Valuation of Land, Buildings and Contents

Church property is made up of three components: land, buildings and contents. As the value of real estate property can change significantly over the years, and there is a substantial cost to having property formally valued, Uniting Resources provides the following guidelines on valuation of property:

- Land is valued periodically (generally every three years) by the Valuer-General, and it is this value that the Synod of NSW and the ACT relies on to reflect its value in the financial accounts;
- Buildings should be valued at their replacement cost for insurance purposes (which may not reflect their market value – either due to heritage status, age and condition, etc);
- Contents are valued according to their purchase price. These are rarely revalued for accounting purposes, but should be periodically revalued for insurance purposes.

As stated above, Congregations should ensure their buildings are valued adequately for insurance purposes. This may involve periodic ‘valuations’ by a professional valuer. Unless instigated by Uniting Resources, Synod recommends revaluation of properties for insurance purposes every 3 to 5 years to ensure they are not significantly under-insured.

Significant additions and upgrades of major items such as air-conditioning, kitchens, bathrooms, electrical wiring, etc would be considered part of the building. Floor coverings, curtains and light fittings, however are considered to be part of the contents.

Further Information

If you have any queries about the valuation of property purchased by your Congregation, please contact the Manager Property on 02 8267 4319 or email Uniting Resources on the generic email address: treasurer@nsw.uca.org.au.

8.9 Motor Vehicles

8.9.1 Acquisition of Motor Vehicles

Vehicle purchase and management is a high-risk area for the Synod. Please contact Human Resources on 02 8267 4365 or 02 8267 4369 for guidance.

8.9.2 Security of Motor Vehicles

All vehicles newly acquired should be recorded in the Congregation’s Asset Register, together with registration date and name of the person in charge of the motor vehicle. Vehicles which are personally used by employees should be signed for in the Register of Items Issued.

Keys to motor vehicles, which are available for general use, must be kept in a secure place to ensure the vehicle is not used without authorisation. Unauthorised use will not be covered by insurance.

8.9.3 Registration and CTP Insurance

8.9.3.1 Name and Address of Registered Owner

All Congregation vehicles must be registered under the name of “Uniting Church Property Trust (NSW)” or “Uniting Church in Australia (ACT) Property Trust”, depending upon whether the vehicle is garaged in NSW or ACT. In accordance with changes to RTA legislation, there is now only one customer reference number (“CRN”) for the Uniting Church recognised for registration purposes in NSW. This CRN is held by Uniting Resources and details of this should be obtained from Uniting Resources Property Services unit on 8267 4319.

The address for registration purposes should reflect the name of the Congregation or Synod of NSW and the ACT organisation, and its business address. If registration is not recorded in one of the Property Trust names, the vehicle will not attract the fixed government contract pricing.

The vehicle must be registered with the Roads and Traffic Authority and covered by Compulsory Third Party (CTP) insurance before they can be legally driven on the road. Registration details for all vehicles must be provided to the Uniting Resources’ Property Services unit.

8.9.3.2 Annual Registration

The Treasurer is responsible for ensuring vehicles are re-registered each year before the expiry of registration.

Re-registration of older vehicles (aged 3 years or more) must be accompanied by a roadworthiness test (often called a ‘pink slip’) done by an accredited mechanic prior to registration. In addition, vehicles that have been modified (for example with LPG conversion) require a roadworthiness test every year regardless of how new they are.

If vehicles are not registered within the required time period, the vehicles are not covered by insurance in the event of an accident. Unfortunately, there have been instances in the past where UCA staff have been (unknowingly) driving vehicles whose registration has lapsed, however this has not excused them (or the UCA) from financial liability in an accident.

8.9.3.3 Providing Drivers License Details

Any person authorised to drive a Uniting Church in Australia vehicle must provide details of a current driver’s license for that type of vehicle before they are permitted to drive the vehicle. Only authorised drivers, and authorised use, will be covered for insurance purposes. In the event that an accident occurs during a period of unauthorised use, the driver may be held personally responsible.

Any accident that an unroadworthy or unregistered vehicle is involved in will not be covered by motor vehicle insurance.

8.9.4 Synod Records of all Purchases and Sales of UCA Vehicles

Risk and Insurance Services (R&IS) must be advised of all vehicles purchased and registered in the name of a Uniting Church in Australia Property Trust. As all motor vehicles are registered under a UCA Property Trust name, any unpaid infringements by an individual could result in the entire Synod of NSW and the ACT motor vehicle fleet being deregistered. This has major implications in relation to liability in the event of an accident. For this reason, R&IS must have full contact details of all persons and motor vehicles being driven to ensure speedy identification of persons liable for such infringements.

Drivers of all vehicles must show a current drivers license when being issued with the vehicle keys, and a photocopy of the drivers licenses should be provided to R&IS. Please contact the R&IS on telephone 02 8267 4484 or email insurance@nsw.uca.org.au.

Essential elements of insurance coverage arranged by R&IS (in addition to following road rules, of course) are:

- current registration;
- roadworthiness of vehicle; and
- authorised licensed drivers.

Advice should also be provided to R&IS when vehicles are sold. There have been instances where 'UCA vehicles' have been insured long after disposal because their sale was not advised to R&IS. This creates a waste of church funds for unnecessary insurance. R&IS needs all relevant information to be able to 'monitor' such aspects of insurance.

In addition, parking fines or traffic infringements are frequently issued to UCA vehicles, and reminders for unpaid fines are sent to the Synod.

An up-to-date database of which vehicles are attached to what organisations is an important management control tool for ensuring insurance and driver responsibility issues are adequately managed.

8.9.5 Log Book Records for Vehicles with More Than One Driver

Where vehicles are available for a number of people to drive for business purposes, a log book should be maintained on an ongoing basis. This is important to ensure:

- drivers are properly licensed drivers;
- any fines or traffic infringements can be traced back to the driver of the vehicle at the time the infringement occurred; and
- there is a complete record of use for Fringe Benefits Tax purposes.

Log books should be kept in a clearly visible place in the vehicle to remind drivers to complete it during use. Drivers' license numbers should be recorded on the log book, together with details and odometer readings of their trips.

Where a work-related vehicle is being used by only one driver and his/her family, a log book record should be maintained for at least 12 weeks every four years. This is required by the ATO when apportioning usage between private and business use for FBT purposes.

8.9.5.1 Private Vehicle Usage

Private vehicles may be used for business purposes, for which the vehicle owner may be recompensed reasonable costs for 'wear and tear' and petrol. Rates are determined by the size of vehicle engine, and employment terms and conditions that employees are employed under.

Prior approval to use a private vehicle for Church purposes is required before any claim for usage can be made. Proof of current vehicle registration, insurance and drivers license must also be provided.

Reimbursement rates per kilometre have been set, and these are outlined in the Guidelines for Remuneration of the Specified Ministry (contact the Associate General Secretary, of the Secretariat for further information), in employment awards and contractual conditions, and in the ATO travel reimbursement schedule. Volunteers may also have a specific reference to this in their agreements.

For further information, also refer to the Synod (HR) Motor Vehicle Policy for employees.

8.9.6 Vehicle Accidents

If a UCA vehicle is involved in an accident, the driver should not admit fault to the other driver under any circumstances. There are several contributing factors in an accident to which other drivers or the RTA may have contributed. By publicly accepting responsibility for the accident, the UCA may be held responsible for the total cost of repairs to all vehicles involved. The police and insurance assessors will determine who is responsible when they review the circumstances of the accident.

The driver should obtain vehicle and license details of the driver of the other vehicles involved in the accident, together with details of their insurer.

Accidents should be reported to Synod through the insurance 'Incidents Register'. This Register is part of a broader risk management strategy and enables Synod to monitor causes and occurrences of specific types of accidents which leads to subsequent preventative and corrective action.

Insurance companies generally require their own assessors to assess the extent of the damage, and for repairs to be undertaken by their own 'preferred repairers'.

Where intentional damage occurs to vehicles due to driver negligence or his/her illegal acts, repairs may not be covered by insurance and should be paid by the driver of the vehicle.

8.9.7 Vehicle Maintenance and Repairs

Vehicles should be well maintained as per warranty guidelines in order to remain covered under warranty. They should be serviced by a competent mechanic every 10,000kms – 15,000kms. A full service should also be undertaken before the warranty period expires to ensure any potential manufacturing problems are picked up.

Maintenance costs tend to increase after the initial 3-year period due to replacing worn tyres, and replacing other worn parts that are no longer covered by the manufacturer's warranty.

If a vehicle is not running well, the driver should notify the organisation. The organisation should then ensure the problem and cause is promptly investigated to ensure no-one's safety will be jeopardised by continued use.

OH&S requirements apply in the event that an employee is driving a church-owned vehicle.

8.9.8 Fines and Traffic Infringements

All parking fines and traffic infringements issued to drivers of UCA vehicles must be paid by the driver of the vehicle at the time the fine or infringement was issued, and cannot be paid under any circumstances by the Congregation / Synod of NSW and the ACT organisation.

As the UCA Property Trust (NSW/ACT) is the registered owner of the vehicle, the statutory declaration on the reverse of the infringement notice needs to be completed by the organisation to sign over responsibility for the fine/infringement and the allocation of associated demerit points from the UCA Property Trust to the individual that received the penalty.

It is imperative that drivers pay all such infringements promptly as failure to do so can result in every motor vehicle registered in the UCA Property Trust name being de-registered and the Church cannot under law accept responsibility for such infringements.

8.9.9 Sales of Motor Vehicles

Vehicles are often used for periods of between 2–5 years before they are resold. They should be sold at market value. Indicative market prices for cars of varying ages are available on-line through the 'Red Book' website www.redbookasiapacific.com/au/.

Trade-ins through reputable Australian dealers can be an effective way of selling UCA vehicles, alternate methods of selling vehicles involve auctions and private sales through websites such as www.carsales.com.au.

8.9.10 Vehicles as Part of Employment Package

Employees (as distinct from Ministers) may sometimes be provided with a motor vehicle as part of their employment and/or remuneration package. Where this occurs, guidance should be sought from HR Services of Uniting Resources on 02 8267 4365 or 02 8267 4369 on how to calculate the value of the motor vehicle in the remuneration package.

8.10 Annual/Periodic Asset Stock takes

8.10.1 Importance of Asset Stock takes

Annual/periodic stock takes should be undertaken of assets held to ensure:

- All assets of your Congregation are recorded in the Asset Register and recorded for insurance purposes;
- Assets disposed of are deleted from the Asset Register (and recorded in the financial statements);
- Assets lost or stolen have been identified and written-off in the Asset Register (and recorded in the financial statements);
- Persons charged with the responsibility of looking after the assets regularly review and update the information;
- Insurable values have not changed significantly, resulting in an under-insurance situation.

8.10.2 Conducting Asset Stock takes

Stock takes should be conducted on a regular basis (preferably annually). They are conducted by recording details of all assets held in each location, including sighting items on 'personal loan', and reconciling to the Asset Register after the stock take. If the original Asset Register is used as the initial checklist during the stock take, new items may be overlooked, so care should be taken to ensure the stock take is complete. Old items can also be removed at this time.

8.10.3 Finalising Results of Asset Stock takes

Anomalies arising during the stock takes (eg missing items, items not yet recorded, damaged/ obsolete items for disposal, etc) should be documented and resolved. A formal summary of outstanding anomalies should be prepared, with summary details and values of all items to be written off by the Church Council/management committee.

Records of the stock take process, summary reports and write-off proposals should be maintained on a designated asset stock take file. It is likely that these records will be referred to by auditors during the annual audit process.

9. INSURANCE MATTERS

9.1 Insurance and the Insurance Manual

All property is insured against damage or loss. The Risk and Insurance Services (R&IS) of Uniting Resources coordinates property and contents insurance on behalf of Congregations and all other Synod of NSW and the ACT organisations.

The Synod of NSW and the ACT Insurance Manual outlines the full range of insurance covers (types, extent of coverage, and excesses) that are arranged by Uniting Resources. For a copy of this Manual, please contact the Manager Risk and Insurance Services on telephone 8267 4484 and email insurance@nsw.uca.org.au.

9.2 Insurance Website

Insurance policies are also described on the Insurance website: www.unitingresources.org.au/ps/insurance

9.3 Congregations Responsibility for Insurance

Congregations and/or Synod of NSW and the ACT organisations are responsible for ensuring they are adequately covered for insurance. This involves ensuring the:

- Extent of cover is adequate;
- Properties are adequately valued;
- Insurance premiums have been paid;
- Safety and security issues are adequately maintained; etc.

Property should be insured for its replaceable value, rather than its deteriorated value. Replaceable value includes cost of demolition and clearing, in the event of fire or a major catastrophe. If there are specific building requirements (such as with heritage-listed buildings) the additional construction and artisan costs should also be taken into account.

Congregations should ensure their buildings are valued adequately for insurance purposes. This may involve periodic 'valuations' by a professional

valuer. Uniting Resources recommends revaluation of properties for insurance purposes every 3 to 5 years to ensure they are not significantly under-insured.

Property should never be deliberately under-valued to save paying insurance premiums. Congregations experiencing financial difficulties paying their insurance premiums should contact the Insurance Manager immediately.

Insurance is arranged for damage to or loss of items, and public liability in the event that the items are the cause of physical injury to a user of the building.

For further information, contact Uniting Resources' Insurance section on 02 8267 4484 or email insurance@nsw.uca.org.au.

Insurance for Congregational property is arranged by Uniting Resources' Risk and Insurance Services (R&IS). Updates on the replacement value of all general assets must be supplied to R&IS as part of the annual insurance renewal process on the Insurance Proposal forms. These Insurance Proposals are sent out by R&IS annually. The Asset Register is a useful reference for required replacement items and their values.

On 31 March each year, R&IS confirms to the Synod of NSW and the ACT's insurance broker the required insurance coverage and is notified by the insurer of the Synod wide insurance premium. These premiums are subsequently recovered from the relevant Synod of NSW and the ACT Congregations and agencies, with various rates applied to various types of insurance required.

Invoices for insurance premiums are generally issued by R&IS at this time to Congregations around April each year, and should be paid by end June.

Please refer to the Synod Insurance Manual for further information or telephone URR&IS on telephone 02 8267 4484 or email insurance@nsw.uca.org.au.

Motor vehicle insurance is also coordinated by URR&IS on behalf of the congregation. R&IS must be advised of all pertinent details of the vehicle to ensure adequate and timely insurance is arranged. It is therefore imperative that full details of the vehicle to be insured are provided to R&IS before the vehicle is taken on the road to ensure that the necessary coverage is available and all associated risks are minimised.

Insurance is arranged separately for each vehicle, at the time of year that coincides with initial purchase of the vehicle. Vehicle insurance is not arranged as part of the Synod general insurance renewal process conducted at the beginning of each calendar year.

9.4 Insurance Claims

Insurance claims are submitted to URR&IS for assessment under the Synod's building and contents insurance policies. Insurance claim forms can be

obtained from the intranet. If you need assistance in locating or completing this form, please contact R&IS on telephone 02 8267 4484 or email insurance@nsw.uca.org.au.

Insurance claims for Motor vehicles are also submitted to R&IS for assessment under the Synod's motor vehicle insurance policy. Insurance claim forms can be obtained from the intranet: www.unitingresources.org.au/ps/insurance

9.5 Types of Insurance Coverage

9.5.1 Insurance on Property, Motor Vehicle and Other Assets

Information relating to insurance for damage to and/or loss of general assets, motor vehicles and real estate property is contained on the Insurance website.

9.5.2 Public Liability Insurance

Public liability insurance is arranged to cover accidents or injuries of the public visiting or using UCA property.

'Custodians' of UCA property have responsibilities as controllers of premises to ensure the properties are maintained to an acceptable standard of personal hygiene, safety and security, and are checked regularly to ensure potential dangers and mishaps are avoided.

Such insurance does not generally, however, cover 'negligence' or 'deliberate misconduct'.

Further information is contained on the Insurance website.

9.5.3 Professional Indemnity & Directors and Officers Liability Insurance

Potential losses through poor decisions or actions can be reduced through insurance.

Uniting Resources arranges Directors and Officers Liability Insurance and Professional Indemnity Insurance for all Synod of NSW and the ACT organisations (in the same way as any other organisation does for its Board members and professional staff) to cover instances where officers were acting in the best interests of the organisation but inadvertently made an inappropriate decision or took inappropriate action.

Such insurance does not generally, however, cover 'negligence' or 'deliberate misconduct'.

Further information is contained on the Insurance website.

9.5.4 Business Continuity Insurance

Where congregations are operating income-generating activities, they may wish to protect themselves against loss of income. This might occur as a result of an unforeseen incident such as flood, storm damage or fire which affects their capacity to continue providing services to paying clients.

Further information is contained on the Insurance website.

9.5.5 Other Types of Insurance

Other types of insurance available include:

- Casual hall hire;
- Medical incompetence;
- Transit of goods;
- Aged care residents – home contents; etc.

Further information is contained on the Insurance website.

9.6 Fraud

9.6.1 Preamble

The Uniting Church in Australia is committed to maintaining ethical practices in all its endeavours and requires its staff to conduct themselves at the highest ethical and professional standard. Fraudulent and / or corrupt practices obviously are Incompatible with ethical conduct.

This Fraud Policy has been developed for the Synod of NSW and the ACT to provide a protocol for action should any entity or individual become aware of or suspect fraud or malfeasance of any kind.

The NSW Police also have their definition of Fraud consistent with the Synod's. This can be found at

http://www.police.nsw.gov.au/community_issues/fraud_prevention

9.6.2 Introduction

Unfortunately, from time to time, there are instances of fraudulent activity within Congregations or Synod of NSW and the ACT organisations. The patterns of fraud from case history shows that fraud happens as a result of one or more of the following situations:

- When there are inadequate controls in place over cash;
- Treasurer has a conflict of interest or has ultimate total control in all matters in dealing with the handling or reporting of cash and banking without a second scrutineer or wider accountability

- Where bank or investment reconciliations are not undertaken regularly;
 - Where there are delays in producing financial reports (say regular treasurers reports to Church Council meetings);
 - Where accounts have not been audited for 1 or more years
 - When audited, the auditor expresses a concern or issues a qualified auditor's report to the Church Council (and Congregation)
 - Where the Treasurer and/or Church Council does not analyse and appropriately consider the financial information provided.
 - Where there is no accountability, supervision or general interest displayed by the Church Council of the treasurer or the work that he/she produces
 - Where there are no policies or procedures or checks in place particularly in relation to the handling of cash.
- Fraud is a particular type of misconduct or crime, usually involving deception for personal gain. Australia Standards (AS8001-2003) defines fraud as:

Dishonest activity causing actual or potential financial loss to any person or entity including theft of moneys or other actual property by employees or persons external to the entity and whether or not deception is used at the time, immediately before or immediately following the activity. This also includes the deliberate falsification, concealment, destruction or use of falsified documentation used or intended for use from a normal business purpose or the improper use of information or position.

- The Church in this policy is defined in a wider context as being the entire NSW Synod and ACT, including Congregations, Presbyteries, Schools, Childcare centres, aged care centres, Boards and their associated agencies, including but not limited to, members of the relevant church councils, boards, management committees, etc, that comprise the Uniting Church in Australia NSW Synod.
- Effective control of fraud risk is important in order to:
 - Protect the reputation of the Church;
 - Promote ethical conduct within the Church;
 - Reduce financial and non-financial loss; and
 - Ensure compliance with legal and statutory obligations
- Fraud includes but is not limited to doing an unlawful act and includes, but is not limited to, activities commonly known as :
 - Theft;

- Embezzlement
 - Larceny
 - Fraud, including identity fraud
 - Misappropriation
 - Misrepresentation
 - Obtaining property, a financial advantage or any other benefit by deception;
 - Causing a loss, avoiding or creating a liability by deception;
 - Knowingly providing false or misleading information to the Church, or failing to provide information where there is an obligation to do so. This includes Falsification of Documents (including curriculum vitae)
 - Disclosing confidential information for other than a proper intended purpose sometimes in exchange for some form of non-financial benefit or advantage accruing to the person releasing the information;
 - Release or use of misleading or inaccurate information
 - Making, using or possessing forged or falsified documents;
 - Bribery;
 - Unlawful use of Church computers, telephones and other property or services;
 - Material and deliberate misstatement of accounting information for an improper purpose;
 - Conflicts of interest where acting in self interest rather than the Church's interest;
 - Improper destruction of documents
 - Improper personal liaisons
 - Payment or receipt of secret commissions (bribes) – can be in money or some other form of value. Solicitation of Secret Commissions
 - Manipulation of the procurement process by favouring one tenderer over others or selectively providing information to some tenderers – this frequently involves allowing a tenderer to resubmit a “non-complying” tender after being provided with details of other bids;
 - Acceptance of gifts or entertainment intended to achieve an unstated objective

- The Church acknowledges that a Policy and accompanying plan must be in place that addresses the following elements of effective Fraud Control:
 - Policy Statement
 - Risk Assessment
 - Internal Controls

- Reporting
- Investigations
- Insurance Claims

9.6.3 Fraud Policy

This policy applies to all entities of the Uniting Church in Australia Synod of NSW and the ACT and to all persons engaged in activities for and on behalf of any entity of the Synod, whether remunerated or volunteer.

- The Church is committed to the elimination of all forms of fraud and to create an ethical environment and culture that discourages and prevents fraud.
- All employees and persons holding voluntary positions with delegated authorities are responsible for the prevention and detection of fraud.
- All allegations and suspicions of fraud will receive attention and all substantiated cases will be dealt with appropriately either by criminal, disciplinary or administrative mechanisms suitable to the particular case (having due regard for the rights of all persons, including any person reporting a fraud and of any alleged perpetrator of fraud).

9.6.4 Risk Assessment and Monitoring

- All entities within the Church are strongly advised to regularly conduct fraud assessments as part of their governance responsibilities. After each review, the Church will update its risk register, detailing the effective control treatment of such risks and its current risk rating in accordance with Australian Standard 4360-Risk Management.
- It is also strongly recommended that relevant entities seek guidance from their external auditor or other appropriate persons in respect to the entity's obligation in relation to prevention of fraud. Uniting Resources may also be able to assist in offering such advice.

9.6.4 Internal Controls

All entities within the Church are to regularly conduct risk assessments and to devise or amend internal control and/or operating systems to address areas potentially at risk from fraud.

UCA entities, including Congregations and other entities with minimal, if any, staff

must be continually alert to the potential for fraud and malfeasance and pay particular attention to cash handling and account payment procedures. The regulations of the Uniting Church call for dual signatures on cheques (Reg. 5.5.10 (b) and regular audit Reg. 5.5.10 (c)). As audits generally occur on an

annual basis, management committees should develop “Key Indicators” to help monitor items, such as reported cash deposits, at more frequent intervals.

UCA entities must ensure their operating procedures include a formal focus on appropriate internal controls which, consider:

- The Church will establish, where not in place already, and maintain an internal control structure to provide the following:
 - Control Environment - which consists of strong emphasis on lines of accountability, organisational structure, internal audit function, audit committee and risk management committee and suitably qualified and competent employees and volunteers with their performance assessed against operational performance criteria.

Of all internal controls, adequate division of duties is possibly one of the most important and should be factored into all stages of systems development, operation and ongoing assessment.
Suitable cross-referencing of procedures, reconciliations, etc.

Regular monitoring of cash handling, purchasing procedures, and creditor payment controls. Suitable monitoring of equipment use (with particular attention to computer and vehicle usage).
 - Appropriate Information, Communication and Technology (ICT) systems - which consist of transactions, records, operating systems producing the ICT information, data collection and exchange, internal and external communications, human and physical resources, reporting, including adequate audit trails, an effective policy framework that helps to provide assurance as to the integrity and security of data ensuring appropriate access controls are in place over data.
 - Internal control procedures, comprising basic checks and balancing activities that are carried out to ensure the completeness, relevance, accuracy and timeliness of the accounting and other transactions. Control procedures include prevention and detection.

9.6.5 Reporting Fraud

- Reporting is a critical step in defeating fraud. All employees and volunteers are encouraged to report all concerns or suspicions they may have about behaviour, which may be inappropriate.
- Concerns or suspicions should be reported as soon as possible. The person reporting the concern or suspicion should not attempt to investigate the matter further as such actions may corrupt the integrity (and evidence) of any subsequent investigation.
- All such concerns or suspicions should be immediately reported as follows:
 - The chairperson of the relevant church council, presbytery, board or management committee, as applicable. In the event that this is not practicable then the concerns should be reported to their duly authorised delegate.
 - Upon such suspicions or concerns being reported in accordance with 1.5.3.1 above, the matter is to be escalated to the Chief Financial Officer of Uniting Resources. While such escalation should occur immediately, it must not occur any later than fourteen (14) days from the date the suspicion or concern was originally identified. A Police Fraud Incident form needs to be completed (as per sample **Appendix 3**. These forms contain all key information required and can be downloaded from [NSW Police Fraud Incident Form](#)
 - The Chief Financial Officer will advise the Executive Director and the Insurance Manager of Uniting Resources accordingly.
 - In the event that it is not appropriate for employees or volunteers in positions of delegated authority to comply with 1.5.3.1 above, such disclosure may be made directly to the Chief Financial Officer of Uniting Resources.

UCA Organisations in which fraud is alleged to have occurred must cooperate fully with investigators (Synod staff, Police, Insurance investigators, etc). As insurance claims may eventuate, it must be appreciated that insurers reserve the right to conduct whatever investigations they deem necessary using whatever techniques and resources, including police, which they consider appropriate. In these cases, the pursuit of offenders for criminal sanctions and / or reimbursement is the prerogative of the insurers or police. Frustration of investigations generally voids compensation claims.

9.6.6 Investigation of Fraud

- The Chief Financial Officer, in consultation with the Executive Director and Insurance Manager of Uniting Resources, will appoint an investigator. A decision is also to be made as to whether the Police will be contacted.
- The investigator will be charged with the responsibility to determine the:
 - quantum of the loss;
 - process of misappropriation; and
 - person(s) responsible for the loss
- Once the investigation has been completed and formal findings have been received, the Chief Financial Officer in consultation with the Executive Director Uniting Resources will review the findings, decide upon the most appropriate course of action to be taken and advise the relevant church council, presbytery, board or management committee, as applicable.
- Where the findings indicate that a criminal act has been perpetrated, the Chief Financial Officer will inform the Police and lay charges accordingly.

9.6.7 Insurance Claims for Fraud

- Providing that the concern or suspicion has been duly reported to the Chief Financial Officer within the requisite time frame and the requirements of 1.6.2 above have been met and completed, the Chief Financial Officer in consultation with the Insurance Manager Uniting Resources on behalf of the Insurance Fund and the Insurer will determine whether a claim to cover the financial loss will proceed.
- In the event that it is determined a claim is to proceed, and depending upon the level of the loss sustained, either the Insurer or the Insurance Fund may payout the quantum or part thereof of the loss and use subrogation rights to:
 - prosecute the person(s) responsible for the loss; and
 - take action to recover the loss from the person(s) responsible for the loss.
- The authority to make any determination in relation to 1.7.2 above is the sole responsibility of the Insurer and the Insurance Fund, as applicable.
- Any claims lodged 12 months or more after the date of discovery of the loss will be invalid with the relevant organisation bearing liability for all such losses. It is crucial that all fraud is reported immediately.

- At the discretion of the Synod Insurance Manager, claims lodged outside the time frames specified in 1.5.3.2 above, but before 12 months from the date the loss was discovered may be considered.
- In order for a claim to be successful, the quantum of the loss must be substantiated even if the processes and or person(s) responsible for the loss are not determinable.
- Where it is determined that process or system inadequacies were causal to the loss, all such inadequacies will be referred to the Chief Financial Officer.
- In the event of 1.7.7 being applicable, the Chief Financial Officer will liaise directly with the relevant organisation to ensure that such inadequacies are immediately rectified.
- The recovery of funds will be repaid in accordance with a duly executed Deed of Agreement.
- Any default or forfeiture of payments will also be dealt with in accordance with the provisions of the Deed of Agreement referred to in 1.7.9 above.

If you require further clarification or advice on any of these matters please contact Uniting Resources for assistance on 8267 4341 (Chief Financial Officer).

10. OTHER FINANCIAL MATTERS

10.1 Living Is Giving (LIG)

10.1.1 Importance of LIG

Living is Giving (LIG) is an important mechanism for funding key missional and outreach priority areas of the Synod of NSW and the ACT. Congregations and Presbyteries are encouraged to donate towards LIG mission focus areas. Contributions towards LIG have been progressively reducing over the years, and this gradual reduction mean less funds available for worthy outreach and missional activities.

These Synod grants fund a range of projects including: mission initiatives, ministry, resourcing and support, cross-cultural ministry, establishing churches in new growth areas, specified ministries and chaplaincies.

10.1.2 Promoting LIG in Your Congregation

Congregational Treasurers are the appropriate people to promote the LIG program to their congregation, and to lead the consultation process which selects preferred mission focus areas to support each year.

Each year the Communications Unit of the Secretariat issues a brochure describing approved LIG mission focus areas that require further funding assistance.

10.1.3 Annual LIG Targets

The Synod relies on Presbytery Treasurers to hold a meeting of Congregation Treasurers each year to discuss the Synod of NSW and the ACT's financial position and the translation of the Presbytery's targets into individual Congregation LIG and Presbytery levy targets.

Annual LIG targets are due to Uniting Resources by 31 May for the following year 1 July to 30 June. If it is not possible for Congregation budgets to be formulated in time for your Congregation pledge, an estimate should be provided to the Presbytery Treasurer and later confirmed.

LIG contributions are generally paid to Synod monthly through the '*Giving Direct*' scheme.

10.1.4 Other Benefits of Involvement in LIG

Congregations seeking grants from the SMRF Fund will be requested to provide details of LIG contributions in recent years. Congregations assisting others in need will be regarded favourably.

Further Information

Further information about LIG or Giving Direct can be found on the Uniting Resource's website:

http://www.unitingresources.org.au/fms/church/living_is_giving

10.2 Synod Mission Resource Fund (SMRF) Grants

10.2.1 Types of Projects Considered

The Synod Mission Resource Fund (SMRF) Committee considers applications from Congregations for a range of funding assistance which may include mission and outreach projects, property projects, strategic ministry, new initiatives seed funding, feasibility studies for potentially risky activities, emergency assistance, etc.

The Administrator of the SMRF Committee, Board of Mission can provide detailed information on the types of assistance available, the application forms to be completed, and the decision-making process that the Committee follows.

Further information and application forms about the SMRF can be found on their website www.smrf.nsw.uca.org.au.

10.2.2 Grant Approvals and Payments

The SMRF Committee considers and approves grants for specific purposes as outlined in the original application. If this purpose changes at any time, approval to use the funds for that different purpose needs to be obtained from the SMRF Committee.

Grants are generally made in advance in good faith that the funds will be used for the purpose for which they were requested. They are generally paid on a quarterly basis, into an account with Uniting Financial Services.

The 'advance payment' of grants results in Congregations and Presbyteries needing to confirm with the SMRF Committee and representatives of Board of Mission that the funds were actually used as agreed.

Grant payments may be suspended if the Congregation or Presbytery fails to provide the Board of Mission with adequate and timely feedback on the spending of the funds.

10.2.3 SMRF Grant acquittals

The confirmation process, that funds were used for the specific purpose for which they were granted, is known as an 'acquittal'.

'Acquittals' can be defined as discharge / release from repayment of the funds due to providing evidence that contractual obligations for the spending of those funds have actually been met.

All grants are required to be 'acquitted'. This holds true for grants given by the Synod, government agencies, or the philanthropic industry. Grant acquittals generally require financial details showing how the funds were spent as well as information on the outcomes of the project.

Grant acquittals may be required in specific formats provided by the funding agency.

The format for Synod of NSW and the ACT grant acquittals is available from the SMRF website www.smrf.nsw.uca.org.au/reportingandaccountability.htm.

10.3 Self Help Scheme

10.3.1 What is a Self Help Scheme?

A Self Help Scheme from Uniting Financial Services (UFS) can assist congregations (and other Synod of NSW and the ACT organisations) to accomplish their mission goals by obtaining financial support from its members (and supporters). It is most commonly arranged as a fund-raising option to assist with costs such as restoring a heritage item, funding property extensions or a new building.

The Self Help Scheme can be used in two ways:

1. As a loan servicing arrangement - If an organisation needs to borrow funds for a project, such as for building works, then the cost of the loan (interest and principal) can be fully or partially met through help from investments of your members; or
2. As a general income arrangement – The Scheme can be used when a loan is not required, and the organisation receives a direct financial benefit.

Congregations should provide potential investors in the Self Help Scheme a copy of the promotion material available from UFS. Questions about how the Scheme operates should be directed to UFS. The Self Help Investment product is offered by The UCA Property Trust (NSW).

10.3.2 How Do Self Help Schemes Work?

People simply invest their money into their own Self Help Investment with UFS and apply to have it linked to the organisation's Self Help Scheme. The

investment always remains in the name of the member(s) and the balance of the investment can be added to, or withdrawn at any time.

Investment holders/members can choose to either forego all interest payments, or receive the variable prescribed rate of interest on their investment. Members may remain anonymous to the Scheme Organiser to preserve their privacy. Whichever option the member chooses, the organisation gains by receiving a financial benefit based on the investments held in the Scheme.

If the organisation has a Self Help Scheme Loan then the benefit is credited to the loan. If there is no loan, the benefit is credited to a Self Help Scheme.

Further Information

Further information about the Self Help Scheme can be found on Uniting Financial Services website: <http://www.unitingfinancial.com.au>

10.4 Bequests

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

Under the Uniting Church Act the legal authority capable of dealing with such bequests or legacies is the Uniting Church in Australia Property Trust (NSW) and therefore any correspondence received from a solicitor, trustee or executor should be forwarded to Uniting Resources (The Bequest Officer).

Many Wills have been drawn with clauses permitting church officers to acknowledge receipt. The Act above overrides any such clause and thus any receipt given will not have any legal standing. The only legal authority to acknowledge receipts is the Uniting Church in Australia Property Trust (NSW).

The interests of Congregations are protected in the administration of the Will with the terms, where explicit, being carefully executed, and where needing interpretation reference is made to an appropriate authority.

In the event of receiving inquiries relating to the wording of a Will it would be wise to refer the enquirer to the Bequests Officer in Uniting Resources, so that advice may be given which will ensure the intended beneficiaries of the Will are appropriately designated.

As an indication of how a Will should be constructed when a desire to leave some part of an estate to the Church the following phrase should provide help and cover a number of different circumstances

The most important phrase is:

“... to The Uniting Church in Australia Property Trust (NSW)...”

This directs the bequests to the legal authority in New South Wales. From that point onwards the comments should reflect the location and the work to which the benefactor wishes to assist.

For example:

“... to The Uniting Church in Australia Property Trust (NSW) to be used for such charitable and/or religious purposes of the said Church as shall be determined by the NSW Synod of The Uniting Church in Australia or it’s Standing Committee”.

OR

“... to The Uniting Church in Australia Property Trust (NSW) to be used in or towards the acquisitions, construction and/or maintenance of a home or homes for aged persons in necessitous circumstances as shall be determined by the NSW Synod of The Uniting Church in Australia or it’s Standing Committee”.

OR

“... to The Uniting Church in Australia Property Trust (NSW) to be used for the general purpose of... (name of particular aged persons’ or children’s home or other type of home or activity e.g. Dalmar Homes, Burnside, Mayflower Villages etc...”

OR

*“... To The Uniting Church in Australia Property Trust (NSW) to be used exclusively in or towards the maintenance and extension of the work and activities of The Uniting Church in Australia” (e.g. at Chester Street, Epping-take care with this for there could be two Congregations in one suburb or town- or just the Epping Parish). “Provided that, should the work and activities of the Uniting Church in Australia as aforesaid be closed down or cease prior to the date of my death I GIVE DEVISE AND BEQUEATH.....
To be used for the
The person may then name another locality or a home or activity e.g. Dalmar, Burnside, Aged Person’s Homes etc).*

10.4.1 Benefactions

Congregations and Presbyteries should be conscious of the opportunity to promote bequests and special gifts within their members. These can be benefactions to the Congregation or one of it’s organisations or to the wider work of the Church at home and abroad.

The wording of a Will leaving property or funds to the Church is very important. Even if a solicitor is involved he/ she would need to know the legal structure of the church to make the gift secure.

10.5 Unclaimed Monies

Did you know there could be money waiting to be claimed by you? Australian Securities and Investments Commission (or ASIC) have records of unclaimed money from bank accounts, company shares and life policies waiting to be claimed by you. This is listed on their web site as displayed below. The web site is [Unclaimed Monies](#)

The screenshot shows a web browser window displaying the ASIC Fido website. The page title is "Claiming money from banks, building societies & credit unions - Australian Securities and Inves - Windows Internet Explorer". The URL in the address bar is "fido/fido.nsf/byheadline/Claiming+money+from+banks%2C+building+societies+%26+credit+unions?openDocument#luck". The page content includes a navigation menu with options like Home, Money tips, About financial products, About you, Scams & warnings, and Publications & resources. A search bar is located in the top right. The main content area features a heading "Claiming money from banks, building societies and credit unions" and a section titled "Steps to claiming money" with two numbered steps. The first step is "Check our list of financial institutions to make sure that the one you need to contact is still operating. If the institution is no longer operating, the list tells you which institution is now responsible for deciding your claim." The second step is "Financial institutions will want proof of your connection with an account. Documents like driver's licences, passports, bank statements and account passbooks may all help prove that you own an account. The proof required will vary from case to case, and the financial institution can tell you what documents you must show them to prove your claim." There are also sidebars for "Fido News" and "Check our lists" with various links.

These could be as a result of either local Bank closures, UCA Organisation closures or both. Data shown on the ASIC web site is the result of lodgements from various banks, building societies, credit union, life companies, friendly societies and registered Australian companies.

ASIC does not guarantee the quality or consistency of the input data as this information was supplied by these various institutions.

If the UCA organisation has ceased to exist we would encourage the Presbytery to make this claim on behalf of the closed organisation. Details listed are as exactly as shown on the ASIC web site, so there is no additional information quoted.

To claim your money, log on to the ASIC web site (see link below) and follow the steps. Check the [list of financial institutions](#) to make sure that the one you need to contact is still operating. If the institution is no longer operating, the list tells you which institution is now responsible for deciding your claim. Financial institutions will want proof of your connection with an account. Documents like

driver's licences, passports, bank statements and account passbooks may all help prove that you own an account. The proof required will vary from case to case, and the financial institution can tell you what documents you must show them to prove your claim. Most financial institutions say that you can lodge your claim for unclaimed money at any of their branches. If eligible, you will receive your refund from the bank, building society or credit union.

What this also tells us is that when a UCA organisation closes an account, it has to be **totally** closed with the final bank balance cleared to the relevant entity, cheque books, deposit books, signatories removed/notified, etc ripped up.. Even if there are only a few cents left in the account, as some banks may in fact decide to charge a bank fee for keeping dormant accounts opened.

11. FINANCIAL REPORTING

11.1 UCA Financial Reporting Regulatory Requirements

Periodic financial reports are required under UCA *Regulation 5.5.10(a)*:

“The proper use of approved methods of accounting is required in relation to all funds of the Church. ... The body responsible shall, upon the request of the chairperson of the Church Council or other appointing body or the Synod Property Officer or any person authorised by any one of them, produce the (books of account) together with all supporting or relevant accounts ...”

Year-end reports are required under UCA *Regulation 5.5.10(g)*:

“Audited accounts signed by the auditors and bearing a certificate in such form as the Synod may prescribe shall be submitted to the Church Council, or other appointing body or the body responsible for their administration and control, as may be appropriate, at least once in every year, and to the Synod Property Board and the Presbytery Property Committee (in respect of Congregations and their organisations) whenever required.”

11.1.1 Importance to the Treasurers Role

As stated previously, a treasurer has many responsibilities (eg good financial stewardship, bookkeeping, etc), but if one statement would sum up the role it would be to

..... effectively communicate to Church Council the current & future financial health of the congregation, reporting well in advance any potential risks and related issues which could impact in this outcome

Financial reporting to Church Council and the wider Congregation is the main way to fulfil this role. Financial Reporting is *“the”* if not one of the most important tasks of the Treasurer.

Regular financial reports provide timely feedback on the financial management and health of the congregation and enable the Church Council to be in a position to make appropriate financial decisions for your Church.

Financial reports should, ideally, be presented within 2 weeks after the end of the monthly or quarterly reporting period to gain the full benefit of up-to-date information.

11.1.2 Types of Financial Reports Required for Church Council

Financial reports are usually generated monthly.

The financial reports generated usually include:

- Cash Balance Report
- Statement of Operating Receipts and Payments (also called “Profit and Loss Statement”, “Income and Expenditure Statement” or “Operating Statement” in computerised systems);
- Statement of Assets and Liabilities (also called ‘Balance Sheet’ in computerised systems).

The types of reports may differ between congregations, but they would generally include:

- Operating Budget – annual preparation for general activities of Congregation, with approval by 30 June;
- Capital Budget – annual preparation for property upgrades, asset replacement, and business development, with approval by 30 June;
- Cash Balance Report – monthly status report of available cash, reflecting total receipts and total payments;
- Statement of Operating Receipts and Payments (or Profit and Loss for those that use MYOB) – monthly/quarterly reports;
- Statement of Assets and Liabilities (or Balance Sheet for those that use MYOB) – quarterly/bi-annual reports.
- Cash flow statement showing the main fixed and variable sources of income and expenditure

11.1.3 Sample Treasurer’s reports to Church Council

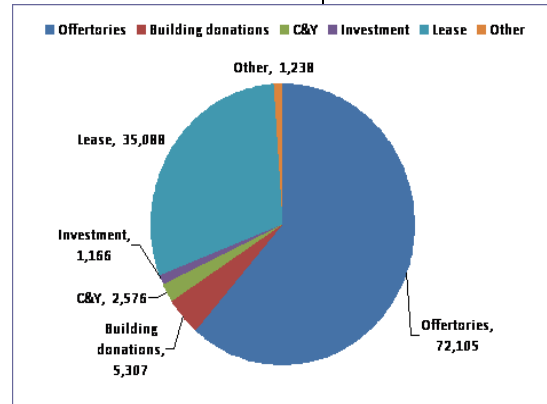
The style or format as to the types of reports presented by Treasurer’s to Church Council is only limited in so far as the imagination (and probably skills) of the Treasurer. Below is 2 styles presented merely as suggestions. In the first example below, the information is presented graphically, although no budget is shown for comparison purposes.

Sample 1 - St Anywhere Treasurer's Report for 2008/09

Treasurers Report - AGM March 2010

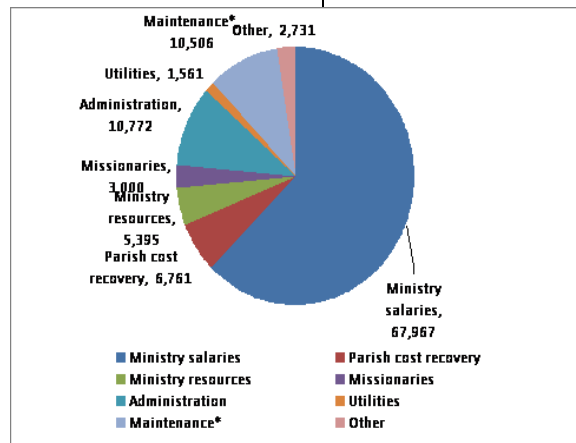
St Anywhere Income - 2009

Offerteries	72,105
Building donations	5,307
C&Y	2,576
Investment	1,166
Lease	35,088
Other	1,238
	<u>117,480</u>



St Anywhere Expenses - 2009

Ministry salaries	67,967
Parish cost recovery	6,761
Ministry resources	5,395
Missionaries	3,000
Administration	10,772
Utilities	1,561
Maintenance*	10,506
Other	2,731
	<u>108,693</u>



*Rectory costs \$8,213.

Net Result - 2009

In 2009 St Anywhere saved	\$	8,787
St Anywhere - Reserves	\$	25,872

Missions - 2009 (Note excluded from Income and Expenses)

This year	13,578
Last year - 2008	22,148

Main difference - Canberra Bush Fire appeal in 2008

Below is a second example of a Treasurer's Report comparing actual 3 months results to 3 months budget. This report is based on the new UR2 report. Note that it also shows the variance (the difference) between actual and budget for each line of information, to compare how St Sample Congregation is travelling financially compared to budget (ie, compared to how it predicted where it would be) 3 months into the year.

The report also includes a narrative, ie, comments as to why the variances occurred and finishes off with some remedial recommendations (at points “g” to “m”). These recommendations are made by the Treasurer to Church Council to consider. If supported by Church Council, then its up to the whole Congregation to implement it with the Treasurer monitoring its progress.

Sample 2 – St. Sample Treasurer’s Report 3rd quarter 2008/09

RECEIPTS & PAYMENTS		Note	Last Year's Actual Audited 2008/09	Full Year's Budget 2009/10	3 months Actual to 30-Sep-09	3 months Budget to 30-Sep-09	Variance
Receipts							
R1	Offerories	1	90,000	95,000	20,000	23,750	3,750
R6	Interest income from fixed investments @7%	2	1,400	1,400	350	350	0
R8	Rent - hall hire	3	20,000	20,600	5,150	5,150	0
R9	Other Income - Fundraising	4	15,000	17,000	3,000	4,250	1,250
Total Receipts			126,400	134,000	28,500	33,500	5,000
Payments							
P1	Minister's remuneration	5	80,000	81,600	20,400	20,400	0
P2	Lay staff - secretary	6	10,000	10,200	2,000	2,550	550
P6	Property Repairs & Maintenance	7	3,000	3,090	500	773	273
P7	Depreciation (Asset replacement)	8	5,000	8,000	2,000	2,000	0
P8	Insurance (Buildings & Contents)	9	1,500	1,545	300	386	86
P9,10	Other Property related Gas/Water	10	3,000	3,090	650	773	123
P12	Living is Giving	11	5,000	5,000	1,250	1,250	0
P14	Presbytery Levies	12	5,000	5,150	1,288	1,288	0
P13	Local UCA Mission Support - local aged care	13	1,500	1,545	500	386	114
P16	Audit	14	500	515	-	129	129
P17	Loan repayments	15	7,000	7,000	1,750	1,750	0
P21	Other admin costs	16	3,100	3,265	10	816	806
Total Payments			124,600	130,000	30,648	32,500	1,853
Surplus/ Deficit			1,800	4,000	2,148	1,000	3,148
Membership numbers		17	70	80	65	75	
Average giving per member \$		18	1,286	1,188	308	317	
Assets (as at 30 June)							
A2	Fixed Term Investment with UFS	19	20,000	20,000	20,000	20,000	
A1	Working (cheque) account with UFS	20	4,800	7,000	2,652	4,000	
A6, 7	Property Value (Land & Buildings)	21	1,500,000	1,500,000	1,500,000	1,500,000	
Total Assets			1,524,800	1,527,000	1,522,652	1,524,000	
L1	Liabilities (UFS loan)		50,000	50,000	50,000	50,000	
Net Assets			1,474,800	1,477,000	1,472,652	1,474,000	

REPORT TO CHURCH COUNCIL

Summary of Results

This report relates to the 3 months year to date period of 1 July 2009 to 30 September 2009.

- (a) 2009.
- (b) Total operating deficit of \$2,148 against budget surplus of \$1,000.
- (c) Total Receipts \$28,500 against budget of \$33,500, down \$5,000. Caused by decline in offertories & fundraising
- (d) Despite drop in offertories, giving by remaining members increased
- (e) Total Payments \$30,648 against budget of \$32,500, down \$1,852
- (f) Cheque account balance \$2,652 against budget of \$4,000

	Actions to be considered	Note Ref
(g)	Review long term impact on budget	1
(h)	Revisit Membership drive	17
(i)	Review Fundraising efforts	4
(j)	Review rent on hall hire	3
(k)	Review costs in general	
(l)	Defer Property maintenance to urgent repairs only	7
(m)	Review or Defer Depreciation (cash) saving	8

11.1.4 Types of Annual Financial Reports Requested by Synod of NSW and the ACT

Annual financial reports requested by Synod of NSW and the ACT include:

- Living is Giving Targets – Presbytery (due by 31 May each year)
- Operating Budget (due in UR2 return by 31 August each year)
- Statement of Operating Receipts and Payments (due in UR2 return by 31 August)
- Statement of Assets and Liabilities (due in UR2 return by 31 August each year)
- Audit reports (Statement of Operating Receipts and Payments and Statement of Assets and Liabilities) – (due 31 October)

11.2 Types of Manual v Computerised Preparation of Financial Reports

11.2.1 Manually Prepared Financial Reports

If a manual system is being used, the format for financial reports may follow the UR2 format to save any rework at year-end for Synod reporting.

Uniting Resources has also developed an *Excel* template for a manual book-keeping system, which is also designed to easily generate a summary UR2 report from the receipts and payments transactions. (The UR2 Report is a linked sheet within the Excel workbook). A sample can be obtained by contacting Uniting Resources for a copy of this template.

11.2.2 Automatically Prepared Financial Reports

If a computerised accounting system (such as MYOB) is being used, there are a suite of reports included in these programs that produce standard automated financial reports.

11.2.3 Bank Statements and Cash Reports

The simplest financial report for the Treasurer and the Church Council is the Cash Report. This is commonly used for small congregations that rely on a 'cash-based' book-keeping system.

The Cash Report contains a brief summary of:

- Cash balances in operating and investment accounts (obtained from opening and closing balances in the bank statements);
- All categories of cash receipts / inflows and cash payments / outflows (that equate to the transactions during the period as listed on the bank statement).

11.2.4 Statement of Operating Receipts and Payments

The Statement of Operating Receipts and Payments (as named by the Synod of NSW and the ACT – also called Profit and Loss or an Income and Expenditure Statement) outlines the everyday costs of running the Congregation / Presbytery. It summarises total revenues earned and total costs incurred (by category), leaving the net financial surplus / deficit for the relevant period.

This is the most common financial report in use, as it provides a relevant summary of the financial viability of the activities, projects and general operations of the organisation during the relevant period / year. The key components include:

- Cash receipts (actual cash received) for regular transactions and activities;
- Accrued receipts (income earned but not yet received by the date on financial report, eg. Property rent, child care services, etc);
- Cash payments (actual payments made) for regular transactions and activities;
- Accrued costs (expenses incurred but not yet paid by date on financial report, eg. Telephone, utilities, employee leave entitlements);
- Non-cash costs (depreciation of property or other assets that reflects the 'wear and tear usage' component for those items).

This report should be provided to the Management Committee / Church Council at each meeting, and should be understood and explained by the Treasurer to the committee members. Actual results should be compared to budgeted results, and the Treasurer should be able to explain any differences (or 'variances') between the budgeted and the actual results for each category

of income / cost. Where there are significant differences between the budget and actual amounts the Treasurer should ensure these matters are brought to the attention of the committee members and initiate discussions for resolving the problem and ensuring the deficit / negative situation does not continue long term and result in a negative impact for the congregation.

If this report is not regularly provided to the Management Committee / Church Council, these committee members who are responsible for making decisions for the church will not be properly informed and therefore will not be able to properly carry out their respective responsibilities for the church.

The Treasurer's financial report should be an integral part of the work of the Church Council meetings, in fact a permanent agenda item for the meetings. If the Church Council cannot understand the financial information presented, the Treasurer should be invited to the meetings to explain the report in simply non-technical terms.

11.2.5 Statement of Capital Receipts and Payments *(normally produced where Capital items form a major part of the finances of the congregation)*

The Statement of Capital Receipts and Payments outlines periodic capital / asset-related cash inflows and cash outflows. The focus on capital cash inflows and outflows means that regular periodic depreciation of assets is excluded, but draw-downs of long-term loans are included.

The key components include:

- Capital cash receipts for sale of land and buildings, and other assets;
- Capital cash deposits for draw-downs of long-term loans such as property loans;
- Cash receipts from the ATO in refund of GST payments made when purchasing property or other assets;
- Capital cash payments for purchase of land and buildings, property renovations, property development contracts, and purchase of non-real-estate assets;
- Capital cash payments for repayment of the principle component of long-term loans;
- Cash payments to the ATO for GST collected on ATO's behalf upon sale of property or other assets;

11.2.6 Statement of Assets and Liabilities

The Statement of Assets and Liabilities (also known as Balance Sheet) outlines cash and non-cash assets held by the organisation, and legal commitments for future payment, to calculate the organisation's net financial worth.

This is the second most common financial report in use, as it provides a relevant summary of the financial health (or 'net value') of the organisation. The key components include:

- Financial assets (cash, debtors, investments and prepaid creditor bills);
- Non-financial non-property assets (computers, furniture, equipment, motor vehicles, etc) includes a separate contra depreciation charge – 'purchase value' less 'accumulated depreciation' to calculate a net amount reflecting second hand market value (or similar);
- Non-financial real estate property assets (land, buildings, renovated components of buildings, building contents, etc) – in the Synod of NSW and the ACT congregations, property valuation is measured by using the Valuer-General's values for land, and using insurable replacement value of buildings;
- Financial liabilities (property loans, creditors, Ministers Expense Account, or debtors fees paid in advance);
- Non-financial liabilities (Ministers, Accredited Youth Workers and employee leave provisions, property refurbishment provisions;
- Retained funds / Equity (the net worth of the organisation in the event of wind-up, after all amounts owing have been paid).

This report should be provided to the Management Committee / Church Council at the same time as the Statement of Operating Receipts and Payments, and should be understood and explained by the Treasurer to the committee members. *The status of bank account balances, the deterioration and state of property and other assets, the balance of property loans, and the balances of monies held in trust should be highlighted to the committee.* Investment / cash balances are particularly important where operational deficits are experienced on an ongoing basis. Care should be taken to ensure that cash balances for Ministers' expenses, sales proceeds and other trust funds are not utilised to support the operational expenses of a congregation at times when the freewill giving and other income is not sufficient. If your congregation is in this position you should contact Uniting Resources and seek assistance.

11.3 Budgeting – the Budget Process

11.3.1 UCA Regulatory Requirements

UCA *Regulation 5.5.10(h)* outlines requirements for budgets:

"Comprehensive and detailed budgets should be prepared during the current year for the next succeeding year for:

- c. a Congregation and its organisations – in the manner directed and approved by the Church Council;*
- ii) a Presbytery and its committees – in the manner directed and approved by the Presbytery"*

11.3.2 Benefits of Budgeting

Apart from being a regulatory requirement, budgets are an important financial tool for planning the life and mission of congregations, and the financial commitments that will accompany them.

There are several good reasons for budgeting:

1. The overall financial health of the congregation is considered as a whole and not as individual programs;
2. Managers of various activities (such as opportunity shops, ladies auxiliary, youth groups, child care/play groups, fund-raising, etc) are encouraged to work together in planning and prioritising tasks that require volunteer effort and funds, to ensure everyone is working constructively towards common goals;
3. Major financial strategies and policies are shared with the congregation (such as property investment, income-generation activities, or calling of a new Minister);
4. Major areas of spending are 'authorised' by the Church Council, enabling subsequent action in implementing plans within smaller working committees;
5. Net surplus/deficit budgeted results highlight the current viability of the congregation, and stimulate planning for improvements in financial viability where this is of concern;
6. Financial needs for future projects are more likely to be considered – either using surplus funds or highlighting the need to raise funds.

Below is a sample of a Budget document prepared by a Treasurer with some commentary.

St Anywhere 2010 BUDGET		Actual 2009	Budget 2010	
INCOME				
Income from membership				
	Congregational offerings	72,105	73,976	
	Wider Synod donations	2,576	8,996	
	Gifts for buildings	5,307	3,600	
Wider Sources of Income	Investment Income excess from	1,166	1,200	
	Ministry Activities excess from	1,237	1,200	
	Casual Hall Hire excess from Pre-School Lease	6,204	6,240	
		28,884	29,040	
TOTAL INCOME		117,479	124,252	
EXPENSES				
	Stipends			
	Ministry salaries & super	67,968	66,996	
	Stipends - Youth	0	10,000	Part time workers in 2010.
	sub total Stipends	6,761	17,400	
Resources for Ministry	Ministry	3,008	2,400	
	Evangelism		900	
	Worship	2,386	1,800	
Donations	Living is Giving	3,000	3,000	
	Gifts & Testimonials	482	240	
	Hospitality	258	240	
Administration	Poor relief	0	480	
	Salaries & superannuation	8,321	9,960	
	Office Expenses	611	2,400	
	Consumables	1,118	1,920	
Property Expenses				
	Utilities	1,561	1,920	
	Repairs & Maintenance	10,506	3,000	
	Improvement Projects	0	600	
Other Expenses	Insurance (workers compensation)	722	396	Less casual workers in 2010.
	Sundries	1,283	240	Removalist expense in 2009.
Trading Activities - deficiencies				
	Ministry Activities	708	360	
TOTAL PAYMENTS		108,694	124,252	
SURPLUS/(DEFICIT)		8,787	0	

11.3.3 Critical Issues to Consider When Preparing Budgets

Congregations should consider the following issues that impact on the finances of a congregation (and their likely income and expenditure patterns):

1. Changes in the number of congregation attendees/members are likely to affect general offering income;
2. Where grants are coming to the end of their funding period, consideration needs to be given to finding alternative sources for ongoing income to cover the salary and other operational costs funded through the grant, or steps will need to be taken to cease the associated project costs;
3. Change in interest rates and value of investments may significantly affect 'interest income' receipts;
4. Annual wage increases affect salaries, leave payments and accrued leave entitlements;
5. Ministers stipends should be fully covered by general offerings, wherever possible. Calculation of the required contribution per member to raise stipend funds for the Minister, and discussion of this with the Church Council and congregation, may help with budgeting;
6. LIG targets/budgets remain an approved % of total congregation income;
7. CPI increases affecting the normal 'cost of goods and services';
8. Changes in property leasing income (ensure reasonable market rates are being charged, and ensure the congregation is not subsidizing property usage costs by over-contributing to maintenance and heating/utility costs associated with leasing);
9. Cyclical and adequate planning for property maintenance and replacement costs.

11.3.4 Monitoring Budgets

The effectiveness of a budget is measured through monitoring actual results to the budgeted results. This process should occur at the same time as the reporting of financial results to the Church Council, normally monthly. This report should form part of the standing agenda items on the Church Council meetings.

11.3.5 Revised Budgets

Where original budgeted figures were obviously prepared incorrectly and have resulted in significant 'variances' which are not likely to improve during the year, the budget should be revised. The middle of the financial year (around November/December) is a common time to do a formal review of the budget.

If a new budget is required, a *Revised Budget* should be prepared that follows the original budget process, and formally presented to the Church Council for approval. The congregation and Presbytery should be advised, and a copy should be provided to FMS. Such a revision is also sometimes called a “latest forecast”.

11.4 Year-End (30 June) Financial Reports

11.4.1 Year end audited accounts to the Church Council and Congregation

At the conclusion of each financial year (12 months ending 30 June), the treasurer should present to Church Council a set of audited accounts. The format of these accounts should largely follow the Receipts and Payments and Balance Sheet format. The content could vary but ultimately, the information presented must reconcile to the UR2 annual return to Synod.

11.4.2 Year end audited accounts to Synod (UR2 – annual return)

At the end of each financial year your congregation is required to lodge an annual Audited financial return to Synod, now known as the **UR2 Return**. The UR2 return is the new name replacing the current UR1 return. The UR2 return should be used when submitting your 2009/10 year, ie, the 12 months ending 30 June 2010. However, for the first year, we will also accept the old UR1 format.

A copy of the new UR2 return is shown in **Appendix 2**.

The UR1 return was a much more comprehensive document in content and included a collection of ancillary statistical and other information on a variety of issues (Mission related, HR related, UFS related, etc), which whilst relevant was largely outside the work of Financial Management Services in Uniting Resources, who were merely acting as agents for other entities of the Synod in collecting this “other” information. The new UR2 return concentrates on more critical Congregation and Presbytery information required by Uniting Resources and the Synod:-

1. Congregation membership numbers
2. Treasurer’s Contact details
3. Receipts and Payments
4. Balance Sheet

In the past, detailed instructions accompanied mailing of the blank UR1 return. The instructions in this chapter of this manual will replace future mailing of additional instructions. The blank UR2 return which will be mailed out to you will simply refer to these Treasurer’s Manual instructions.

Appendix 1 shows the transition (translates) from the old UR1 return into the new UR2 return in detail.

11.4.3 The Importance of UR2 Returns for Synod Reporting

As required by the UCA Regulations, the information collected from UR2 returns is absolutely essential. It provides Uniting Resources with a lot of useful information used for many purposes and for many parts of the Church.

- **For Synod** – the uses by Synod are many:-
 - Financial Risk Assessment in the review of the financial state of all congregations in NSW and the ACT, with comparisons being made to previous years results to monitor movements.
 - The information collected and consolidated is presented to the various Strategic Committees of the Synod to gauge the state of the Church and consider the information as part of any Strategic initiatives considered.
 - Key data is needed in negotiating procurement contracts with suppliers to the Church – Telstra, Church Resources, etc
 - Energy used by the Church - for new Government Environmental measuring and reporting purposes
 - Information is also used for the
 - processing of Synod Mission Resource Fund (grant) applications and
 - processing Congregation and Presbytery applications for loans from Uniting Financial Services
- **For Presbyteries** - Presbytery Treasurers should be monitoring the state (particularly the financial health) of congregations within their boundaries, and working with congregations that are experiencing financial difficulties in finding workable solutions. Presbyteries also make good use of the information collected for internal purposes and assists in keeping check on contacts and membership numbers. They also sometimes use the information to assist in the allocation of levies .
- **For Australian Bureau of Statistics** – The Government, through ABS now requires all Church Denominations to report on their status annually. The information collected via the UR2 system meets this requirement. Failure to comply with ABS requirements will result in a large fine being issued against the Congregation or Presbytery. This fine continues to be issued annually until the ABS requirements are met.

11.4.4 Failure to lodge a UR2 return

If UR has ongoing difficulty in obtaining required information from congregation treasurers, the Presbyteries are requested to follow-up with congregations on UR's behalf. If the Presbytery has ongoing difficulties in resolving issues with congregations, they may invoke powers under Regulation 3 and require congregations to cooperate and comply.

In a worst case situation, where UR and/or Presbytery is getting absolutely no co-operation or even any communication from a Congregation despite its best efforts, it has the authority under the Regulations and support of the Synod Standing Committee to invoke special powers to physically take over the accounts and relevant files and papers of the congregation, and conduct an immediate audit at cost to the congregation which may lead to determine the future direction of the congregation.

UR takes its role and responsibility of Risk Management as it applies to the Synod very seriously. As part of this Risk Management, UR monitors the financial health of all Congregations and Presbyteries to ensure ongoing financial and operational viability in accordance with the UCA Regulations. The results of this investigation may result in a congregation or presbytery being investigated and placed on a "Watch List". This list is reported to the UR Board of Directors and wider if necessary.

Depending on the severity of the financial position of the congregation or presbytery, different and escalating action may be taken. Where issues remain unresolved for extended periods of time, the UR may submit a proposal to the Synod Standing Committee to consider a more comprehensive resolution, especially where it also impacts on Ministers placements, payment of taxes, general compliance with regulations or other financial commitments.

Below is a line by line explanation of how to complete the new UR2 annual return.



THE UNITING CHURCH IN AUSTRALIA
SYNOD OF NSW AND THE A.C.T.
ANNUAL (UR2) RETURN FOR CONGREGATIONS AND PRESBYTERIES
FOR THE YEAR ENDED
30 JUNE 2010

Congregation or Presbytery Name	Presbytery Name <i>(If Being Completed by Congregation)</i>

Please submit this completed return to Uniting Resources by **31 August 2010** with a copy sent to your Presbytery Treasurer.

For Office Use Only

Date Received	Date Entered	Journal Number	Signed	Code

Just write in your Congregation or Presbytery's name

If being completed by Congregation, write the name of the Presbytery your Congregation is geographically linked to. If not sure, refer to the Synod Telephone Directory

Don't fill in this part

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PART 1 – CONGREGATIONS COVERED (if linked) (Please mark an 'X' in the boxes provided)

Name, ABN, Weekly Attendance and Addresses of other Linked or Multi Centre Congregations (if any). Please list here:-

Name	ABN	Weekly Attendance

PART 2 – TREASURER'S PROFILE DETAILS

- Title Mrs. Ms. Miss Mr.
- Name
- Address
- Phone - Daytime Phone Number or Mobile
- Email Address

Preferred mode of contact for Treasurers: Phone Email Mobile Post

PART 3 - DECLARATIONS

(a) Insurance Declaration

The declared values as recorded on the Schedule of Insurance as at 30 June 2010 are a fair representation of the Replacement Value of the Congregation's property (Refer UCA Regulations 4.4.1-4.4.5 and Insurance Act 1973). I have not deliberately under-insured any of our buildings, contents or other assets.

Print name of Delegated Officer Signature of Delegated Officer / /

(b) Privacy Compliance Declaration

We declare that the Congregation/Presbytery has formulated a Privacy Policy consistent with the UCA's Privacy Policy, which included conducting a Privacy Audit and is satisfied that it is consistent with the UCA Privacy Policy guidelines, dated November 2009.

Print name of Local Privacy Officer Signature of Privacy Officer / /

If this UR2 return is a consolidation of other linked congregations, list all their names, ABN's, Attendance Numbers and Addresses here

Treasurer's details – name, telephone, etc

Congregation's declaration that the building and contents have been insured at their replacement value. This requires regular inspections of property & contents

Congregation declaring that they still compliant with the UCA (Synod's) Privacy Policy Guidelines. Signed by person appointed as Privacy Officer

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(c) Audited Accounts declaration by Congregation/Presbytery (by Church Council or Presbytery Finance Committee)

On behalf of the Church Council we hereby certify that:

- This report is based on amounts contained in audited accounts of the Congregation/Presbytery for the 12 months ended 30 June 2010, which have been approved by the Church Council/Presbytery Finance Committee;
- All over the counter deposits can be accounted for from cash and/or cheque deposit books back to the bank statement.

Signature of Congregation/Presbytery Treasurer / / Council

(d) Auditor's Declaration (if audit is finalised at the time of completing this form)

- By **Externally Appointed Auditor** - Please attach copy of auditor's report (ie by currently qualified CPA, ICA or Company Auditor) and the audited financial statements to this return. If delays are expected, still complete and submit this return followed by the Auditor's Report by 31 October. **This return must not be held up due to not finding an external auditor.**
- By **Internally Appointed Auditor**. This only applies to Small Congregations which have an annual gross income of less than \$107,000 for the 2009/10 financial year. If you qualify in this category and are eligible for the *Variations to Qualifications under UCA Regulation 5.5.10 (e) (ii)* please have the two independent persons appointed by the Church Council sign the following declaration:

I have examined the books and records of this Congregation for the 12 months ended 30 June 2010 and report that in my opinion the statements of Receipts and Payments, Assets and Liabilities for that year have been properly drawn up so that they present the value of Assets, Liabilities and Monies received.

Signature 1st Appointed Person Signature 2nd Appointed Person
Date / / Date / /

Name: 1st Appointed Person Name: 2nd appointed person

Congregation or Presbytery Treasurer declaring that the audited accounts have been approved by the Governing Committees (either Church Council or Presbytery Finance Committee)

Auditor appointed by the Church Council or Presbytery Finance Committee declares that in his/her opinion the audited accounts have been properly drawn up and represent the true financial position of the Congregation or Presbytery as at 30 June

PART 4 – ASSISTANCE IF REQUIRED (HELP DESK)

If delays are experienced in getting your accounts audited, please let us know when you expect audit will be finalised. If prolonged delays occur regarding the audit, please keep us regularly informed of progress made.

Help Desk (assistance if needed to complete this return)

Robin Boddendyke <i>(Senior Management Accountant)</i> Phone: (02) 8267 4476 Fax: (02) 9264 4487 Email: robinb@nsw.uca.org.au	Susan Brady <i>(Assistant Accountant)</i> Phone: (02) 8267 4409 Fax: (02) 9264 4487 Email: susanb@nsw.uca.org.au	Client Relationship Accountant To be advised
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Who to ring if you have any questions when completing this form.

PART 5 - RECEIPTS AND PAYMENTS STATEMENT

RECEIPTS (WHOLE DOLLARS - GST EXCLUDED)	Code	Definition
General Offerings from envelope/plate from Congregation attendees	R1	This is the amount of money collected from members of the congregation during services either directly into the plate or via a direct debit system (eg Giving Direct) where the member authorises his/her bank account to be debited and the Congregation account to be credit on a periodical basis usually weekly).
Presbytery Levies	R2	To be completed by Presbyteries only collecting levies from their congregations.
Wider Work - Donations received separately intended for Non UCA donations, eg Christmas Bowl, Natural Disasters, etc (contra to P15)	R3	Apart from R1 above, members of the Congregation may give extra donations for a variety of causes, charities, etc, outside the life of the Uniting Church. The moneys collected here and banked through the books of the Congregation are then paid out to these external organisations. This payment is shown at P15.below.
Income from UCA Organisations (ALL sources eg SMRF grants, Reimbursements, etc)	R4	Congregations sometimes receive financial support from other parts of the Uniting Church via a grant (say the Mission Resource Fund), Reimbursement for expenses incurred (say for supply ministry), etc.
Government Grants (if any from all levels of Federal/State/Local Government departments)	R5	Some Congregations qualify for and receive Governments support for a variety of reasons.
Interest income from Uniting Financial Services investments	R6	Interest accrued and received on deposit accounts (fixed and at call) from Uniting Financial Services. Any dividends or distributions received by Congregations or Presbyteries from other Investments (shares, bonds, etc) should be reported to Uniting Resources.
Interest income from investments with non-UCA Financial Institutions (bank accounts)	R7	Contrary to R6 above, where the Congregation or Presbytery banks outside the Uniting Church, any interest accrued and received on Non-UCA deposit accounts is recorded here.
Property income from all sources (hall hire, rent from other properties, etc)	R8	Rent or any contributions received from tenants or hirers, leasing property from Congregations or Presbyteries should be recorded here
Other Income (Sundries) eg Bequests, Fundraising, Insurance Claims, etc	R9	Any income received of any kind not covered within R1 to R8 should be recorded her, including Fundraising, Bequests, etc. If

		fundraising it should show the net proceeds after expenses incurred.
TOTAL RECEIPTS		Addition of R1 to R9

Capital Receipts	So as not to distort the “Normal” or Operating Receipts shown above, any large sums of “one off” type income received by a Congregation or Presbytery should be recorded here. This includes sales proceeds on any property sold plus sale of any other assets where the net proceeds received (net income after any trade in) is greater than \$2,000 (cars, furniture, office equipment, etc).
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PAYMENTS (WHOLE DOLLARS - GST EXCLUDED)	Code	Definition
Ministers Remuneration for Ministers, Deacons, Lay Pastors, Youth Workers' stipends (Accredited & Non-Accredited)	P1	Any payments made to a minister of the word (both the 70% taxable and 30% MEA portions) in any capacity (including lay) must be recorded here. This includes stipends, allowances, beneficiary and support fund payments, supply, etc. Usually a Payment Summary (Group Certificate) is issued to the Minister.
Lay Staff Salaries, Wages, Allowances, Honorariums	P2	Same as P1 above but relating to Non- Ministry employees, usually admin type positions, employed under a HR contract., eg, paid Bookkeepers, secretaries, cleaners, musicians, etc.
Reimbursements & Out of pocket expenses, etc	P3	Where any member of the Congregation needs to be reimbursed for any expenses incurred
Consultants/Contractors (non-employees)	P4	These are not employees but rather people engaged to undertake a specific task for a specific set period. Distinguishing factor here is that such persons will issue you with an Invoice and have an ABN. The GST paid on such invoices can then be claimed as GST credit on the Congregation's BAS. These exclude tradespeople engaged under P6 below.
Rent paid (if any)	P5	If property is being rented for whatever purposes (eg property rented for youth worker, minister's manse being renovated and requiring temporary accommodation, etc)
Repairs & maintenance to property - day to day repairs	P6	These are low cost day to day

		repairs to Congregation's property or assets, eg, repairs to motor vehicle, appliances, plumbers, electricians, etc. they exclude major capital works, eg new kitchens, bathrooms, etc. See Capital Expenditure category below
Sinking Fund - provision for future property refurbishments and/or asset replacement	P7	Where Congregations save money into a sinking or savings (UFS deposit account) for future property (building) improvements or eventual asset replacements (eg replace photocopier, car, stove, etc). The monies saved earns interest over future years and maintains its future dollar value to cover the future inflated purchase price of the asset so the congregation isn't completely out of pocket.
Insurance premium costs to cover property - buildings & contents	P8	Insurance premiums paid to Synod on all types of insurance cover taken
Electricity and gas expenditure	P9	Electricity, Gas charges on all Church property
Water rates	P10	Water Rates charges on all Church property
Council rates (if any charged)	P11	If any are charged
Living is Giving contributions	P12	Contribution to Synod towards selected programmes or the tithe option
Contributions to other UCA Organisations- donations, grants, etc	P13	Includes contribution towards a shared ministry position where another (lead) congregation takes charge of the payroll in recording and issuing the Payment Summary, or one off donations where several congregations combine to undertake a community type project, etc
Presbytery Levies	P14	To be completed by Congregations only. Presbyteries set a levy each year using an allocation model for their congregations. There is no single system although it could be based on one or more of the following :- 1. turnover (income) 2. membership 3. Incremental add CPI to last year
Other donations to Non-UCA organisations (eg Christmas Bowl), including local programmes, sponsorships (contra to R3)	P15	This is the payment of the monies collected under R3 above.
Audit/Accounting fees (if any)	P16	Payment of any fees to auditors appointed
Interest expense on borrowings (loans from all banks including UFS)	P17	This is the interest expense paid on borrowings (loans) from UFS. Capital (also called The Principal) portion of the loan repaid is treated separately and shown under Capital Payments (red) box

		below.
Stationery & printing costs	P18	All office stationery, printing costs – including ink toners for printers, batteries, photocopy paper, etc
Telecommunications expenses (mobile phones, internet, fax, etc)	P19	Payment of all landline phones, mobile phones, internet connection plans, etc
Postage & courier costs	P20	Self explanatory
Other Expenses (Sundries)	P21	Covers any expenses outside or not covered elsewhere within P1 to P21
TOTAL PAYMENTS		Addition of R1 to R9
SURPLUS/(DEFICIT)		Total of Receipts (“R” codes) less Total of Payments (“P” codes)

Capital Payments

So as not to distort the “Normal” or Operating Payments shown above, any large sums of “one off” type expenses by a Congregation or Presbytery should be recorded here. As a rule, any item over \$2,000. This includes purchase of any property (real estate), major building improvements/extensions, new kitchens, bathrooms, purchase of motor vehicles, office equipment, furniture, etc, distinguishing feature is that such assets attract depreciation over their useful life time. Principal repayments on a UFS loan are also shown here.

Page 6 - STATEMENT OF ASSETS AND LIABILITIES

ASSETS	Code	Definition
Current account with UFS	A1	This is the Congregation’s main bank or current account (usually a UFS cheque account) from which all of the operational income (Receipts R1 to R 9) are banked and all operational expenses (Payments P1 to 21) are paid.
Investments (Bank accounts) Savings and Sinking Type with UFS	A2	This is the savings account into which P7 accumulated depreciation over the years has been saved (and banked) for the future refurbishment or upgrade of property or future replacement of other Congregation assets
Investments (Bank accounts) Sales Proceeds deposit accounts with UFS	A3	If the Congregation has any sales proceeds from past

		sale of real estate, the proceeds from settlement are banked here accruing interest. These monies cannot be used for operational purposes. Refer "Sales Proceeds" policy.
Bank accounts (all types) with other Non UFS financial institutions	A4	Where the congregation has sought exemption from the Synod's "Compulsory Deposit Policy" and banks with a financial institution other than the UFS, the balance of these bank accounts are recorded here
Minister's Expense Account (MEA - Cheque account)	A5	Where the Minister's Expense Account takes the form of a cheque account instead of a corporate credit card or supplements a corporate credit card, then the balance is recorded here
Land value of properties (using latest Valuer General's valuation)	A6	The value of the land portion of the Congregation(s) being reported in this return. If it covers multiple centres (as shown in Part I of this return), then all these values have to be consolidated.
Buildings & Fixtures (insured value) Valuation being replacement cost	A7	Same as above but covers the building(s) portion. Sometimes, the Insured (replacement) value is higher than the market value or sale price, which can be achieved. To be consistent, the insurance value is taken
Other Assets owned (Cars, Furniture, Office equipment, etc)	A8	The depreciated value of each asset on the Congregation(s) fixed asset register
Other investments (Shares, bonds, etc)	A9	Current market value of any other types of investments held by the Congregation. If shares, bonds, etc, please inform Uniting Resources.
Debtors (people or organisations that owe you money)	A10	The current book value of any monies owed to the Congregation
Other Assets	A11	Any other assets of value not covered elsewhere in A1 to A11

Total Assets		Total of A1 to A11
LIABILITIES		
Borrowing (loans) from UFS	L1	The balance of the outstanding debt owed to Uniting Financial Services
Borrowings from all other financial institutions	L2	Same as above, but borrowed from an other (Non-UCA) financial institutions
Minister's Expense Account (MEA - Cheque account - contra to A5)	L3	Opposite of A5 where monies owed to Minister
Provision for staff related expenses (annual leave, long service leave, etc)	L4	The balance of any outstanding leave (annual and long service) where the congregation is putting aside monies (called provisions) to cover the cost of such leave. These monies are owed to the employee and (if leave not taken) at the time of resignation/retirement, they are paid to the employee
Creditors (people or organisations you owe money to)	L5	Any debts owed to anyone person or organisation by the Congregation or Presbytery, excluding L1 above
Other liabilities	L6	Any other liabilities not covered within L1 to L6, eg damages sought in any legal cases pending against the congregation/presbytery
Total Liabilities		Total of L1 to L6
Net Assets (Total Assets less Total Liabilities)		Total of Assets ("A" codes) less Liabilities ("L" codes)
RETAINED FUNDS		
Accumulated Funds	RF1	The 30 June balance from last year's "Total Retained Funds" carried forward to this return
Current Surplus/Deficit from Receipts & Payments	RF2	The amount of Net Surplus or Net Deficit as reported above (ie, the bottom line reported in the Receipts and Payments statement)
Total Retained Funds		Must agree to Net Assets

11.5 Audits and Auditors

11.5.1 UCA Regulatory Requirements

Annual financial reports for all congregations and other Synod of NSW and the ACT agencies need to be audited. Audits provide an independent assessment by a knowledgeable person that the books and records are ‘a true and fair reflection’ of the transactions that have occurred during the year.

UCA *Regulation 5.5.10l* outlines requirements for audit:

“The books of account shall be audited and certified by the auditors at least once in every year and at such other times as may be required by the chairperson of the Church Council or other appointing body as the case may require.”

Generally, financial reports need to be audited by a *qualified accountant* (*Regulation 5.5.10(d)*). Exceptions are made for small congregations with relatively little income.

Copies of audit opinions, along with the financial statements that were signed off by the Church Council / Management Committee and the auditors, are to be provided to Uniting Resources each year by 31 October at the latest.

11.5.2 Treasurer’s Role in Annual Audits

All Congregations and Synod of NSW and the ACT agencies are responsible for arranging their own annual audit. Church Councils are responsible for:

- Appointing external independent auditors;
- Ensuring they are given access to all relevant information and documentation;
- Assisting with auditors queries; and
- Correcting financial records and record-keeping systems as required;

11.5.3 Preparing for Audit

Sufficient timeframes should be allowed to book the auditor ahead of time. It is recommended to book a qualified auditor around six months in advance, in order to ensure they are available to conduct the audit when your congregation requires it.

As auditors are generally conducting *special purpose audits*, they need to be aware of the Synod of NSW and the ACT’s financial and accounting policies.

Prior to audit, the final draft financial statements should be submitted to the Church Council / Management Committee for endorsement. The Church

Council is ultimately responsible for the content and accuracy of the financial statements, and the Chairperson and Treasurer will need to sign the Management Representation Letter that accompanies the final audited statements.

In addition, all accounting records, payroll records, investment / banking records, financial reports, asset registers, Minutes, and original paperwork need to be made available to the auditors. If this information is not up-to-date upon commencement of the audit, the auditors will not proceed at the time agreed. This may result in significant delays in arranging a later time for their return, depending upon how busy they are with other clients.

11.5.4 Independent Reviews for Small Congregations

The Synod of NSW and ACT recognises the potential financial difficulties for small congregations in undergoing a formal audit.

Where all sources of congregation income is less than the value that equates to 2.5 times the notional stipend for ministers, the annual audit (perhaps more appropriately called an *independent review*) may be conducted by two appropriately skilled and independent members of the congregation (or persons from outside the congregation), rather than by a *qualified accountant*.

In these instances, the appointed 'auditor' (or independent reviewers) cannot be members of the Church Council or management Committee being audited. They also must ensure that there are no other conflicts of interest in auditing Congregation a decision or transaction where they were a beneficiary (financial or in kind) as to the outcome of the decision or transaction.

11.5.5 Audit and Independent Review Checklists

To assist non-qualified auditors in their role of independently reviewing the financial accounts for small congregations. Contact Uniting Resources for a copy of this checklist if required.

11.5.6 Audit Fees

Congregations and Synod of NSW and the ACT agencies are responsible for paying the auditors fees. Fees may range from \$200 to \$20,000 depending upon the generosity of the auditor, complexity of the organisation, the state of the accounts, and the extent of work required by the auditor. Some congregations are fortunate to find auditors who are willing to do the task for free.

Audit processes are generally smoothly and quickly undertaken when the book-keeping has been well maintained, and audit costs are kept to a minimum. Audit processes (and hence audit fees) can be significantly extended where the records have not been well maintained or explanations are not readily or promptly provided to questions asked.

11.5.7 Audit Opinions

If auditors are satisfied with the accuracy, completeness and presentation of the financial accounts, an '*unqualified*' report will be issued. Auditors provide an opinion about *reasonable* 'truth and fairness' of the figures representing the activities of the organisation during the year.

Auditors may find some issues that will need to be discussed with members of your Church Council. If the issues raised are considered to be minor (or '*immaterial*'), the auditors will not require changes to the financial statements.

Where auditors have difficulty in following or confirming selected transactions and account balances, they are limited in their capacity to determine the reliability and accuracy of the accounts. They may also have fundamental differences in principles applied in the preparation of the accounts, and request changes to the figures.

Where an auditor is unable to satisfy themselves that the financial statements accurately reflect the true financial position of the congregation, the auditor may issue a '*qualified opinion*' (ie. An opinion could not be reached due to the accounts being incomplete or inaccurate, or an opinion can only be made in respect of certain areas of operation).

A *qualified audit report* is a concern to the Synod of NSW and the ACT, and reflects that the congregation/ entity requires assistance with the future management and reporting of their accounts. Such congregations are monitored by the Congregation Team of Uniting Resources.

11.5.8 Finding an Auditor

Congregations may choose their own auditors, as long as they are adequately qualified as per the UCA Regulations or meet the Independent Review conditions mentioned above.

If congregations need assistance in locating a qualified auditor to conduct their audit, FMS maintains a *List of Auditors*, which is available on the website: [Auditors](#)

11.5.9 Other Audits Periodically Conducted

Your congregation may also sometimes be audited by a number of different external bodies and authorities.

Examples of these include:

- The Australian Taxation Office on issues such as GST, FBT, Superannuation and PAYG Withholding Tax;
- WorkCover NSW on the issue of worker's compensation and Occupational Health and Safety.

- The Office of Industrial Relations of the Department of Commerce on issues such as award and employment legislation compliance.

If you receive notification of such an audit please contact Uniting Resources for assistance.

12. RISK MANAGEMENT

12.1 Risk Management - Risks That Might Arise

There are a number of risks your Congregation or the Synod of NSW and the ACT might be required to address:

- Financial risks;
- Property / building / infrastructure risks;
- Industrial / employment risks including OH&S and workers compensation;
- Legal risks;
- Technological risks;
- Political / reputation risks;
- Community / demographic risks; or
- Service provision risks.

Uniting Resources have provided comprehensive risk identification and management tools on the Uniting Church in Australia NSW and Assembly Intranet ("the Intranet"). The information is located under the Uniting Resources tab "Workplace Safety Services".

Included on the Intranet are risk analysis flow charts, assessment tools and risk registers that you can download and complete.

12.2 Controllable Risks v Uncontrollable Risks

Risks can generally be divided into two categories: **controllable risks** and **inherent risks**.

Controllable risks are those that can be minimised through operation of internal management controls (such as two people counting cash, two people signing cheques, regular reconciliation of investment and bank accounts with your accounting system, well maintained buildings and property, etc).

Inherent risks are those that will exist regardless of a Congregation's attempts to prevent negative events from happening (such as bag snatching on the way to the bank, loss of accounting records in a fire, incorrect deposit of wages by the bank into another persons account, etc). Inherent risks are usually external to the organisation.

When analysing risk in your Congregation you need to consider what processes and steps you can introduce to minimise the potential for risks to cause damage to either persons or your Church.

12.3 Managing Controllable Risks

Risk management involves:

- Knowing and understanding what possible events might arise that may have an undesirable impact on an organisation, its members or its users;
- Anticipating the likelihood of those events actually occurring; and
- Determining the consequences and impact of those events on the organisation and people and being prepared or at least acknowledging it.

Risk management should become a natural part of your Church's processes, whereby potential risks are considered for all functions and activities the Church and employees are involved with. Risk Management is not a matter just for the treasurer (although financial risk is). It involves the whole leadership team in your congregation as oversighted by your Church Council.

The most efficient way of managing risk is by establishing policy, procedures and information systems for a range of important matters and then ensuring that key members across the Church are educated about risk management processes and strategies.

12.4 Risk Management Systems

12.4.1 Formal Systems

Where there is, potentially, a high exposure to something going wrong, or there has been a history of problems faced by the Congregation / organisation, the leaders of your congregation may wish to introduce a formal Risk Management System.

This would most likely comprise a Committee established for the main purpose of identifying, assessing, managing and monitoring a range of risks. The Committee would also be responsible for taking action to correct issues that unnecessarily expose the Congregation / organisation to litigation, reputation, financial, industrial relations, client safety risks, etc.

Such a committee would ultimately report to the Church Council on a regular basis providing a status report on the risk identified and being managed.

Uniting Resources manages risk through its Risk Management and Compliance Policy, a Risk and Compliance Team (comprising UR managers and the Risk Manager), and an active Risk Management framework and

strategy including maintenance of a Compliance Breach Register. Additional information about this is contained on the Intranet.

12.4.2 Incidence Registers

Building security and safety breaches, vehicle accidents, OHS breaches, etc may occur from time to time that will affect future insurance exposures of the Synod of NSW and the ACT. Such accidents and breaches should be reported to Synod through the 'Incidents Register'.

The Incidents Register is part of a broader risk management strategy and enables Synod to monitor causes and occurrences of specific types of accidents that are covered through insurance. This monitoring then leads to subsequent preventative and corrective action which reduces the overall cost of insurance across the Synod of NSW and the ACT.

For more information on reporting incidents that may affect insurance renewals and premiums, please contact the Manager Property Services on telephone 8267 4319 or email insurance@nsw.uca.org.au.

Further Information

In summary, risk management is about achieving a healthy and justifiable balance between the time involved in preventing negative events from occurring and costs associated with implementing reliable and relevant internal controls. What can't be controlled internally is generally covered by insurance, although there are some events which are not covered by either.

Please refer to the Synod of NSW and the ACT By-Laws for more information on Risk Management. If you would like further advice on this topic, or assistance with developing a Risk Management Plan or Risk Management Register, please contact either:

- General risk matters – Risk and Insurance Manager, Uniting Resources on telephone 8267 4484 or email christianm@nsw.uca.org.au
- Financial risk matters – Chief Financial Officer, FMS on telephone 8267 4341 or email kegank@nsw.uca.org.au
- Employee risk matters – Manager, HRS on telephone 8267 4365 or email vickir@nsw.uca.org.au
- OH&S risk matters – Manager, WSS on telephone 8267 4242 or email billt@nsw.uca.org.au
- Workers Compensation risk matter – WSS on telephone 8267 4467 or email rachelw@nsw.uca.org.au
- Information Technology Risk matters – ITS on 8267 4345 or email brucec@nsw.uca.org.au

- UnitingCare risk matters – Manager Risk and Compliance, Uniting Care Ageing on telephone 8267 4461 or email danielc@nsw.uca.org.au

12.4.5 Insurance Claims (see also Chapter 9)

Insurance claims arising from risk identification processes should also be submitted to Uniting Resources – Risk and Insurance section for assessment under the Synod’s insurance policy. Insurance claim forms can be obtained from the intranet – website www.unitingresources.org.au/ps/insurance.

If you need assistance in locating or completing this form, please contact the Uniting Resources Risk and Insurance section on the contact details stated above.

Security and safety breaches should be also reported to Synod through the ‘Incidents Register’. This Register is part of a broader risk management strategy and enables Synod to monitor causes and occurrences of specific types of accidents which leads to subsequent preventative and corrective action.

12.4.6 Sample Risk Management System (a Case Study)

Below is a Case Study of an actual Congregation which went through a Risk Management process I was part of the exercise. For confidentiality reasons, certain details have been deleted and the Congregation has been called *St Anywhere*. This case study can be used to help you through a similar process albeit some of the issues identified maybe different or unique to this case study.

St Anywhere Congregation’s Risk Management Profile

Step 1 – Risk Analysis and Identification Process

A comprehensive risk analysis was carried out by a select team of members of *St. Anywhere Congregation*. These members have a very good knowledge of the Congregation’s inner and outer workings in all its aspects and detail. Note that these members may not necessarily be Church Council members.

Each potential problem was identified and was assessed using a “white board - brain storming” approach. Each problem was also assessed as to its likelihood in occurring and seriousness of its impact should it occur. The issues are summarised below together with suggested practical steps which will reduce the risk.

Taking note of the issues raised will not only help the congregation avoid the adverse outcomes but also allow its members to pray meaningfully for God’s help and protection and his wisdom as the congregation endeavours to minimise the problems that could hinder the ministry.

In this example also, there is a change in Ministers of the Word so *St Anywhere* Congregation is concerned as to impact this change will have on finances and attendance. The outgoing minister is also taking with him all of the sound and technical equipment. *St Anywhere* has also established a Communications (or Marketing) Group.

FINANCIAL MATTERS		
Potential problem	Our current position?	What else can we do?
Loss of <i>St A's</i> giving during transition to new minister	<ul style="list-style-type: none"> • Giving is reliant on people's individual circumstances and heart for giving as well as the number of people in the congregation. • Cannot force people to give or to attend <i>St A's</i>. • The 2009 allocation in budget for stipends will decrease if it takes longer than 3 months to install a new minister • Congregation has given generously in the past to specific-purpose 'contingency' appeals, giving some confidence they will respond in future. 	<ul style="list-style-type: none"> • Adopt measures that encourage consistent and generous giving in offertories. • Implement our <i>...</i> plans for connecting with families and incorporating them into <i>St A's</i> (seeing extra giving as a side benefit, not primary focus). • Ensure services are welcoming and appropriate to needs of newcomers to increase retention rate. • Make occasional special purpose appeals, but only when need is real and clearly identifiable, e.g. to avoid financial difficulties, achieve a key objective, carry out essential ex-budget maintenance • Involve the Communications Group to ensure effective promotion and maximise response to appeals. • Prioritise to ensure appeals are made only for essential or strategically important needs • Monitor responses to establish what types of appeals/approaches elicit good/poor responses.

As a general rule, a financially viable and vibrant congregation should be able to cover the full cost of the minister (stipend, allowances, etc) based on Offertories collected alone. In formula terms:-

$$R1 \geq P1$$

Any amount (surplus) remaining from the above plus other sources of income (rent, fundraising, etc) should then meet all other Congregational expenses (Administration expenses, Living is Giving, Fundraising, Presbytery levies, etc).

Naturally, the abovementioned is merely a broad benchmark, a theoretical approach and not the case with many congregations in financial stress relying on other/supplementary sources of income to meet not only the Ministers costs (P1) but also all other expenses.

CONGREGATIONAL MATTERS		
Potential problem	Our current position?	What else can we do?
Constraints due to lack of technical equipment and/or technical expertise	<ul style="list-style-type: none"> • [redacted] donated the data projector and screen and DVD/video player to St A's. • Need to replace <u>music books</u> left on loan by [redacted] • May need to replace following items, which belonged to [redacted] <ul style="list-style-type: none"> *a small mixer at front of church (used for running sound from audio-visual presentations into the main sound system) *a speaker at the back of the church (helps parents in children's corner hear) *electronic keyboard. • There is no TV with DVD player or other technical equipment in the hall. • [redacted] was seen as main resource for technical expertise. 	<ul style="list-style-type: none"> • Replacement of essential items could be target for special fund raising appeal (or event) at appropriate time (see above). • Discover skills of congregation, e.g. music, sound systems, advanced computing and IT (including web design and maintenance?) • Appoint suitable person(s) to advise and oversee technical matters • Replace missing mixer and speaker in church as soon as funds permit, if assessed as essential • Replace keyboard when someone with keyboard (not just piano) skills becomes available and funds permit. • In future, consider (with priority assessed in relation to overall needs of St A's): <ul style="list-style-type: none"> *additional equipment for hall in consultation with Youth Worker, e.g. TV with DVD player, screen, data projector, sound system *improving church sound system (e.g. microphones?) *update how we record services
Poor retention of newcomers due to poor experience of attending St A's, e.g. not feeling welcomed, service not seen as engaging or Bible-based	Previously monitored and managed by Minister. People appointed to welcome/greet newcomers; others to make contact after church. A welcome 'envelope' provided by Minister.	<ul style="list-style-type: none"> • Ask same people to do pre-service greeting and post-service socialising and introductions for newcomers/visitors. [redacted] • Ask Communications Group [redacted] to work with Minister and [redacted] Council: <ul style="list-style-type: none"> *to review the need for or content of any 'welcoming package' or pew cards *to consider ways of making entrance areas of church more welcoming *to explore ways of discovering why people leave St A's or do not return • Ask Nominating Group to ensure teaching/service style is appropriately engaging and Bible-based prior to recommending new appointment

CHURCH SERVICES & ACTIVITIES

Potential problem	Our current position?	What else can we do?
Poor attendances at services or activities	<p>Factors that may influence attendance:</p> <ul style="list-style-type: none"> •misunderstanding needs of attendees (target group) •activities offered without assessing level of interest of congregation •inadequate promotion 	<ul style="list-style-type: none"> •Minister, Parish Council, StA, Communications Group explore possibility of assessing congregational and contact families' support for special services and events prior to announcing dates/times. •Consult children's ministry leaders/ assistants when designing services/events for contact families •Ask Communications Group to assist with promotion.
Inappropriate targeting and/or usage of limited financial, staff/volunteer and property resources and time	<p>St A's is now entering a new phase, allowing past practices to be reviewed and modified, if necessary, in response to new priorities.</p>	<ul style="list-style-type: none"> •Refer to Key Objectives, as adopted by the Minister Council, as guidelines for prioritising ongoing usage of resources to ensure effective targeting. •Develop mechanisms for coordinating rosters and schedules for various types of activities and groups •Take steps to maximise attendance and avoid/cancel events for which there is little support. <i>See Volunteer/staff fatigue, next page).</i> •Restrict spending on one-off items, e.g. expensive flyers promoting events or banners used once only, unless essential/important for achieving key objective(s) •Adopt a policy of fully or partially covering costs of events by cover charge or donation whenever appropriate •Ensure non-St A's usage of property is charged appropriately and takes place at times that do not limit St A's ability to fulfil its key objectives.

VOLUNTEERS AND STAFF

Potential problem	Our current position?	What else can we do?
<p>Volunteer/staff fatigue OR Losing volunteers during transition to new minister</p>	<ul style="list-style-type: none"> •Volunteers are rostered for duty after recruiting through announcements in News& Notes and services, sign-up sheets and annual Involvement Surveys. •Many of the relatively small group who carry out most of the volunteer work are our older members. Over time, they will become less able to sustain heavy work loads. •Volunteer positions may be filled more out of a commendable willingness to respond to a request than a sense of 'I know this is how God wants me to be using my gifts/time for him'. •The sense of community and desire to see St A's continue as a Parish will help sustain involvement. 	<ul style="list-style-type: none"> •Coordinate scheduling of events to ensure they are spread out and do not overtax volunteers/staff. •Reinforce teaching about the Body of Christ and spiritual gifts with practical examples of this being put into practice at St A's. Fatigue will be minimised if volunteers are using these gifts and working in areas where their experience and interests lie. •Develop ways of recruiting that are more likely to match people's gifts and interests with specific role(s), e.g.: <ul style="list-style-type: none"> *proactively ask/encourage people to 'sign-up' in areas where their gifts and interests lie *encourage people in key roles and others to recognise from casual conversations where people's skills and interests lie. This can give a sense of belonging and being cared for as well as uncovering hidden talents. *encourage those already on rosters to talk to others (e.g. one-on-one or via interview/News& Notes item) about their role and their satisfaction/joy/etc in serving God in this way. •Keep congregation informed and emotionally/spiritually connected with plans for the future, e.g. (ask proposed Communications Group to help with this)
<p>Loss of key people, e.g. staff, committee members, experienced volunteers</p>	<p>Turnover of key people is inevitable, e.g. due to fatigue, aging, incapacity or death or moving away.</p>	<p>Adopt strategies that encourage identification and preparation of volunteers to replace outgoing key people prior to their resignation.</p>

ADMINISTRATION

Potential problem	Our current position?	What else can we do?
<p>Inadequately defined and communicated strategic plans, organisational structure, responsibilities and authorities</p> <p>OR</p> <p>Ineffective oversight of key objectives, activities and decision making</p>	<ul style="list-style-type: none"> •ESTA was delegated to work with the Minister, the Council and congregation to review such issues. This document represents a compilation of their efforts to date. •The main methods of communicating with the congregation at present are: the weekly <i>News & Notes</i>, announcements in services and the Minister's report to the Annual General Meeting. •Such issues previously monitored by Minister and Council, using the St A's Mission and Vision Statements as a general guide 	<ul style="list-style-type: none"> •Minister and Council and StA need to review proposed key objectives and related recommendations in these Recommendations and refine, if necessary, prior to their formal adoption. •Review organisational structure and clarify definitions of responsibilities and authorities for various roles at St A's. Recommended this be a joint process involving the new Minister, Council and StA. •Include monitoring procedures in above proposed review of organisational structure •Ask proposed Communications Group to assist with devising most effective way of communicating such matters to the congregation.

SYNOD AND COUNCIL REQUIREMENTS

Potential problem	Our current position?	What else can we do?
<p>Poor understanding of Council procedures and requirements (or legislation) re use of church property and grounds</p> <ul style="list-style-type: none"> •for St A's activities •by community 	<p>Council takes responsibility for meeting requirements. Permission is sought as needed to meet requirements.</p>	<p>Adopt procedures, if none exist, to ensure:</p> <ul style="list-style-type: none"> •that notification of any changes to requirements are passed on to relevant person(s) •that any proposed changes to property meet and Council or other regulatory requirements, e.g. Kindergarten grant for water-saving devices

Step 2 - Risk Treatment Process and Monitoring

Each Item as described above was assigned a risk grade on the basis of both the Impact and Likelihood of such an event occurring. This was then used as the basis for producing the tables below.

		Risk Grade		
Impact	High	5	6	7
	Medium	3	4	6
	Low	1	2	3
		Low	Medium	High
		Likelihood		

Translating the aforementioned information into “Coloured Risk Identification Register”, we get the following tables.

We suggest that the Risk Management Committee created by Church Council reviews these risks at least quarterly to assess if the colour grading needs to change, if risks have been removed or new ones added. In other words, this process and the documents produced is a “living” process, not just a one off exercise which when done, can be put on the shelf and forgotten.

When reporting risks to Church Council (suggest at least quarterly) you could perhaps only report on those risks graded in Red, but that’s entirely up to each Congregation’s circumstances. Others may choose to report on the whole list (all colours).

Risk Category	Risk Cause	Likelihood	Impact	Risk grade ²⁴	Mitigation strategy
Financial matters	Loss of congregation giving/insufficient congregation giving to meet budget or unanticipated expenses	High	Medium	6	Treat
	Insufficient cash flow to achieve agreed recommendations/goals/timelines	High	Medium	6	Treat
	Unable to meet cost of replacement of equipment, e.g. music books, sound system, etc	Medium	High	6	Treat
	Stock market crash/economic crisis	High	Medium	6	Accept & monitor
	Insolvency of St A [REDACTED]	Low	High	5	Accept & monitor
	Not enough cash flow for general maintenance	Medium	Medium	4	Treat
	Need for structural upgrades beyond budget of St A [REDACTED]	Medium	Medium	4	Accept & monitor
	Not meeting targets set for one-off special appeals	High	Low	3	Treat
	Theft of funds or equipment (internal/ external)	Low	Medium	3	Accept & monitor
	Failure to collect fees/rent	Low	Medium	3	Accept & monitor
Budget overrun	Medium	Low	2	Treat:	
Congregation	Constraints due to lack of technical equipment/ technical expertise	Medium	High	6	Treat
	Inappropriate staff/ volunteer culture and behaviour	Medium	High	6	Accept & monitor
	Poor retention of newcomers (not feeling welcomed, service not seen as Bible-based or engaging)	Low	High	5	Treat
	Inadequate safety for congregation or visitors	Low	High	5	Accept & monitor
	Lack of interest in [REDACTED] 40 Days of Purpose	Low	Medium	3	Treat

Risk Category	Risk Cause	Likelihood	Impact	Risk grade	Mitigation strategy
Church Services and Activities	Poor attendances at services or activities	Medium	High	6	Treat
	Inappropriate targetting of usage of resources	Medium	Medium	4	Treat
	Unable to react quickly to opportunities with new/changed services or activities	Medium	Medium	4	Treat
	Communication/outreach not delivering objectives to budget and on time	Medium	Medium	4	Accept & monitor
	Poor design and implementation of services/activities in relation to target groups	Low	Medium	3	Treat
Administration	Inadequately defined and communicated strategic plan, operating structure, responsibilities and authorities	High	Medium	6	Treat
	Ineffective oversight of key objectives, activities and decision making	Medium	High	6	Treat
	Breaking the law, not following [REDACTED] rules	Low	High	5	Transfer
	Loss of Not-for-Profit status	Low	High	5	Accept & monitor
	Disease?, workmap or contractors not delivering on agreed work	Low	Medium	3	Accept & monitor
	Lack of a suitable office administrator	Low	Medium	3	Accept & monitor
	Lack of expertise in business	Low	Medium	2	Accept & monitor
Volunteer/ staff	Volunteer fatigue	Medium	High	6	Treat
	Lack of trained and qualified volunteers	Medium	High	6	Accept & monitor
	Poor planning - failure to use volunteers effectively	Medium	Medium	4	Treat:
	Losing volunteers during transition to new minister	Low	Medium	3	Treat
	Loss of key people, e.g. committee members, experienced volunteers	Low	Medium	2	Treat
	Inappropriate volunteer culture and behaviour	Low	Low	1	Accept & monitor

Risk Category	Risk Cause	Likelihood	Impact	Risk grade	Mitigation strategy
Premises	Legal dispute due to non-compliance with site requirements e.g. Fire safety requirements	Low	High	5	Accept & monitor
	Residents' objections - volume, time of service, activities on the premises	Medium	Medium	4	Accept & monitor
	Lawsuit due to inadequate contract design and management	Low	Medium	3	Transfer
	Access to church hall - making access for disabled and elderly difficult, etc	High	Low	3	Accept & monitor
	Access to main church building - making access for disabled and elderly difficult, etc	Low	Low	1	Accept & monitor
	Restrictions around services to site	Low	Low	1	Accept & monitor
Council requirements	Lack of compliance with council's building requirements	Medium	High	6	Accept & monitor
	Poor understanding re council processes and requirements for St A's or community use of property	Low	High	5	Treat
	Council objection to specified community use (e.g. community backfire from increased traffic/ noise level)	Low	High	5	Accept & monitor
	Poor understanding of legislation/ Diocesan requirements re St A's or community use of property	Low	Medium	3	Treat
	Changing council requirements	Low	Medium	3	Treat
	Council requires ancillary/ specific use of site to site	Low	Medium	3	Accept & monitor
	Restriction of development due to easements (e.g. stormwater, sewerage, road access, etc)	Low	Low	1	Accept & monitor

13. Tax Issues

Introduction

This chapter has been created specifically for Treasurers to fulfil your church's GST and other tax obligations. There are additional and more comprehensive GST and tax resources available from the ATO should you require more technical information on particular matters. These can be ordered on line from the ATO.

To make this Guide as practical as possible, the Guide is written with the following assumptions:

- your church is registered for GST
- your church has to lodge a Business Activity Statement quarterly
- your church has one Minister plus one employee.

Even if your church does not have any employees, this Guide will still assist you with your GST obligations. It's divided into 5 sections:-

1. Dealing with the Australian Taxation Office
2. Three Common Taxes you will encounter as a Treasurer
3. GST in a Church
4. Deductible Gift Recipients (DGR's)
5. Other Taxes – Land Tax, Payroll Tax, Stamp Duty

13.1 Dealing with the Australian Taxation Office (ATO)

13.1.1 Introduction to dealing with the ATO

The ATO requires GST registered organisations, like your church, to report each quarter.

The document you use to report to the ATO is called a "Business Activity Statement", referred to as a BAS.

The information you record in the BAS determines how much you have to pay to the ATO or how much you will receive as a tax refund.

The BAS you lodge each quarter with the ATO will let the ATO know how much GST you have collected and paid during the quarter. It also lets the ATO know how much tax you have withheld from remuneration paid to your Minister or employee.

13.1.2 When do you have to report to the Tax Office?

The BAS reporting periods are:

BAS Period	Due date for lodgement
Quarter 1 (July—September)	28 October
Quarter 2 (October—December)	28 February
Quarter 3 (January—March)	28 April
Quarter 4 (April—June)	28 July

13.1.3 How do you report to the Tax Office?

You can lodge a BAS with the ATO via one of three ways.

1. Paper lodgement.

With this option you complete the paper BAS that is sent to your church and post it back to the Tax Office by the due date.

2. Electronic lodgement via the Tax Office's Business Portal.

To access the Business Portal, you will need to register with the Tax Office for this service.

The website to commence your application for access to the Business Portal is www.ato.gov.au/onlineservices/

During this process you will be required to install certain software on your computer. Once you have completed the registration process you will be able to lodge your BAS electronically with the Tax Office.

By using this option, in quarters 1, 3 and 4, you will receive a two week extension for lodging your BAS.

3. Using a Tax Agent.

The third lodgement option is to use the services of a registered Tax Agent. A Tax Agent is able to lodge your BAS electronically as well.

13.1.4 How do you make payments to the ATO?

There are 5 different ways to make payments to the ATO:-

1. BPAY.

The BPAY biller code is 75556. The customer reference code you use with this payment is printed on your BAS and is called an “EFT Code”.

2. Direct Credit to the ATO’s bank account.

The Tax Office’s bank account details are:

BSB: 093 003
Account Number: 316 385
Account Name: ATO Direct Credit Account
Reference: “Your EFT Code as printed on your BAS”

3. Direct Debit from your church’s bank account.

To set up a direct debit arrangement with the ATO, go to www.ato.gov.au/howtopay and follow the links to complete a direct debit application.

4. Sending a cheque via the post.

By using the Payment Slip attached at the bottom of your BAS you can post a cheque to the ATO.

Cheques need to be made payable to: Deputy Commissioner of Taxation, and crossed Not Negotiable.

The postal addresses for sending cheques are:

If you are located in WA, SA, NT, TAS, or VIC, send to:	If you are located in NSW, ACT, or QLD, send to:
Australia Taxation Office Locked Bag 1936 ALBURY NSW 1936	Australian Taxation Office Locked Bag 1793 PENRITH NSW 1793

5. Making a payment at an Australian Post outlet.

If you have your pre-printed Payment Slip, which is attached to the bottom of your BAS, you can make payments at any Australian Post outlet. There is a \$3,000 payment limit for cash and EFTPOS payments, and credit cards are not accepted.

13.1.5 What happens if the Treasurer at your church changes?

If you are a new Treasurer you will need to be added as an official “Contact” person with the ATO for your church.

It is important to ensure that your church's contact details with the ATO are always up to date. Only registered Contacts are able to discuss with the ATO your church's tax affairs.

13.1.6 How do you update your church's details with the Tax Office?

To update Contact details with the Tax Office you can either:

1. Contact the Tax Office on 13 28 66 between 8am – 6pm Monday to Friday. This option though is only available to be used by current contact persons wishing to add additional contacts.
2. Completing a [Change of registration details](#) form from the Tax Office. This will need to be signed by a current contact person.
3. Via the online Business Portal if your church has registered for this service.

You can also use the [Change of registration details](#) form to update your church's postal address or bank account details if they have changed.

13.2 Three Common Taxes you will encounter as a Treasurer

13.2.1 Goods and Services Tax (GST)

13.2.1.1 What is GST?

Goods and Services Tax is commonly known as "GST".

It is a transaction based tax that affects income and expense items.

GST is charged by those organisations that are registered for GST on the supplies that they make. When GST is received by an organisation on supplies it makes (i.e. income it has received), the organisation is required to pay this GST to the ATO when the organisation lodges its Business Activity Statement.

When a GST registered organisation, like your church, pays GST on expenses it is able to claim back the GST as an "input tax credit" from the Tax Office so long as a valid "tax invoice" has been received by the church.

13.2.1.2 Types of GST supplies

There are three types of GST supplies.

- Taxable Supply
- GST-free Supply
- Input Taxed Supply

13.2.1.2.1 Taxable Supplies

When your church makes a taxable supply, the income your church receives will include an amount of GST. The amount of GST is worked out as being 1/11th of the amount you receive.

Example

Your church hires out the church hall for a market value price of \$250 for the evening.

The GST on this amount is worked out as $\$250 \times 1/11 = \22.73 .

\$22.73 is payable to the Tax Office and to be included in your BAS.

If requested by the person or organisation that has paid you money for the supply, referred to as “the recipient of the supply”, you are required to issue to recipient of the supply a document called a Tax Invoice.

Without a tax invoice being held by the recipient of a supply, the recipient is not able to claim the GST back from the Tax Office.

Example

Your church purchases a television for the church hall from the local Bing Lee store. The total cost is \$880 including GST. For the church to be able to claim back the \$80 it has paid in GST for the television, it must have a tax invoice from Bing Lee, the supplier.

The requirements for what is a valid tax invoice are detailed later in the Guide.

13.2.1.2.2 GST-free Supplies

There are a number of different types of supplies that your church can make that are classified as “GST-free”.

A GST-free supply is a supply that does not contain GST in the price.

Typical GST-free supplies your church would make are:

- Religious services, such as wedding, baptism and funeral fees;
- Supplies made for less than 50% of the market value of the supply;
- Supplies made for less than 75% of what it would cost you to actually make the supply;
- Sales your church makes of second hand goods your church received as donations;

- Supplies made in relation to raffles or bingo;
- Child care, if your church is a registered child care provider.

Example

Your church charges a fee of \$30 for providing a baptism service. This service is deemed a religious service and is GST-free. This means that no GST is payable to the Tax Office on the \$30 your church received.

Example

Your church rents out the church hall for only \$100 for a night, the market value for the equivalent hall hire at the local Council Community Service Hall is \$250.

As the \$100 charge is less than \$125 (50% of \$250), the hall hire is GST-free and therefore no GST is payable to the Tax Office.

You can see the different GST treatment of this hall hire in comparison to the prior example where the hall hire was at market value and therefore was subject to GST.

More detail about these types of supplies is provided later in this Guide.

13.2.1.2.3 Input taxed Supplies

Similarly to GST-free supplies, an input taxed supply also does not have GST in the price. There is though one fundamental difference between an input taxed supply and a GST-free supply.

This difference is that when you make an input taxed supply, any GST you pay on expenses you acquired to make the input taxed supply can not be claimed back from the Tax Office.

This is a very important GST concept to be aware of.

The main types of input taxed supplies are:

- Renting of residential accommodation;
- Sale and purchase of residential accommodation;
- Certain financial supplies, things like bank interest;
- Nominated “fundraising” events your church may undertake.

Example

Your church owns a residential property and leases the property to a tenant found through the services of a local real estate agent at normal market value rates.

The rental income your church receives is input taxed, and accordingly there is no GST included in this income.

As a part of renting out the premise, the real estate agent charges your church administration fees of \$33 (including GST) per month. As this expense relates to the input taxed rental income your church receives, you are not able to claim the \$3 GST amount you paid on the real estate fees. This is due to the fact the expense relates to an input taxed supply your church is making.

This principle extends to other rental property expenses your church will incur, for example maintenance and repairs, electricity and insurance.

Example

Your church decides to hold a fundraising event in the format of a gala performance night. You decide to make this event an input taxed fundraising event and note this decision in your church's records.

As a result of this nomination, all income relating to the event, for example ticket sales and sales of food and drinks (non-alcoholic) through a canteen, are input taxed and no GST is payable to the Tax Office.

Additionally, any GST you have paid on expenses to hold the event, for example GST on audio equipment hire, cans of drink, cups and plates etc, is not able to be claimed back from the Tax Office. This is due to the fact the expenses relate to input taxed supplies your church is making.

More detail about these types of supplies is provided later in this Chapter.

13.2.2 Pay As You Go Withholding Tax (PAYG)

13.2.2.1 What is PAYG Withholding?

PAYG Withholding is a tax you are required to withhold from certain payments the church will make.

The two common times you will be required to withhold PAYG Withholding tax are:

- PAYG Withholding from payments you make for salary/wages/stipend/allowances

- PAYG Withholding due to a supplier not quoting an Australian Business Number on an invoice they provide to the church.

13.2.2.2 When do you need to withhold from a payment you make?

Payments to a Minister or employee

Each time you make a stipend, wage or allowance payment to your Minister or employee you will be required to apply the PAYG Withholding rules to determine exactly how much you need to withhold.

There are a number of different rules relating to the rate of PAYG Withholding that you will need to use. These are dealt with in further detail in a later part of this Guide.

Payments to a supplier to your church

When you are paying a bill/invoice your church has received from a supplier, for example an invoice received from a Lawn Mowing business for services provided, if this invoice does not include the supplier's Australian Business Number (ABN) and the invoice amount is greater than \$75, then you are required to withhold 46.5% of the total invoiced amount. This amount you have withheld is then to be paid to the Tax Office in your next BAS.

If the supplier to your church is an individual, it is possible this individual is not operating an enterprise and therefore is not required to hold an ABN. In these cases you will not have to withhold 46.5% from the payment you make when no ABN is quoted on an invoice you receive.

To ensure your church has appropriate paper work to support the decision not to withhold 46.5% of a payment to an individual without an ABN, the Tax Office has produced a declaration form that an individual can sign stating that they do not need an ABN. The form is titled "Statement by Supplier" NAT 3346. You may request the individual to consider whether or not the declaration is appropriate.

If you receive a signed declaration you will not need to withhold 46.5% from a payment to an individual. You need to keep a copy of the signed declaration you receive in your church records.

13.2.2.3 When do you pay PAYG Withholding to the Tax Office?

The amounts you withhold from payments as PAYG Withholding are included in your BAS for the BAS quarter in which you withhold the amounts.

The PAYG Withholding tax payment to the Tax Office is made when you make your quarterly BAS payment.

It should be noted that there are some extra rules about PAYG Withholding if you are a part of an organisation that has an annual turnover of greater than \$20 million.

13.2.3 Fringe Benefits Tax

13.2.3.1 What is a fringe benefit?

A fringe benefit is a benefit you provide to your Minister or employee in addition to the normal stipend or wages paid. A fringe benefit could be in the form of a cash payment or the provision of a non-cash item.

Examples of fringe benefits are:

- the provision of a house to a Minister or employee, or the payment of their rent;
- the provision of a motor vehicle to a Minister or employee;
- the payment of a Minister or employee's personal expense such as school fees, groceries, petrol, phone bills etc.

Fringe benefits tax, referred to as FBT, is a tax on the fringe benefits you provide to your Minister or employees.

How does fringe benefits tax work in a church?

There are two general scenarios relating to FBT in a church to be explained.

Fringe benefits provided to a Minister

The first scenario relates to fringe benefits provided to your church's Minister. Fringe benefits that are provided to a Minister who is undertaking pastoral duties are exempt from FBT.

This means that the fringe benefits can be provided to a Minister undertaking pastoral activities without there being any additional tax being payable on those benefits.

Example:

Ben, a Minister at your church, is provided with free accommodation. This accommodation is a fringe benefit as Ben is receiving a benefit (in this case accommodation for him and his family) without having to pay for it. As Ben is a Minister undertaking pastoral duties in the church, this benefit is TAX FREE.

Example:

Paul, a Minister at your church, has his children's school fees and the family's annual holiday to the beach for two weeks paid for by the church. These items are both fringe benefits. As Paul is a Minister undertaking pastoral duties in the church, this benefit is TAX FREE.

A common method for Ministers to access fringe benefits is to use what is commonly referred to as a “Minister’s Expense Account” or “Minister’s Benefits Account”. Further explanation of these accounts is provided later in this Guide.

Fringe benefits provided to a church employee

The second scenario for FBT in a church relates to fringe benefits provided to a church employee.

Fringe benefits provided to employees of a church, for example a Personal Assistant or Receptionist, are not exempt from FBT in the same way fringe benefits are for a Minister.

Fringe benefits provided to employees may be subject to FBT.

You should be aware though, that some fringe benefits are automatically exempt from FBT, these include:

- A laptop computer, one per FBT year so long as the laptop’s use is primarily for work purposes;
- Car parking.

More detailed discussion on fringe benefits is provided later in this Chapter.

13.3 GST in the Church

There are two parts to GST that need to be understood by a church treasurer. One part relates to GST on income, and the other relates to GST on expenses.

The fundamental rules relating to GST on income and expenses are the same, what differs is the perspective from which you are viewing the matter e.g. are you receiving income or paying for expenses.

To make the GST concepts easier to understand, we will separate GST into the income and the expense sides for a church.

Along the way, other important concepts will be identified and explained.

13.3.1 GST Religious Group

A GST Religious Group is a membership group for GST purposes of organisations that belong to a particular religious denomination.

In addition to belonging to the same religious denomination/organisation, to be a member of a GST Religious Group your organisation needs to be registered for GST, be endorsed by the Tax Office as an income tax exempt body and not be a part of another GST Religious Group.

The GST Religious Group is an important GST concept that simplifies GST for you and your church.

It is almost certain that your church is a member of the Uniting Church GST Religious Group. If you are however unsure of this, please contact Kegan Kashian Chief Financial Officer Uniting Resources on 8267 4341 or e-mail keganl@nsw.uca.org.au for confirmation.

What happens when you are a member of a GST Religious Group?

Basically, once you are a member of a GST Religious Group all supplies that are made between members of the group are excluded from GST.

Example:

Your church's Head Office Insurance Department sends you a bill for contents insurance at your church. As you are both members of the same GST Religious Group, there is no GST on the amount payable and no tax invoices are required to be issued or received.

Example:

Your church has recordings of last month's sermons and another church in your Presbytery requests a copy of these sermon tapes. You both agree that the other church is to pay your church \$20 for the tapes. As both your church and the other church in your Presbytery are members of the same GST Religious Group, there is no GST payable on the \$20 charge for the tapes.

13.3.2 Tax Invoices

The document known as a Tax Invoice is one of the most important documents your church needs to focus on in managing GST compliance.

13.3.2.1 What is a Tax Invoice?

A tax invoice is the document that enables your church to claim back GST, it has paid, from the Tax Office.

Without a valid tax invoice for a taxable supply you have paid for, your church will not be able to claim back any GST paid from the Tax Office. This increases your church's costs and reduces the amount of money you have available for your church's ministry.

13.3.2.2 When is a Tax Invoice not required?

There is one exception to the requirement to hold a valid tax invoice prior to claiming back GST from the Tax Office.

This exception is where the total consideration provided for the supply of the goods or services received is less than a GST inclusive amount of \$82.50.

Example

Your church engages a commercial cleaner to undertake certain tasks on a weekly basis. The amount paid each week for the tasks undertaken totals \$77.

The cleaner only provides your church with a Receipt each week from the cleaning company for the services provided.

You have identified that this cleaning company is GST registered and therefore your church can claim \$7 GST as the amount paid for the services is less than \$82.50.

To check if a supplier is GST registered, you can search for the supplier either by name or Australian Business Number at www.abr.gov.au. This website lists the relevant registrations for suppliers with an Australian Business Number.

Please note care needs to be taken that just because an expense item is less than \$82.50, GST is not claimed unless the item actually had GST in the total.

Example

You have shopped at the local corner supermarket and acquired numerous items. The items include cleaning products and fresh milk for morning teas.

Of the items purchased only the cleaning products have GST in the price and these items total \$27.50. The milk was priced at \$2.

You received a receipt from the supermarket for \$29.50 and this receipt was not a tax invoice.

You are entitled to claim the GST on the cleaning products, \$2.50 only, even though a tax invoice has not been received. You must make sure you do not claim GST on the milk as this item does not contain GST in the price as milk is GST-free.

13.3.2.3 What is a valid Tax Invoice?

A tax invoice has different requirements based on the dollar value of the supply. The following table shows the tax invoice requirements for supplies less than \$1,000 and for supplies greater than \$1,000.

Tax Invoice Requirements	Supplies < \$1,000	Supplies >\$1,000
The words 'tax invoice' stated prominently	✓	✓
The name of the supplier	✓	✓
The ABN of the supplier	✓	✓
The name of the recipient	x	✓
The address or ABN of the recipient	x	✓
The date of issue of the tax invoice	✓	✓
The quantity of the goods or the extent of the services sold	x	✓
A brief description of the goods or services sold	✓	✓
The total price of the sale (including GST)	✓	✓
Where the GST to be paid is:		
exactly one-eleventh of the total price, show the GST amount separately or provide a statement such as 'total price includes GST', or	✓	✓
less than one-eleventh of the total price, show the GST amount and the total amount excluding GST for the sales	✓	✓

If the tax invoice you are receiving includes items some of which are GST-free and some taxable, these tax invoices must clearly identify each taxable supply included and show the total amount of GST payable separately to the total amount payable for the sales.

13.3.2.4 What happens if I do not receive a Tax Invoice at the time of the supply?

If you do not hold a valid tax invoice, your church is not able to claim back GST from the Tax Office (subject to the \$82.50 rule discussed previously).

You can request a tax invoice though from the supplier. The supplier must respond to your request within 28 days.

Once you receive a valid tax invoice from the supplier, you can then claim the GST in the relevant BAS period in which you receive the tax invoice.

If the supplier refuses to supply you with a tax invoice after your request, you can make a request to the Tax Office for permission to claim GST on the supply. When making this request to the Tax Office you will need to supply sufficient information relating to the supply and the supplier that will enable the Tax Office to make an appropriate determination.

13.3.3 GST and Church Income

13.3.3.1 GST and church income

The nature of the income your church receives can generally be separated into two components – income received from gifts/offertories and income from supplies you make.

We will look at these two income types separately as they have significantly different GST results.

13.3.3.1.1 Income from Gifts

There are many different names for gifts in churches, these include offertories, tithing, free will giving, donations.

What is a gift?

A gift has been identified as having the following characteristics:

- There has been a transfer of ownership of the item of property and the new owner enjoys some form of benefit from owning the property;
- The transfer of property has been made voluntarily;
- The giver/donor of the property does not receive a material benefit or advantage from having provided the property.

Gifts can be in the form of money or physical property/assets.

What are the GST implications with gifts?

There are no GST implications when your church receives a gift. Gifts have been determined by the Tax Office to not be a supply for GST purposes.

Are gifts included in the church's Business Activity Statement?

No. Gift income is excluded from the requirement to be reported in your church's Business Activity Statement.

What are some of the issues to look out for with gifts?

The main issue to be aware of with gifts and GST are the types of gifts where the giver receives some thing in return.

This is best explained through the use of some examples.

Example of a gift

A member of your church places a \$50 note in the offertory bag on a Sunday morning. This is a gift as it has been made voluntarily and the donor does not receive any material benefit in return for the making of the gift.

Example of a gift

As a part of your church's annual budget process, you request church members to make a commitment to future giving to the church. During the year, the church members make good their pledges to the church. The fulfilment of the pledge by the church member is still a gift as the money has been paid voluntarily.

Example of a gift

Your church holds a discussion evening when the Missionary attached to your church visits on a return visit. At the end of the evening there is an opportunity to make donations for the ongoing support of missionary work in your church. Donations made in response to this request are gifts and no GST applies.

Example not of a gift

Your church is holding a fete and a local business wishes to support the fete by providing a significant monetary 'gift', however in return for the 'gift' your church allows the local business to place advertising material/banners etc around the church property for the day. The 'gift' in this situation is not a genuine gift as the giver is receiving advertising at the fete for the business. This type of situation is also often called 'sponsorship'.

As a result of this advertising/sponsorship arrangement, your church will need to consider the GST implications of the income you have received.

Example not of a gift

Your church permits a local community group to hold their annual meeting in the church hall each year. In return the community group provides the church with a monetary 'gift'. There is no gift in this situation as the community group are receiving a benefit of being able to use the church hall for their meeting.

Your church will now need to assess this income for GST to determine whether or not GST is payable to the Tax Office.

As highlighted in the above examples, when a 'donor' receives a benefit in relation to the 'gift', there is not actually a gift that has been provided. Accordingly your church needs to identify when this situation arises and then make an assessment on the actual GST nature of the income received. The

following section discusses how to assess the GST treatment of income received.

13.3.3.1.2 Income from supplies your church makes

The income your church receives can come from a variety of sources and for a variety of reasons.

In this section we will cover the main areas of church income and the different methods of treating the income for GST.

To start this section off though, it is important to explain a few more GST rules relating to income from supplies your church makes.

GST and the creation of a GST non-profit sub-entity for your church

The GST rules allow organisations such as your church to establish what is known as a “non-profit sub-entity”. A non-profit sub-entity can be used to simplify the GST treatment of certain supplies your church may make.

What is a non-profit sub-entity?

A non-profit sub-entity is a branch or unit of activity that your church operates that is to be treated separately for GST purposes.

A non-profit sub-entity only exists for GST purposes and has no legal separation from your church. They can only exist if your church elects to create one.

What are the requirements for a non-profit sub-entity to be created?

For a non-profit sub-entity to be created, the branch or unit of activity of the church must satisfy the following:

- it must maintain an independent system of accounting, and
- can be separately identified from your main church activities by either its location or activity.

Examples given by the Tax Office of activities that could be separated into a non-profit sub-entity include fetes, lamington drives or fundraising dinners.

The Tax Office has stated that if the activity relates to the main purpose of the organisation, then that activity can not be separated out into a non-profit sub-entity.

Why would you set up a non-profit sub-entity?

Typically non-profit sub-entities are not registered for GST. This means that income for a non-profit sub-entity is not subject to GST and that any GST paid

on expenses relating to the non-profit sub-entity is not able to be claimed back from the Tax Office by your church.

A non-profit sub-entity is useful in situations, mostly to do with fundraising, where there is minimal, or no, GST being paid by the church on expenses relating to the fundraising activities and you do not wish to be concerned with identifying the GST treatment on the income relating to the fundraising, or other, event.

In addition to considering the use of a non-profit sub-entity for fundraising purposes, you should consider the input taxed fundraising event rules discussed later in this Guide.

What else do I need to know about non-profit sub-entities?

Non-profit sub-entities are required to be registered for GST if the non-profit sub-entity has a GST turnover of greater than \$150,000 p.a. It is optional for you to register a non-profit sub-entity if the GST turnover is less than \$150,000 p.a.

If you elect to create a non-profit sub-entity, then you can not revoke your election within the following 12 months.
If you should later wish to re-establish that non-profit sub-entity, again you are required to wait a further 12 months from the date of revocation for the new election to take effect.

GST and fundraising events your church holds

Your church has the option of choosing to elect certain fundraising events to be “input taxed”.

If such an election is made this means that any income your church receives as a result of holding the fundraising event will not have GST included in the total. The flow on effect though, is that if your church has paid for any expenses to hold the event and these expenses include GST in the total, then that GST can not be claimed back from the Tax Office.

What is an eligible fundraising event that can be treated as input taxed?

The following fundraising events can be treated as input taxed:

- a fete, ball, gala show, dinner, performance or similar event. Similar events may include a charity auction, a cake stall or fashion parade;
- an event where all goods are sold for \$20 or less. These events cannot involve the sale of alcohol, and the selling of the goods must not be a normal part of your church’s operation;
- an event that has been approved by the Commissioner of Taxation as a fundraising event. You can make a request by writing to the Tax Office and explaining what the event you are proposing to hold involves.

To be an eligible fundraising event that is input taxed, your church records must clearly show that an election was made to treat the particular event as being input taxed. You do not need to lodge this election with the Tax Office but a copy must be retained with your financial records.

How many fundraising events can be held each year?

Your church is able to hold up to 15 identical fundraising events each year and still be eligible to nominate those events to be treated as input taxed.

Why would you elect to hold an input taxed fundraising event?

The advantage of electing to hold an input taxed fundraising event in comparison to making no election is that you will not need to consider the GST implications on the income you receive from the event.

This is of particular advantage when the most of the inputs involved in holding the event are donated or have very little GST included in their price.

Example

Your church holds a performance evening to raise money. There will be a cover charge of \$15 to enter the church hall to view the show and food and drinks can be purchased in a canteen style arrangement.

There are almost no expenses incurred in holding the performance evening and food and drinks are donated by church members.

You elect to make this event an input taxed fundraising event. As a result of this election you do not need to consider the GST implications on the ticket sales/cover charge or the price of the food and drinks sold.

GST and the non-commercial activities test for your church

The GST non-commercial activities test for organisations such as your church is possibly one of the most important GST compliance tasks you will need to understand.

What is the GST non-commercial activities test?

The test is as follows:

For a supply of any good or service that is not accommodation, the supply is GST-free if the amount charged is:

- less than 50% of the GST inclusive market value of the good or service,
or

- less than 75% of the amount your church paid to acquire the goods or services provided.

For a supply of accommodation, the accommodation is GST-free if the amount charged for the accommodation is:

- less than 75% of the GST inclusive market value of the accommodation, or
- less than 75% of the cost of providing the accommodation.

When do you have to apply the non-commercial activities test?

The non-commercial activities test must be applied for every transaction your church enters into. The test is not optional.

What is the benefit of the test to my church?

There are two benefits to your church as a result of applying the non-commercial activities test.

1. Supplies your church makes of goods and services that would otherwise be a taxable supply and have GST included in the price, are converted to GST-free supplies. This means you are able to keep 100% of the money you receive for the supply and not have to pay any GST to the Tax Office on those supplies.
2. Accommodation which is normally input taxed (which means you can not claim any GST on expenses that relate to the accommodation) is now GST-free when the test is satisfied. This means that GST on accommodation expenses are now able to be claimed from the Tax Office.

How do you determine the market value of a supply?

The ATO has provided some guidance on how to determine the market value of a supply and has identified 3 tests for you to follow.

Test 1: Identify if there is an identical supply in the open market and use price of that supply as being the market value (this type of identical supply is often referred to as a “commercial equivalent”).

Test 2: If there is no identical supply, identify if there is a similar supply to the one you are making (in this situation we would be identifying that there is no commercial equivalent type of supply).

Test 3: If neither of the first two tests can be completed, then the third test is to determine of the market value by using a “cost +” mark up rate.

This third test allows you to use full “absorption costing” and then apply a mark up percentage rate to determine what the market value of the supply would be.

Absorption costing means you can include costs such as labour, materials, and an appropriate proportion of the fixed and variable overheads used to make the supply.

In addition to the actual costs you have incurred, the ATO has allowed the value of volunteer time and the value of donated goods to be included in the calculation.

The ATO has stated that the three tests must be applied in order and that if you are going to use the third test you will need to have evidence to show that the first two tests were not applicable to you.

How do you determine the cost of a supply?

For supplies of goods and services that are not accommodation, the cost to be used in this test is the sum of the amounts your church actually paid to provide the supply.

For supplies of accommodation, the cost of the accommodation can include the direct and indirect costs and a value for depreciation and other imputed costs.

GST and religious services in your church

The supply of a religious service in your church is GST-free.

What is a supply of a religious service?

A supply of a religious service is a supply that is integral to the practice of your religion.

The following items have been accepted by the Tax Office as being integral to a religion:

- worship
- Sunday School
- A wedding service
- A funeral service
- A baptism service
- Bible study groups
- Religious retreats

Supplies that are not supplies of a religious service are:

- Supplies of flowers at wedding or funeral etc
- Supplies of music at a wedding or funeral etc

- Travel expenses for a Minister to attend a wedding or funeral for example
- Administrative or financial services provided by the church
- Church library loans or hire of goods for private devotions

GST and residential property your church owns

There are two scenarios that your church may encounter if your church owns residential property (Manse, Rectory etc).

Your church rents out the property with a standard tenancy arrangement

In this situation you might engage a real estate agent to find a tenant or a member of your congregation acts as the landlord and undertakes all the required tasks.

The rental income your church receives from the tenant is input taxed, unless the non-commercial activities test applies.

Example

You rent out the Manse for \$250 per week. The rental market value of the property is \$260 and you have calculated that the costs to the church in providing the accommodation are \$200 per week.

In this case the rent received is greater than both 75% of the market value and 75% of the costs to provide the accommodation.

The rental income is therefore input taxed and not GST-free. This means that any GST on expenses your church pays for in providing the accommodation can not be claimed back from the Tax Office.

Your church provides accommodation to the church's Minister

In this situation your church provides accommodation that it owns to your church Minister.

In most cases this accommodation is provided rent free to the Minister as accommodation is a part of the benefits provided to the Minister in return for the Minister's service to your church.

To be able to make an assessment on whether or not the accommodation is GST-free or input taxed, a value has to be placed on the Minister's services that is being provided to the church in return for the accommodation.

The Tax Office has stated that in a normal situation where a congregation calls a Minister and follows the stipend guidelines as published by your church's Synod head office, the value of the consideration provided for the

accommodation is the difference between the amount of a stipend for a Minister provided accommodation and the amount of a stipend for a Minister not provided accommodation.

In some areas this difference may be identified as a Housing Allowance. If this is the case, the value of the published Housing Allowance is the value to be used.

Once you have determined the notional value of the Minister's consideration for the accommodation, you can then undertake the non-commercial activities test to assess whether or not the accommodation is GST-free or input taxed.

Example

The Synod guidelines in relation to stipends state that for a Minister not provided with accommodation a Housing Allowance of \$7,800 p.a. should be paid.

This equates to a value of \$150 per week.

Accordingly if the market value of the manse your church is providing to the Minister has a rental market value of greater than \$200 per week, or costs your church more than \$200 per week to provide, then the accommodation will be GST-free.

If however, the market value of the manse, and the cost of supplying the manse is less than \$200 per week, then the accommodation will be input taxed.

The implications of the assessment about the GST treatment of the manse accommodation can be significant.

If your church's manse accommodation to the Minister is input taxed, your church is not able to claim GST back from the Tax Office on expenses it pays for relating to the church. This means items such as repairs and maintenance, security, pest control, insurances etc that have GST included in the price will become additional costs to your church.

If you are unsure about the treatment of your church manse it is recommended you seek assistance from your Synod head office.

GST and general income

There are a number of different income types remaining that your church may receive that need to be discussed.

GST and sales of donated second hand goods

If your church runs an “op shop” for example that receives donated second hand clothing, furniture and equipment etc, when your church sells these goods the sales will be GST-free.

If though once you have received the donated goods you change the original nature of the goods, these goods lose their second hand nature and when you sell the goods the sale will be subject to the normal GST rules.

Example

You receive donated clothing that is beyond repair and not able to be sold in its current state. Accordingly your church removes the buttons etc and cut the clothing up and sells the remains as rags. These rag sales will be subject to GST and the possible application of the non-commercial activities test.

Sale of church assets, including a motor vehicle

If your church sells a church asset (excluding as a rule residential property), the income you receive will be subject to GST and the possible application of the non-commercial activities test.

Example

Your church recently purchased a new office computer and now is going to sell the old computer to a congregation member for \$150.

The computer you are now selling originally cost \$1200 including GST. As your sale price today, \$150, is less than 75% of the original GST inclusive purchase price, the sale is GST-free.

Example

Your church owns a mini bus which was purchased for \$33,000 including GST. You are now trading in this vehicle for a new mini bus. The new mini bus has a purchase price of \$44,000 and the motor vehicle dealer has offered a trade in price of \$20,000.

The GST implications are as follows:

- The trade in of the old vehicle is GST-free as the sale price is less than 75% of the original purchase price.
- The church can claim a GST credit of \$4,000 from the purchase of the new vehicle, so long as a valid tax invoice is held.

If the trade in price was \$25,000, the GST implications would be as follows:

- The trade in of the old vehicle is a taxable supply as the sale price is greater than 75% of the original purchase price. This means you need to pay GST of \$2,272.73 to the Tax Office.

- | |
|--|
| <ul style="list-style-type: none">- The church can claim a GST credit of \$4,000 from the purchase of the new vehicle, so long as a valid tax invoice is held. |
|--|

Sale of real property (real estate)

If your church sells a piece of real estate, there are significant GST and legal issues to be considered. Please refer all these transactions to Uniting Resources.

13.3.4 GST and church expenses

There is a very simple rule to follow with respect to GST and expenses:

If you do not hold a valid tax invoice for an expense you are not able to claim GST back from the Tax Office.

Of course with every simple rule, there are exceptions. These exceptions, as previously discussed, are:

- you can claim GST without a tax invoice when the amount of the expense is less than \$82.50 GST inclusive and the item you have acquired actually has GST in the total
- you can not claim GST on expenses even if you hold a valid tax invoice on expenses relating to input taxed fundraising events, unregistered non-profit sub-entities or input taxed residential properties.

GST and welfare payments your church makes

There are some particular GST rules to follow if your church provides welfare support to individuals.

The basic scenario is: your church pays a bill on behalf of an individual, for example your church pays an individual's personal electricity bill. In this case your church is not entitled to claim the GST back from the Tax Office, even though there was GST included in the amount you paid.

The reason for this is that the supply of electricity, in this case, was not made to the church but rather it was provided to the individual. This means that your church is not entitled to claim the GST even though you paid it.

Another scenario is that your church may purchase store vouchers, or gift cards to be provided to individuals when assistance is required. In these cases, there is no GST included in the purchase price of the voucher or gift card. Accordingly there is no GST to be claimed back from the Tax Office.

There is however a different scenario your church may operate with.

In this scenario your church provides an individual with an authorisation to take to the local grocery shop to acquire goods. The authorisation you

provide stipulates the dollar value of the goods that can be acquired and the shop from which the individual is to attend.

What happens next is that when the individual with the authorisation attends the named shop, goods are released to the dollar value stipulated and then the shop invoices your church for the amount of the goods. Your church then pays the shop once the appropriate tax invoice is received from the shop.

The Tax Office has stated that only if there is a written agreement in place between your church and the shop outlining the arrangement and binding obligations of both the shop to provide goods on the presentation of a properly substantiated authorisation and the obligation for your church to pay the shop, that your church can claim back the GST included in the amounts you have paid.

If you do operate with this style of welfare arrangements you must consider whether or not your church has the appropriate arrangement in place to enable the claiming back of the GST you pay on the tax invoices received from the shops/suppliers you deal with.

Reimbursement of volunteer, employee and Minister expenses

When your church reimburses either a church volunteer, a church employee or your church Minister for expenses they have paid for in the course of their activities as a volunteer, employee or Minister for the church, then your church is entitled to claim back the GST on those expenses.

You still need to ensure that you have a valid tax invoice in relation to these expenses prior to claiming the GST.

GST and bank charges

Most bank charges your church will pay are input taxed and accordingly have no GST in the total. Example of these charges are account keeping fees, night safe fees, bank transfer fees, ATM usage fees.

An example of charges that do include GST are fees relating to merchant facilities. If your church has a merchant facility you should be receiving tax invoices from the merchant provider.

Expenses with no GST implications

There is a category of expenses that your church will pay that will not have any GST implications.

These include:

- salary and wages for employees
- stipend and allowances for Ministers
- superannuation payments

- transactions with other members of your GST Religious Group (eg. Synod head office charges)

When you make payments of these types you do not need to include them in any of your GST calculations.

13.4 Deductible Gift Recipients (DGR's)

13.4.1 Introduction

We receive many enquiries in Uniting Resources from our church organisations seeking information as to the qualifications required to become a Deductible Gift Recipient (**DGR**) entity within the Uniting Church. The motivation, unfortunately, often appears to be more a case of seeking tax concessions, rather than a genuine quest to provide the necessary public benefit community services that is aligned to such a special charity status. This chapter explains the requirements necessary to qualify as a DGR.

13.4.2 Deductible Gift Recipients (DGRs)

A DGR is an organisation which the income tax law or the Australian Taxation Office (**ATO**) has determined or endorsed as being entitled to receive income tax deductible gifts. This means that a person or a body can make a donation to that DGR organisation and receive a tax deduction at the time of making the donation. The temptation is often for our church organisations to be more swayed towards this goal, rather than the genuineness of the intended charitable goals or outcomes of those church organisations.

The law is very tight on which organisations can be endorsed as DGRs, as obviously granting such endorsement results in less revenue to the Federal Government. If your organisation already has DGR endorsement, it is extremely important that you carry on your organisation's activities at all times in a manner which is consistent with your original intended goals, and does not endanger or risk your DGR endorsement. This will be discussed in more detail further on in this Fact Sheet.

13.4.3 DGRs listed by name

Some organisations have DGR endorsement as they are listed by name in the tax law. Examples are Amnesty International Australia, the Australian Sports Foundation and all prescribed private funds.

13.4.4 Endorsed DGRs

Although some DGRs are listed by name in the tax law, the majority of DGRs in Australia are not listed by name. The majority have applied to the ATO for individual endorsement as a DGR and have received DGR status because they fall within one of the general categories listed in the DGR table. There are more than 30 general DGR categories.

The DGR table setting out the general categories of DGRs is as follows:

Health	
<ul style="list-style-type: none"> ▫ Public hospital ▫ Non-profit hospital ▫ Public fund for public and non-profit hospitals ▫ Public authority for research 	<ul style="list-style-type: none"> ▫ Public institution for research ▫ Health promotion charity ▫ Public ambulance service ▫ Public fund for public ambulance services
Education	
<ul style="list-style-type: none"> ▫ Public university ▫ Public fund for the establishment of a public university ▫ Higher education institution ▫ Residential educational institution ▫ Commonwealth residential educational institution ▫ Affiliated residential educational institution ▫ TAFE 	<ul style="list-style-type: none"> ▫ Public fund for religious instruction in government schools ▫ Roman Catholic public fund for religious instruction in government schools ▫ School building fund ▫ Public fund for rural school hostel building ▫ Government special school ▫ Scholarship fund ▫ Life education company
Research	
<ul style="list-style-type: none"> ▫ Approved research institute ▫ The Commonwealth 	
Welfare and Rights	
<ul style="list-style-type: none"> ▫ Public benevolent institution ▫ Public fund for public benevolent institutions ▫ Public fund for persons in necessitous circumstances 	<ul style="list-style-type: none"> ▫ Public fund on the register of harm prevention charities ▫ Australian disaster relief fund ▫ Animal welfare charity ▫ Charitable services institution
Defence	
<ul style="list-style-type: none"> ▫ The Commonwealth or a State ▫ Public institution or public fund for members of the armed forces ▫ War memorial repair fund 	
Environment	
Public fund on the Register of Environmental Organisations	
The Family	
<ul style="list-style-type: none"> ▫ Public fund for an approved marriage guidance organisation ▫ Public fund for provision of family counselling or family dispute resolution 	

International Affairs	
<ul style="list-style-type: none"> ▫ Overseas aid fund ▫ Developed country disaster relief fund 	
Sports and Recreation	
<ul style="list-style-type: none"> ▫ Guides branch ▫ Scout branch 	
Cultural Organisations	
<ul style="list-style-type: none"> ▫ Public fund on the Register of Cultural Organisations ▫ Public library ▫ Public museum ▫ Public art gallery 	<ul style="list-style-type: none"> ▫ Institution consisting of a public library, public museum and public art gallery or any two of them
Ancillary Fund	
Ancillary fund	

13.4.5 Other conditions for DGRs

Most DGRs also have to satisfy the following four conditions:

1. The organisation must be in Australia.
2. The organisation must have an ABN and maintain a gift fund.
3. If the organisation issues a receipt for a gift, it must include particular information in that receipt.
4. An organisation must tell the ATO if it ceases at any time to be entitled to endorsement.

13.4.6 What is a gift fund?

A prerequisite for DGR endorsement is that the organisation maintains a gift fund. If the organisation is seeking endorsement in its own right, the gift fund must be for the organisation as such. If the organisation is seeking endorsement for a fund, authority or institution it operates, the gift fund must be only for that fund, authority or institution. A gift fund has these characteristics:

1. it is a fund;
2. it is maintained for the principal purpose of the organisation or of the fund, authority or institution;
3. all gifts, and deductible contributions, of money or property for that purpose are made to it;
4. any money received by the organisation, because of such gifts, or deductible contributions, is credited to it;

5. it does not receive any other money or property;
6. the fund is used only for the principal purpose of the organisation or of the fund, authority or institution; and
7. the organisation is required – by a law, its constituent documents or governing rules – to transfer any surplus assets of the fund to another gift deductible fund, authority or institution when the fund is wound up or the DGR endorsement is revoked, whichever occurs first.

13.4.7 Operating a gift fund

Maintaining a gift fund entails banking money separately and specifically identifying items of property. The money and property of the gift fund must be clearly separate from that of the rest of the organisation and accounted for accordingly.

13.4.8 New DGRs

The Commonwealth Government regularly adds to the list of DGR categories. For example, as of 1 July 2006, the following new DGR categories were added:

- scholarship fund;
- Australian disaster relief fund;
- animal welfare charity;
- charitable services institution;
- war memorial repair fund;
- family counselling and family dispute resolution organisations;
- developed country disaster relief fund.

It is beneficial to keep up to date with newly created DGR categories, as you may find that activities which you have been carrying on and which, to date, have not entitled your organisation to DGR status, suddenly do entitle you to such status.

We suggest you refer to the following web site to keep up to date with the tax laws governing DGR endorsement and to view the latest organisations, institutions, funds and authorities which have become endorsed as DGRs.

[ATO - DGR website](#)

13.4.9 Public Benevolent Institution (PBI)

All organisations which are endorsed as public benevolent institutions (or PBIs, as they are more commonly known), which term is defined below, are entitled to be endorsed as DGRs.

For organisations within the Uniting Church which are endorsed as DGRs, they will usually be endorsed because those organisations:

are predominantly focused on providing community type or educational services; or

have been endorsed as PBI's.

UnitingCare NSW (ACT) and all its entities within are a PBI for the purposes of the Tax act.

13.4.10 Definition of a PBI

A PBI is a non-profit institution organised for the direct relief of poverty, sickness, suffering, distress, misfortune, disability or helplessness. The characteristics of a PBI are as follows:

1. It is set up for needs that require benevolent relief.
2. It relieves those needs by **directly** providing services to people suffering from them.
3. It is carried on for the public benefit.
4. It is non-profit.
5. It is an institution.
6. Its dominant purpose is providing benevolent relief.

Let us look at each of these six characteristics in turn.

13.4.10.1 Needs requiring benevolent relief

The condition or misfortune which is being relieved by a PBI must be such poverty, sickness, suffering, distress, misfortune, disability or helplessness as arouses pity or compassion in the community. Examples of activities of PBIs include:

- providing hostel accommodation for the homeless;
- treating sufferers of disease;
- rescuing people who are lost or stranded (in a physical sense rather than a spiritual sense).

It is the opinion of the ATO that not all degrees of distress or suffering would necessarily arouse community compassion. For example, organisations that provide marriage guidance or counselling to sole parents who are divorced or have lost a spouse will not be PBIs. Further, needs to be met by education or training will not normally be such as to arouse community compassion.

However, there will be circumstances where education and training may be among the services provided to alleviate the effects of poverty or helplessness. For example, primary and secondary schools, business colleges, etc are not PBIs, but a Braille learning centre for the blind is a PBI.

13.4.10.1.1 Relief of need

Organisations that serve people who are in need will only be PBIs if they relieve those needs.

The services of some organisations are far too broad and not sufficiently focused on meeting such needs to be considered PBIs by the ATO. For example, a community service organisation which

helps the needy, runs after school care, organises cultural events and offers relationship counselling is not a PBI as its services are too broad to be a PBI.

The fact that an organisation charges fees for its services will not prevent it from being benevolent. However, the type and level of charges, in view of the services being provided, may indicate that an organisation is not a PBI.

13.4.10.1.2 Direct provision of services

PBIs provide their services directly to persons in need of relief. Out of all of the characteristics of a PBI, this is usually the most difficult to satisfy. For example, if an organisation exists to promote social welfare in the community generally, it would lack the required direct benevolence.

Organisations for lobbying, advocacy, research and policy studies and disseminating information are not generally PBIs. Organisations that merely play a general role in the field of benevolent relief will not be PBIs.

Organisations that merely provide information on welfare and/or similar services to the community are not PBIs.

Organisations are not PBIs if they primarily:

- give information and advice to the public on preventing a disease or ailment;
- conduct research, training or advocacy about a need or condition; or provide equipment and facilities to PBIs and other bodies that help people in need.

13.4.10.2 Public

PBIs operate for the public. They confer relief on an appreciable needy class in the community.

Organisations will not be public in the required sense if:

benefits are not provided for the public, but are provided on such grounds as personal relations, employment or membership of a voluntary association which can arbitrarily exclude potential applicants;
or

benefits are provided on a discriminatory basis and not primarily because of need.

13.4.10.3 Non-profit

A PBI must operate on a non-profit basis. This means that its assets or profits are not to be distributed to members, owners or particular persons, except as reimbursement for out-of-pocket expenses incurred on behalf of the organisation, or as proper remuneration for administrative services. Your constitution or rules will have to contain special clauses to satisfy this characteristic of a PBI.

13.4.10.4 Institution

An institution can have different legal forms. It can be a trust, a company, an unincorporated association, an incorporated association, a body established by law, etc. An analysis of whether or not an organisation is an institution takes into account a study of its activities, size, permanence and recognition.

13.4.10.5 Predominantly for benevolent relief

The dominant purpose of a PBI must be the direct relief of poverty, sickness, suffering, distress, misfortune, disability or helplessness. Other purposes and activities must be incidental to that purpose. They must be minor in extent and importance. Organisations that provide benevolent services, but only as part of broader purposes or operations, are not PBIs.

For example, an association is organised by an ethnic group. It provides cultural, social and sporting activities, care for the aged and disabled, after school care and education programs. While some of the association's purposes may provide benevolent relief, this is not its dominant purpose.

It is important to note that if there are changes in an organisation's constitution or operations, its status as a PBI may change. An organisation's character upon foundation will not be determinative indefinitely. In this respect, it is imperative that a PBI carry out an annual check of its activities to ensure that

it has not changed or adopted new activities which take the organisation outside the realm of a PBI.

13.4.11 Checklist – is your organisation a PBI?

It is both surprising and worrying that organisations often state their goals and identify themselves as being a PBI for endorsement purposes, but subsequently (in their promotional literature, website, etc) state or promote a completely different purpose, which diverts away from, adds to or completely withdraws from their original PBI goals. The ATO is quite clear in its position on this – in that it is not acceptable - and often uses this inconsistency with the original constitution, DGR endorsement application form and goals to revoke the PBI status of that organisation.

You should use the following checklist to determine whether or not your organisation is a PBI:

1. Who is your organisation set up to help?
2. Why do these people need help?
3. What aid/services does your organisation provide to them?
4. How does your organisation choose who will receive your aid/services?
5. From day to day operations, annual reports, financial statements, website and promotional material etc, can your organisation conclude that your dominant activity is providing direct relief of poverty, sickness, distress, misfortune, disability or helplessness?
6. Do your organisation's constituent documents clearly show that your organisation's dominant purpose is providing benevolent relief?
7. Does your organisation limit the people to benefit only on the basis of being able to better provide benevolent relief?
8. Is your organisation a non-profit institution?

13.4.12 Maintaining DGR status

Organisations that have been endorsed as DGRs must tell the ATO if they cease to be entitled to that endorsement. Things that can affect entitlement include:

1. changes to purpose and operations;
2. failing to maintain a gift fund;
3. where applicable, not satisfying the "in Australia" requirement; and
4. incorrectly issuing receipts for tax deductible gifts or contributions.

13.4.13 Carrying out reviews

This means that there is a requirement to carry out regular reviews of an organisation's DGR status. The law itself does not require any particular intervals between self reviews, but the ATO recommends a yearly review. There should also be a substantial review when there is a major change in your organisation's structure or operations.

We suggest that such a review be undertaken annually by the governing body (board, committee, etc) as part of its agenda. Make a decision as to when it needs to be formally placed on the agenda of a meeting. Such a meeting needs to critically examine its original charter vs. current status and try to reconcile that the organisation still meets its intended DGR purposes. Prior to the meeting have available to members the necessary constitution, charter or other relevant documentation to engage in such a discussion.

13.4.14 Purposes versus objects

It is imperative that you ensure, at all times, that the public appearance of your organisation reflects what you advised the ATO as being the objects of your organisation when you first applied for endorsement.

The ATO distinguishes between an organisation's "purposes" and its "objects". It uses the term "objects" for written statements in the constituent documents. An organisation's constitution, memorandum and articles of association, trust deed or other constituent document formally sets out the reasons for which it is to exist and operate, that is, its objects. The ATO will have analysed these documents in first deciding whether or not to endorse your organisation. It is important to draft your objects carefully with an eye to all of the tax concessions which are available and which you wish to obtain.

"Purposes" is used for the substance and reality of the organisation's operations, as judged in the light of relevant circumstances. Defining an organisation's purpose involves an objective weighing of all its features. These include not only the constituent or governing documents, but also:

- the organisation's activities, policies, plans and procedures;
- the organisation's public actions and statements;
- the activities of the executive body;
- how the organisation is administered;
- the uses and sources of funds and property;
- the duties and tasks of employees, contractors and volunteers;
- finances;

- history;
- the question of control;
- any legislation governing its operation; and
- how all this is publicly portrayed or represented through its published material (including pamphlets, brochures, annual reports, etc) and its website.

To minimise the possibility of loss of any endorsement you currently enjoy, you should regularly check whether all of the different facets of your organisation as outlined above are in line with the objects as stated in the constituent documents and as represented to the ATO.

13.4.15 Revoking endorsement

As part of its general administration of tax laws, and to ensure only genuine entities or funds receive DGR concessions, the ATO carries out reviews of endorsed DGRs. The reviews help establish if DGRs are in fact entitled to endorsement.

The ATO may ask you to provide information and documents relevant to your organisation's entitlement to endorsement. While you must comply with this request, you will be given at least 28 days to provide the information and documents. Failure to do so can lead to your endorsement being revoked, and to prosecution.

The ATO can revoke the endorsement of a DGR if:

the organisation is not entitled to be endorsed;

the organisation has not provided the information and documents within the specified time after a request from the ATO; or

the organisation has not given the specified information on receipts for tax deductible gifts and contributions.

If your endorsement as a DGR is revoked, you will receive written notice of that revocation. The revocation is effective from the date specified by the ATO and the date may be retrospective.

13.4.16 Worksheets

To assist DGRs in undertaking a self review, two worksheets are available from the ATO:

1. Where an organisation is endorsed as a DGR in its own right
2. Where an organisation is endorsed as a DGR for a fund, authority or institution that it operates

13.4.17 The policy of the Uniting Church on DGRs

Organisations within the Uniting Church intending to register as a DGR with the ATO need to firstly contact Financial Management Services and speak to the CFO on (02) 8267 4341.

By reading the instructions within this Fact Sheet, UCA applicants should establish very early on if they in fact qualify as a DGR. The requirements are quite clear and onerous. Only a handful of congregations carrying out special community service activities currently hold DGR status. The rest are organisations endorsed within UnitingCare, Private Schools and Missions.

If you wish to pursue becoming a DGR, we can guide you to proper legal advice to assist you in the process of preparing your constitution and DGR application, and in satisfying all other requirements.

13.4.18 Seeking advice

It is imperative for any congregation (or organisation operated by a congregation) to seek advice from both a lawyer and an accountant, both of whom specialise in the charities sector, when:

initially establishing an organisation;

initially applying for DGR status or PBI status; and

contacted by the ATO and advised that the ATO is undertaking an audit of the congregation/organisation.

13.4.19 Resources

The ATO publishes both in hard form and on its website some very good resources for organisations which either are already endorsed as DGRs or wish to be endorsed as DGRs.

The ATO publication *Gift Pack – for deductible gift recipients and donors* is a very useful guide. It is updated regularly. The document number is NAT3132-07.2006. You can either order a hard copy from the ATO or download it from the ATO's website. The ATO's website is www.ato.gov.au.

When you enter the home page of the ATO website, you will find down the left-hand side various sections of the website you can access. If you access the "Non-Profit" section, you will find some very useful information, including fact sheets.

13.5 Other Taxes

Apart from the abovementioned taxes which are the main taxes Congregations and Presbyteries would deal with, there are a number of other taxes (federal, state and local) which may possibly come across. These are:-

1. Land Tax,
2. Local Government Rates
3. Water Sewerage and Drainage Charges
4. Organisation (Corporate) Income Tax
5. Personal Income Tax
6. Payroll Tax,
7. Stamp Duty

13.5.1 Land Tax (State Tax)

Land tax is a state tax generally imposed on the value of land held in New South Wales. Land which is held for the purposes of a religious institution is exempt from land tax. The purposes of a religious institution would generally include land held by the Uniting Church Property Trust for the purposes of the Uniting Church in Australia, including land used by a Congregation as a church building and hall, rectory, etc.

13.5.2 Local Government Rates (Local Tax)

All land in New South Wales is rateable unless it is expressly exempted from rating. Under s.555(1)(e) of the Local Government Act 1993 the following land is exempt from all rates -

"land that belongs to a religious body and is occupied and used in connection with -

- I. a church or other building used or occupied for public worship; or
- II. a building used or occupied solely as the residence of a minister of religion in connection with any such church or building; or
- III. a building used or occupied for the purpose of religious teaching or training; or]
- IV. a building used or occupied solely as the residence of the official head or the assistant official head (or both) of any religious body in the State or in any diocese within the State".

Land on which churches and halls are erected will generally be exempt under paragraphs (i) or (iii) of s.555(1)(e). Land on which a manse or other ministry residence is erected will generally be exempt under paragraph (ii) of s.555(1)(e).

Care must be taken to ensure that the use by non-church groups of church buildings and halls does not cause the land on which those buildings are erected to become liable to rates. Where buildings are leased, the land will generally cease to be exempt from rates.

Where land is used on an occasional basis by a non-church group, the land should remain exempt from rates provided that the main or dominant use of the building continues to be a use described in s.555(1)(e).

The rate exemption does not extend to charges. Hence, local councils can levy charges (such as for waste management services) on land which is exempt from rates.

13.5.3 Water Sewerage and Drainage Charges (Local Tax)

Land which is exempt from [local government rates](#) under s.555(1)(e) of the [Local Government Act 1993](#) is also exempt from most water, sewerage and drainage service charges. Water usage and water closet charges may still be levied.

13.5.4 Organisation (Corporate) Income Tax (Federal Tax)

Under Section 50.5 of the [Income Tax Assessment Act 1997](#) the income of a religious institution is exempt from income tax if -

if it has a physical presence in Australia and, to that extent, incurs its expenditure and pursues its objectives principally in Australia, and

it is endorsed as exempt from income tax by the Australian Taxation Office.

Generally speaking, the income of a Congregation will be exempt from income tax provided that the Congregation is endorsed as exempt from income tax by the Australian Taxation Office. Without this endorsement the entity will be required to lodge annual income tax returns.

13.5.5 Personal Income Tax (Federal Tax)

Ministers of the Word have to pay PAYG tax from the 70% portion of their Remuneration.

Unless Uniting Church Lay staff Employees work within a PBI/DGR (FBT exempt organisation), 100% of their salary and wages will attract PAYG tax.

13.5.6 Payroll tax (State Tax)

Congregations and Presbyteries are exempt from NSW state Payroll Tax.

13.5.7 Stamp duty (Stamp Duty)

Stamp Duty is a state tax on many types of documents such as

- Agreements to purchase land,
- Leases,
- Mortgages,
- Motor vehicles (UCA organisations are exempt from stamp duty provided a certificate is sought in advance of the purchase and presented to the dealership). An exemption form can be obtained from OSR if you follow this link [OSR Stamp Duty Exemption Form](#). When completing the application, instead of attaching a copy of the Congregation's Constitution just include a simple statement along the following lines - *'The Congregation of is a non-profit organisation that qualifies for exemption from duty on the purchase of motor vehicles as a religious institution. The Congregation is an unincorporated entity controlled by the Synod of the Uniting Church in Australia.*
- Insurance policies (as all UCA assets are Insured by the Synod, Congregations are exempt from Stamp Duty). Insurance Policies taken out by any UCA organisation outside those insured by the Synod are not exempt.
- Transactions such as those which result in a change in the beneficial ownership of land.

There is no general exemption from stamp duty for the abovementioned documents executed or transactions entered into. Accordingly, Congregations need to obtain specific advice on the consequences (if any) of executing documents or entering into transactions, particularly those of the type referred to in the previous paragraph. In some cases stamp duty, if payable, can run into many thousands of dollars.

While there is no general exemption, there are a number of specific exemptions which could apply in a particular situation as noted for Insurance and Motor Vehicles above. If in doubt please contact Financial Management Services on 8267

APPENDIX 1

UR1 to UR2 Converter

OPERATIONAL RECEIPTS (WHOLE DOLLARS - GST EXCLUDED)	UR1 Code	UR2 Code
<u>Ministry & Mission receipts</u>		
General Offerings from envelope/plate from Congregation attendees	R1	R1
Presbytery Levies	R1A	R2
Wider Work - Donations received separately intended for Non UCA donations, eg Christmas Bowl, Natural Disasters, etc (contra to P15)	R3	R3
Income from UCA Organisations (ALL sources eg SMRF grants, Reimbursements, etc)		R4
Synod Fund Grants and reimbursements (eg if any Synod Mission Resource Fund, etc)	R3	Gone
Other Synod sources (if any, eg, reimbursements, donations, etc)	R4	Gone
Investment Fund Grants [Canberra Presbytery use only]	R4A	Gone
Government Grants (if any from all levels of Federal/State/Local Government departments)	R5	R5
Donations from other non-UCA sources eg sponsorships	R8	Gone
Mission Specific Revenue eg community outreach, school education, missionary appeals	R13	Gone
<u>Total Ministry & Mission receipts</u>		
<u>Interest Income receipts</u>		
Interest income from Uniting Financial Services investments	R7	R6
Interest income from investments with non-UCA Financial Institutions (bank accounts)	R6	R7
<u>Total Interest income receipts</u>		
<u>Property leasing receipts</u>		
Surplus on sale of property/non property assets [Please provide details of all purchases and sales of property, furniture, equipment, etc]	R9	Gone
Property income from all sources (hall hire, rent from other properties, etc)	R10	R8
Discounts on property leasing income [negative value]	R10A	Gone
<u>Total Property leasing receipts</u>		
<u>Other income</u>		

Other Income (Sundries) eg Bequests, Fundraising, Insurance Claims, etc received identifying Congregation/Presbytery as beneficiary	R11	R9
Other receipts (Social functions, Fund raising, Fetes, insurance claims, legacies, etc)	R12	Gone
Total Other income receipts		
<u>Income-Generation Activity receipts</u>		
Income-Generation / Business Activity receipts [opportunity shops, child care, markets, café, etc]	R14	Gone
Discounts on Income-Generation / Business Activity receipts [negative value]	R15	Gone
Total Income-Generation Activity receipts		
TOTAL RECEIPTS	\$ total	\$ total
OPERATIONAL PAYMENTS (WHOLE DOLLARS - GST EXCLUDED)	UR1 Code	UR2 Code
<u>Staff costs</u>		
Ministers Remuneration for Ministers, Deacons, Lay Pastors, Youth Workers' stipends (Accredited & Non-Accredited) covering full cost of taxable & non-taxable benefits, Ministers Support Funds, training, Housing Allowance, Travel Allowance where a Payment Summary (Group Certificate) is issued	P1	P1
Housing Allowance & Travel Allowance paid to Ministers, Youth Workers etc	P1A	
Lay Staff Salaries, Wages, Allowances, Honorariums - performing admin, secretarial, domestic and other support duties where Payment Summary (Group Certificate) is issued – includes salaries, superannuation, workers compensation insurance, etc	P2	P2
Superannuation	P2A	Gone
Workers Compensation Insurance	P2B	Gone
Reimbursements & Out of pocket expenses, etc - where Payment Summary (Group Cert) is not issued, eg, volunteers, cleaners	P3	P3
Reimbursements to linked/multi-centre Congregations for Ministers costs	P3A	Gone
Total Staff costs		
STATEMENT OF OPERATING RECEIPTS AND PAYMENTS (continued)		
<u>Property-related costs</u>		
Consultants/Contractors (non-employees) where an invoice is issued to Congregation for services	P4	P4
Rent paid (if any)	P5	P5
Repairs & maintenance to property - day to day repairs	P6	P6

Sinking Fund - provision for property refurbishments, asset replacement - if affordable, monies saved to undertake major improvements in the future	P7	P7
Insurance premium costs to cover property - buildings & contents	P8	P8
Electricity and gas expenditure	P9	P9
Water rates	P10	P10
Council rates (if any charged)	P11	P11
Property management and other costs	P11A	Gone
Total property-related costs		
<u>Mission Costs/Mission Giving</u>		
Contributions to UCA Living is Giving programmes as per planning form completed	P12	P12
Contributions to other UCA Organisations- donations, grants, etc	P13	P13
Presbytery Levies	P14	P14
Other donations to Non-UCA organisations (eg Christmas Bowl), including local programmes, sponsorships (contra to R3)	P15	P15
Local Mission Support eg RE in schools, community outreach, programmes for Youth/Marrieds/Seniors etc	P15A	Gone
Overseas Mission Support	P15B	Gone
Mission Education costs eg training & planning expenses	P15C	Gone
Fund-raising costs	P15D	Gone
Total Mission Costs/Mission Giving		
<u>Administration and other</u>		
Audit/Accounting fees (if any)	P16	P16
Accounting/Legal/Professional fees (if any - including contractor costs)	P16A	Gone
Bank charges (if any charged by non UCA Banks)	P17	Gone
Depreciation of non-property assets > \$500 - if affordable monies saved to replace cars, machinery, PCs, photocopiers etc	P18	Gone
Repairs & maintenance to non-property assets (as described in P18)	P19	Gone
Motor vehicle expenses (registration, petrol, servicing)	P19A	Gone
Insurance premium costs to cover non-property assets (as described in P18)	P20	Gone
Interest expense on borrowings (loans from all banks including UFS)	P24	P17
Stationery & printing costs	P22	P18

Telecommunications expenses (mobile phones, desk/hand set phones, internet connections, faxes)	P23	P19
Postage & courier costs	P24	P20
Other Expenses (Sundries)	P25	P21
Total Administration costs		
<u>Congregation/Church service costs</u>		
Fellowship expenses eg music licenses, Worship expenses, social activities, refreshments etc	P26	Gone
Meeting costs	P27	Gone
Congregation member (non-employee) training & conferences	P28	Gone
Other Worship costs	P29	Gone
SPARE	P30	Gone
Total Congregation/Church service costs		
<u>Income-Generation Activities costs</u>		
Cost of Goods/Services Sold	P31	Gone
Business development & review costs	P32	Gone
Marketing & promotion / networking	P33	Gone
Management wages and allowances	P34	Gone
Superannuation	P34A	Gone
Recruitment, consultant and other human resources costs	P34B	Gone
Property – rent & maintenance	P35	Gone
Miscellaneous costs (legal, insurance, other)	P36	Gone
Bad Debts Written Off	P37	Gone
Total Income-Generation Activity costs		
TOTAL PAYMENTS (Staff + Property + Mission + Admin + Congregation & Income-Generation Costs)	\$ total	\$ total
SURPLUS/(DEFICIT)	\$ total	\$ total

STATEMENT OF ASSETS AND LIABILITIES

ASSETS	URI Code	UR2 Code
Current account with UFS - used to pay day to day bills and other operating expenses	A1	A1
Current account – day to day Non-UFS transactional account used to pay bills and operating expenses	A1A	Gone
Investments (Bank accounts) Savings and Sinking Type with UFS - general reserves or savings	A5	A2
Investments (Bank accounts) Sales Proceeds deposit accounts with UFS	A9	A3
Bank accounts (all types) with other Non UFS financial institutions	A6	A4
Minister's Benefit Expenses (cheque account) in the name of the Congregation/Presbytery	A2	A5
Land value of properties (using latest Valuer General's valuation) as at / /	A3	A6
Buildings & Fixtures (insured value) Valuation being replacement cost as provided to Synod	A4	A7
Other Assets owned (Cars, Furniture, Office equipment, etc as per insured value)	A12A	A8
Other investments (Shares, bonds, etc)	A10	A9
Debtors (people or organisations that owe you money)	A11	A10
Other Assets	A12	A11
Investments (Bank accounts) with UFS to cover Asset Replacements – relates to P18	A7	Gone
Investments (Bank accounts) with non-UCA to cover asset replacements – relates to P18	A7A	Gone
Investments (Bank accounts) with UFS to cover property refurbishment/improvements – relates to P7	A8	Gone
Investments (Bank accounts) with non-UFS to cover property refurbishment/improvements – relates to P7	A8A	Gone
Total Assets		
LIABILITIES	URI Code	UR2 Code
Borrowing (loans) from UFS	L1	L1
Borrowings from all other financial institutions	L2	L2

Minister's Benefit Expense Liability (contra to A5)	L3	L3
Provision for staff related expenses (annual leave, long service leave, etc)	L4	L4
Creditors (people or organisations you owe money to)	L5	L5
Other liabilities	L6	L6
Total Liabilities		
Total Assets less Liabilities (Net Assets)		
RETAINED FUNDS		
Accumulated Funds	RF1	RF1
Current Surplus/Deficit from Receipts & Payments	RF2	RF2
Total Retained Funds		



**THE UNITING CHURCH IN
AUSTRALIA**

SYNOD OF NSW AND THE A.C.T.

**ANNUAL (UR2) RETURN FOR
CONGREGATIONS AND
PRESBYTERIES**

FOR THE YEAR ENDED

30 JUNE 2010

Congregation or Presbytery Name	Presbytery Name <i>(if being Completed by Congregation)</i>

*Please submit this completed return to Uniting Resources
by **31 August 2010** with a copy sent to your Presbytery Treasurer.*

For Office Use Only

Date Received	Date Entered	Journal Number	Signed	Code

(c) Audited Accounts declaration by Congregation/Presbytery (by Church Council or Presbytery Finance Committee)

On behalf of the Church Council we hereby certify that:

1. This report is based on amounts contained in audited accounts of the Congregation/Presbytery for the 12 months ended 30 June 2010, which have been approved by the Church Council/Presbytery Finance Committee;
2. All over the counter deposits can be accounted for from cash and/or cheque deposit books back to the bank statement.

Signature of Congregation/Presbytery Treasurer / /	Signature of Chairperson of Church Council / /
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(d) Auditor's Declaration (if audit is finalised at the time of completing this form)

1. By Externally Appointed Auditor - Please attach copy of auditor's report (ie by currently qualified CPA, ICA or Company Auditor) and the audited financial statements to this return. If delays are expected, still complete and submit this return followed by the Auditor's Report by 31 October. **This return must not be held up due to not finding an external auditor.**
2. By Internally Appointed Auditor. This only applies to Small Congregations which have a annual gross income of less than \$107, 000 for the 2009/10 financial year. If you qualify in this category and are eligible for the *Variations to Qualifications under UCA Regulation 5.5.10 (e) (ie)* please have the two independent persons appointed by the Church Council sign the following declaration:

I have examined the books and records of this Congregation for the 12 months ended 30 June 2010 and report that in my opinion the statements of Receipts and Payments, and Assets and Liabilities for that year have been properly drawn up so that they accurately present the value of Assets, Liabilities and Monies received and expended.

Signature 1 st Appointed Person Date / /	Signature 2 nd Appointed Person Date / /
--	--

Name: 1 st Appointed Person	Name: 2 nd appointed person
--	--

PART 4 – ASSISTANCE IF REQUIRED (HELP DESK)

If delays are experienced in getting your accounts audited, please let us know when you expect audit will be finalised. If prolonged delays occur regarding the audit, please keep us regularly informed of progress made.

Help Desk (assistance if needed to complete this return)

<p>Robin Boddendyke (Senior Management Accountant) Phone: (02) 8267 4476 Fax: (02) 9264 4487 Email: robinb@nsw.uca.org.au</p>	<p>Susan Brady (Assistant Accountant) Phone: (02) 8267 4409 Fax: (02) 9264 4487 Email: susanb@nsw.uca.org.au</p>	<p><u>Client Relationship Accountant</u> To be advised</p>
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PART 5 - RECEIPTS AND PAYMENTS INFORMATION

RECEIPTS (WHOLE DOLLARS - GST EXCLUDED)	Code	2008/09 ACTUAL	2009/10 ACTUAL	2010/11 BUDGET
General Offerings from envelope/plate from Congregation attendees	R1			
Presbytery Levies	R2			
Wider Work - Donations received separately intended for Non UCA donations, eg Christmas Bowl, Natural Disasters, etc (contra to P15)	R3			
Income from UCA Organisations (ALL sources eg SMRF grants, Reimbursements, etc)	R4			
Government Grants (if any from all levels of Federal/State/Local Government departments)	R5			
Interest income from Uniting Financial Services investments	R6			
Interest income from investments with non-UCA Financial Institutions (bank accounts)	R7			
Property income from all sources (hall hire, rent from other properties, etc)	R8			
Other Income (Sundries) eg Bequests, Fundraising, Insurance Claims, etc	R9			
TOTAL RECEIPTS				

Capital Receipts				
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PAYMENTS (WHOLE DOLLARS - GST EXCLUDED)	Code	2008/09 ACTUAL	2009/10 ACTUAL	2010/11 BUDGET
Ministers Remuneration for Ministers, Deacons, Lay Pastors, Youth Workers' stipends (Accredited & Non-Accredited)	P1			
Lay Staff Salaries, Wages, Allowances, Honorariums	P2			
Reimbursements & Out of pocket expenses, etc	P3			
Consultants/Contractors (non-employees)	P4			
Rent paid (if any)	P5			
Repairs & maintenance to property - day to day repairs	P6			
Sinking Fund - provision for future property refurbishments and/or asset replacement	P7			
Insurance premium costs to cover property - buildings & contents	P8			
Electricity and gas expenditure	P9			
Water rates	P10			
Council rates (if any charged)	P11			
Living is Giving contributions	P12			
Contributions to other UCA Organisations- donations, grants, etc	P13			
Presbytery Levies	P14			
Other donations to Non-UCA organisations (eg Christmas Bowl), including local programmes, sponsorships (contra to R3)	P15			
Audit/Accounting fees (if any)	P16			
Interest expense on borrowings (loans from all banks including UFS)	P17			
Stationery & printing costs	P18			
Telecommunications expenses (mobile phones, internet, fax, etc)	P19			
Postage & courier costs	P20			
Other Expenses (Sundries)	P21			
TOTAL PAYMENTS				
SURPLUS/(DEFICIT)				

Capital Payments				
-------------------------	--	--	--	--

STATEMENT OF ASSETS AND LIABILITIES

ASSETS	Code	2008/09 ACTUAL	2009/10 ACTUAL
Current account with UFS	A1		
Investments (Bank accounts) Savings and Sinking Type with UFS	A2		
Investments (Bank accounts) Sales Proceeds deposit accounts with UFS	A3		
Bank accounts (all types) with other Non UFS financial institutions	A4		
Minister's Benefit Expenses (cheque account)	A5		
Land value of properties (using latest Valuer General's valuation)	A6		
Buildings & Fixtures (insured value) Valuation being replacement cost	A7		
Other Assets owned (Cars, Furniture, Office equipment, etc)	A8		
Other investments (Shares, bonds, etc)	A9		
Debtors (people or organisations that owe you money)	A10		
Other Assets	A11		
Total Assets			
LIABILITIES			
Borrowing (loans) from UFS	L1		
Borrowings from all other financial institutions	L2		
Minister's Benefit Expense Liability (contra to A5)	L3		
Provision for staff related expenses (annual leave, long service leave, etc)	L4		
Creditors (people or organisations you owe money to)	L5		
Other liabilities	L6		
Total Liabilities			
Total Assets less Liabilities (Net Assets)			
RETAINED FUNDS			
Accumulated Funds	RF1		
Current Surplus/Deficit from Receipts & Payments	RF2		
Total Retained Funds			

Thank you for completing this return

Please Post it to

<p>Client Relationship Accountant P O Box A2178 Sydney South NSW 1235</p>
--

APPENDIX 3

Fraud – Police Report Form (To be used to collect information only.)

Do not submit this report to The Police until clearance with Uniting Resources CFO)

NSW POLICE FORCE P 505B
Fraud Report Form

Privacy & confidentiality notice
 The information contained in this document is intended for the information of NSW Police only. Please return this document to the Police Station below immediately and disregard its contents.

Return to:
INVESTIGATIONS MANAGER _____ Police Station

Please supply the following information to assist with the assessment of your matter. Ensure that you return this sheet with the nearest documentation.
 (Note: If you have consulted a legal practitioner regarding this matter, their assistance may be valuable with preparing the information requested.)

Please be aware that the criminal law is not about recovering money for the victim. That is the aim of this civil law. Also, more often than not in fraud related cases, the victim is the matter falls the prey. The police will assist you in presenting that proof to the court.

Family name: _____
 Street address: _____
 Date of Birth: _____
 City/Township: _____
 Organisation Name: _____
 Trading Name: _____
 ABN: _____
 Address: _____
 Post Code: _____
 Phone: _____ Fax: _____
 Mobile: _____ Email: _____

OFFICE USE ONLY
 COPS EVENT NO: **E**
 COPS CASE NO: **C**

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Page 1

NSW Police Fraud Report Form P 505B

Privacy & confidentiality notice
 The information contained in this document is intended for the information of NSW Police only. Please return this document to the Police Station below immediately and disregard its contents.

Dear Sir/Madam,

The New South Wales Police has received your report of fraud. The event has been recorded on the Police computer system. The report matter is recorded on the first page of this form. Please quote that number in any future correspondence.

This form is a very important investigation tool. It will assist police in processing your complaint. It may also form the basis of your evidence in the form of a witness statement to be presented in court. Please complete the attached form with as much detail as possible. Any correspondence you have had with anyone should be mentioned in the first section on page 1 of this form. Please also provide a list of names of all persons who have been involved in the matter. After completion, please return the form to me. You may attach additional pages if you need to. You will receive a copy of your complaint and a copy of this form within four days.

When you return the form, we will conduct an assessment of the probable outcome. First, we will decide if the matter is of a criminal or civil nature. Many instances where people lose money are not criminal, but civil, particularly in matters involving insurance of vehicles, or recovery of debts. Police cannot investigate civil matters. Please be aware that police are unable to recover your money. Police investigate criminal matters in order to place evidence before a court. They cannot be involved in debt collection. Call action in the most appropriate method of recovering money. You should speak with the Civil Justice Unit or a consumer law agent to the local office.

If the nature of a criminal matter, we will identify the most appropriate level of response. We do this by presenting the matter in terms of degrees of risk. We also determine whether we will need specialist support if necessary if the matter is a high sample.

Please be aware that we are a public investigative agency (single) of crimes, money involving evidence. It may be that we will have to conduct a search of our files before we can assist you. We will do our best to help you with the outcome of your program.

I understand the decision that is caused to any person who becomes the victim of a crime and know that this matter will not be forgotten by you. If you find that the police cannot do the job, we will refer you to the relevant government support services.

Please do not hesitate to contact me if you require further information.

Yours sincerely

Sign: _____

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NSW Police Fraud Report Form P 505B

Privacy & confidentiality notice
 The information contained in this document is intended for the information of NSW Police only. Please return this document to the Police Station below immediately and disregard its contents.

FINANCIAL/PROPERTY LOSS

Actual Total Loss: \$ _____
 Costs recovered to Date: \$ _____
 Property Description (Include model/year/serial/identification): _____

What is your aim in reporting this matter to the Police?

SUSPECT/PERSON OF INTEREST/OFFENDER

Name: _____
 Date of Birth: _____
 Address: _____
 Post Code: _____
 Phone (H): _____ Phone (M): _____
 Mobile: _____ Email: _____

Please supply any/all other particulars which may assist in identifying the alleged suspect (eg vehicles owned, driver or not, marital status, contact numbers, associates, locations frequented and other information which may assist in investigation). Copy page if further suspects exist.

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NSW Police Fraud Report Form P 505B

Privacy & confidentiality notice
 The information contained in this document is intended for the information of NSW Police only. Please return this document to the Police Station below immediately and disregard its contents.

WITNESS DETAILS - 1

Name: _____
 Date of Birth: _____
 Address: _____
 Post Code: _____
 Phone (H): _____ Phone (M): _____
 Mobile: _____ Email: _____

List the information that this person can provide:

WITNESS DETAILS - 2

Name: _____
 Date of Birth: _____
 Address: _____
 Post Code: _____
 Phone (H): _____ Phone (M): _____
 Mobile: _____ Email: _____

List the information that this person can provide:

WITNESS DETAILS - 3

Name: _____
 Date of Birth: _____
 Address: _____
 Post Code: _____
 Phone (H): _____ Phone (M): _____
 Mobile: _____ Email: _____

List the information that this person can provide:

WITNESS DETAILS - 4

Name: _____
 Date of Birth: _____
 Address: _____
 Post Code: _____
 Phone (H): _____ Phone (M): _____
 Mobile: _____ Email: _____

List the information that this person can provide:

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Page 4

NSW Police Fraud Report Form **P 5018**

Privacy & confidentiality notice
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ACTION AGAINST SUSPECT/PERSON OF INTEREST
Give details of disciplinary or civil litigation presently commenced or you intend to initiate in the future.

- Has this matter has been previously reported to Police or other authority or professional body?
.....
- How long, or are you likely to be reimbursed for your loss?
.....
- Have you contacted the alleged offender? If so what were the results?
.....
- Has there been any agreement (verbal or otherwise) entered into, to register your loss. (if so please detail)?
.....
- To what extent was the agreement successful?
.....
- Do you intend to or have you, instructed a lawyer to pursue your interests?
If so, what are the contact details of your lawyer?
.....
- Are the services of a Debt Collection Agency being or are they to be used?
.....
- Have any civil proceedings being initiated or being contemplated?
.....
- Has a decision been made by the Court?
.....
- Are you prepared to guarantee your attendance at any criminal court proceedings and appear to further this prosecution?
.....
- As far as you are aware, are the witnesses also prepared to attend any criminal court proceedings and appear to further this prosecution?
.....

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NSW Police Fraud Report Form **P 5018**

Privacy & confidentiality notice
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PREVIOUS HISTORY/BACKGROUND INFORMATION
Please detail any history that related between yourself and the alleged offender (includes business dealings not associated with this current investigation)?
.....

FURTHER INFORMATION/REQUESTS
Please list any other information not supplied that may have a bearing on this investigation or may assist in determining the investigative response for this matter.
.....

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NSW Police Fraud Report Form **P 5018**

Privacy & confidentiality notice
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DOCUMENT CHECKLIST
Where possible, copies of all original documents relating to this matter must be supplied (We need need original documents in the mail) (Depending on the circumstances of the matter the documents may include the following):

Original cheques <input type="checkbox"/>	Sales invoices/vouchers <input type="checkbox"/>	Credit Card Vouchers <input type="checkbox"/>
Statements <input type="checkbox"/>	Receipts <input type="checkbox"/>	Statutory Declarations <input type="checkbox"/>
Cheque Book Butts <input type="checkbox"/>	Contracts <input type="checkbox"/>	Account Holder Details <input type="checkbox"/>
Written agreements <input type="checkbox"/>	Bank applications <input type="checkbox"/>	Handwritten/typed notes <input type="checkbox"/>
Bank Statements <input type="checkbox"/>	Internet Data <input type="checkbox"/>	Deposit/withdrawal slips <input type="checkbox"/>
Recommendations <input type="checkbox"/>	Invoices <input type="checkbox"/>	Inventory lists <input type="checkbox"/>
Accountant Reports <input type="checkbox"/>	Audit Reports <input type="checkbox"/>	Memorandums <input type="checkbox"/>
Other documents <input type="checkbox"/>	Surveillance footage <input type="checkbox"/>	Audio recordings <input type="checkbox"/>
Mirages <input type="checkbox"/>		

OTHER INTERESTED PARTIES

Name <input type="text"/>	Name <input type="text"/>
Organisation <input type="text"/>	Organisation <input type="text"/>
Address <input type="text"/>	Address <input type="text"/>
Post Code <input type="text"/>	Post Code <input type="text"/>
Phone <input type="text"/>	Phone <input type="text"/>
Reason for Interest: <input type="text"/>	Reason for Interest: <input type="text"/>

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NSW Police Fraud Report Form **P 5018**

Privacy & confidentiality notice
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ON LINE AUCTION FRAUD – ADDITIONAL INFORMATION

- Have you used the Dispute Resolution process with eBay, Online or other business?
You must attempt to resolve your dispute before reporting it to Police.
Attach copies of all dispute resolution records.
If no, then please explain why?
.....
- Your on line auction site identity (e.g. eBay/Myper)
.....
- Your date of Birth
.....
- Offending party identity (Offenders eBay/Online/other seller name)
.....
What email addresses did they use
.....
What telephone numbers have you spoken to the offender on?
.....
Have you met the person? Yes No
- What account did you send the money to?
Account Name
BSB Account No
- What are your account details?
Account Name
BSB Account No
- How much money did you send in total?
\$
- What did you buy? And Item number?
.....
- Other payment method if applicable, eg. Western Union – include reference number.
.....
- Please provide copies of all email correspondence, include header material for all emails sent to you by the offending party.
.....

IMPORTANT:
For help in finding header information, see http://www.scmh.qc.nsw.gov.au/ADMIN/TERMINAL/1507598.STANDARD:acc-PC_1987

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The image shows a form titled "NSW Police Fraud Report Form" with the reference number "P 3558" in the top right corner. Below the title is a box for "Privacy & confidentiality notice" containing the text: "The information contained in this document is released for the information of NSW Police only. Please return this document to the police station below immediately and do not give it to anyone." Below this notice is a section for "Narrative (Please type)" with approximately 20 horizontal lines for writing. To the right of the narrative lines is a "DECLARATION" section with the following text: "I declare that all the reported information has been disclosed. I have not omitted to provide any information that may have a bearing on the conduct of the criminal investigation or the prosecution of any person. All the information provided is true and correct to the best of my knowledge and belief." Below the declaration text are three lines for "Signed:", "Date:", and "Print Name:". At the bottom right of the form, it says "Page 9 of 9".

Page 9

Refer Fraud Policy (Section 9 of this Manual)

Any suspicion of Fraud should be reported to
The Chief Financial Officer on (02) 8267 4341.

The matter will be treated confidentially

You may also be required to complete this "Fraud Police
Report" form to collect basic information to assist our
investigation or if necessary later, The Police.

The report, marked "**CONFIDENTIAL**" should be
addressed to:-

The Chief Financial Officer
Uniting Resources
P O Box A2178
Sydney South NSW 1235

**UNITING CHURCH IN
AUSTRALIA
SYNOD OF NSW & ACT**



**GUIDELINES FOR
REMUNERATION
OF
SPECIFIED MINISTRIES**



CONTENTS.

- 1. Introduction**
- 2. Terminology**
- 3. Taxation Treatment of Religious Practitioners - Overview**
- 4. Stipend Remuneration Package**
- 5. Ministers Benefit Account**
- 6. Residence Benefit**
- 7. Part Time Placements – Placements with Limitation**
- 8. Resource Allowance**
- 9. Support Fund / Beneficiary Fund / UC Super**
- 10. Casual Preaching Fees**
- 11. Leave Entitlements**
- 12. Supply Ministry**
- 13. Home Endowment**

Definitions

Appointing Body The body responsible for the payment of stipends.

MBA Ministers Benefit Account

Specified Ministry Ministers, Deacons, Deaconesses, Lay Pastors and Accredited Youth Workers in an Approved Placement.

UCTA Uniting Church (NSW) Trust Association Limited.

ABN Australian Business Number

ATO The Australian Taxation Office

BAS Business Activity Statement

FBT Fringe Benefits Tax

GST Goods and Services Tax

PAYG Pay As You Go Tax

Payment Summary Is the terminology for what used to be called a Group Certificate.

1. Introduction

1.1 Establishing suitable guidelines for the remuneration of those who serve within the Specified Ministries of the Uniting Church has always been a difficult task. This task continues to increase in complexity with each change to the tax legislation.

1.2 This document has been prepared to assist treasurers of congregations and Appointing Bodies by providing an overview of the Synod's By-Laws as they relate to Specified Ministries.

2. Terminology

2.1 For the purpose of these guidelines:

The Australian Taxation Office in ruling defines Exempt Benefit

TR92/17 as a payment that meets the following conditions:

- a. The employee is a religious practitioner (i.e. a minister of religion, a full-time member of a religious order, or a person training to become a minister of religion or a member of a religious order); and
- b. The benefit is provided to the employee, the employee's "spouse" as defined in subsection 136(1) of the Fringe Benefits Tax Assessment Act (FBTAA), or the employee's "child" as defined in subsection 136(1) of the FBTAA; and
- c. The benefit is not provided principally in respect of duties of the employee, other than pastoral duties or any other duties or activities directly related to the practice, study, teaching or propagation of religious beliefs.

2.2 **Religious Institute** is defined by the ATO in Ruling TR 92/17 if;

- a. Its objects and activities reflect its character as a body Instituted for the promotion of some religious object;
- b. The beliefs and practices of the members of that body constitute a religion;
- c. The body promotes belief in a supernatural Being, Thing or Principle;
- d. The body encourages an acceptance of canons of conduct which give effect to that belief, but which do not offend against the ordinary laws.

or

2.3 **Religious Practitioner** is defined in subsection 136(1) of the FBTAA to mean:

- a. A Minister of Religion;
- b. A student at an institution who is undertaking a course of instruction in the duties of a Minister of Religion;
- c. A full-time member of a religious order; or

d. A student at a college conducted solely for training persons to become members of religious orders.

2.4 In determining whether a person is a Minister of Religion, many, if not all, of the following characteristics should be present:

- a. The person is a member of a Religious Institution;
- b. The person is recognised officially by ordination or other admission or commissioning, or, where the particular religion does not require a minister to be formally ordained, the person is authorised to carry out the duties of a minister based on a specified level of theological or other relevant training or experience;
- c. the person is recognised officially as having authority in matters of doctrine or religious practice;
- d. the person's position is distinct from that of the ordinary adherents of the religion;
- e. the person has acknowledged leadership in the spiritual affairs of the Religious Institution;
- f. the person is authorised to discharge the duties of a minister or spiritual leader, including the conduct of religious worship and other religious ceremonies.

2.5 The definitions in Clause 2.1-2.4 reflect that these guidelines apply to the remuneration of Ministers, Deacons, Lay Pastors and Accredited Youth Workers in Approved Placements only. Nothing in these guidelines is intended to limit the meaning of the terms used in tax legislation particularly in other contexts.

2.6 Lay Ministry Assistants Category 3

The definition of "Religious Practitioner" in these guidelines is not an expression by the Uniting Church that the Specified Ministries are the only persons who would be regarded as being Religious Practitioners for the purpose of tax legislation.

However, approval to deem a Lay Ministry Assistant Category 3 as a Religious Practitioner, can only be granted by the Advisory Committee on Ministerial Placements (ACOMP) through the approved placement process or by a Presbytery's Pastoral Relations Committee .

Applications for such classification are to be submitted to the committee through the Synod Secretariat. (Refer definition of “Religious Practitioner”).

3. Taxation Treatment of Religious Practitioners Overview

New legislation dealing with the taxation treatment of Religious Practitioners was introduced in August 2001. The amendments ensure that Religious Practitioners who are not employees at common law will be treated in the same way as employees for income tax purposes. Remuneration received by a Religious Practitioner from a Religious Institution will be treated as follows:

- 3.1 Payments to a Religious Practitioner for activities carried out in the pursuit of a vocation as a Religious Practitioner and as a member of a Religious Institution will be subject to PAYG withholding.
- 3.2 A Religious Institution making a payment to a Religious Practitioner for the performance of such activities is required to make PAYG withholding deductions and will be required to issue a PAYG Payment Summary to the Religious Practitioner at the end of the tax year. This will only apply if the paying entity makes the payment in the course or furtherance of an enterprise of the church.
- 3.3 Under the new ABN and GST laws all activities performed by a Religious Practitioner as a member of a Religious Institution will be taken to be the activities of the Religious Institution. As a result, the Religious Practitioner will not be eligible to register for GST or for an ABN for these activities. Religious Practitioners may be entitled to an ABN for other activities if they satisfy the criteria for recognition as an enterprise.
- 3.4 Fringe benefits provided by the relevant Religious Institution to its Ministers or employed Lay Ministers predominantly in respect of pastoral or related duties are exempt from FBT.

4 Stipend Remuneration Package

4.1 STIPENDS

- The remuneration package is usually adjusted annually each year in line with Australian Bureau of Statistics movements for the previous year.

- There are three components to the stipend remuneration within the Synod of NSW and the ACT. These components are:
 - a. Basic or Minimum Stipend
 - Is benchmarked to Average Weekly Earnings as supplied by the Australian Bureau of Statistics.
 - b. A Discount for Accommodation Provided
 - Is benchmarked to the cost of outgoings, furnishings and appliances provided by the Appointing Body and an allowance for long-term maintenance.
 - This information is derived from the Australian Bureau of Statistics publication Housing Expenditure Survey 2003/04 with appropriate CPI adjustments.
 - c. A Travel Component
 - The components are determined by two separate calculations
 - Standing Costs (registration insurance, etc)
 - Running Costs (fuel, tyres and servicing).
 - Both calculations are benchmarked to the NRMA Vehicle Operating costs for a Commodore travelling 15,000 kilometres per year over an ownership period of 3 years.
 - A high usage loading is applied for church business travels exceeding 25,000 kilometres per year to recognise the need for more frequent change of motor vehicles.

4.2 STIPEND CALCULATION

- Using the above information the stipend remuneration is calculated as follows

Average Weekly Earning
Less Discount
= (1) Minimum Stipend
Less 30% MBA

= Taxable Income
(2) or (3) Standing Motor Vehicle Cost Component 100% MBA Kilometre Reimbursement Component 100% MBA

- A sample calculation sheet is attached as Appendix A.

4.3 PAYMENTS OF STIPENDS (By-Law 12.2.5)

- Stipends are to be paid to the Minister by 15th day of each month.
- Payments are to be paid by direct transfer.

4.4 TAXATION

- PAYG is to be deducted from the stipend.
- The deduction is to be included on the BAS return submitted to the ATO, normally on a quarterly basis.

4.5

- In shared ministries between Appointing Bodies or ministry partners, the shared cost of housing should be negotiated between Appointing Bodies.

5. Ministers Benefit Account

- Synod policy allows ministers to put up to 30% of their stipend into a “Ministers Benefit Account” (MBA).

5.1 WHAT IS AN MBA?

- It is an account of the Appointing Body.
- It is used to pay certain authorised costs on behalf of the Minister.
- The MBA is to be audited in the same way as other congregation accounts.

5.2 HOW IS IT SET UP?

- MBA must be in the name of the Appointing Body. A minister’s name should only be included where there are more than two placements within the Appointing Body.

5.3 OPERATING AN MBA

- Two signatories one of whom may be the Minister must operate all MEA's.
- Copies of MBA statements must be provided to the Minister.
- After consultation with the Minister, the treasurer should issue an annual letter to the Minister, stipulating the categories of expenditure. See Appendix B.
- Either the original or duplicate Tax Invoice must support all requests for expenditure.
- For audit and pastoral confidentiality it is recommended that in relation to hospitality claims the Minister note on the tax invoice claim a reference, such as a number or diary reference, which gives the connection to the entry in the Minister's own register [or diary] of work-related hospitality payments and recoveries.
- All payments must be to a third (non family) party.
- The ATO requires all documentary evidence to be kept for a minimum period of five years.
- It is important to understand that these accounts are not intended as savings accounts for Ministers, etc and as such the regular draw down of balances should be encouraged.
- The balance of the MBA is NOT portable from placement to placement.

5.4 UNITING FINANCIAL SERVICES

- Uniting Financial Services is a registered trademark and a division of the UCTA.
- There are a number of brochures that can be obtained regarding the various services available from Uniting Financial Services. Full details are available in the Financial Services Guide, Product Disclosure Statement and Product Information Brochure along with other supporting material. More information can be found on website www.unitingfinancial.com.au
- A cheque account facility can be arranged for the Minister's MBA . No account keeping or transaction fees apply.

- A Bank branded MasterCard can be organized to facilitate authorised purchases on behalf of Ministers with the balance owing each month debited to their MBA. Bank charges may apply for the issue and use of the card.
- Periodical Payments can be established to pay regular accounts (i.e. loan repayments). Payments may be in the form of cheques or electronic transfers to other accounts. No service or transaction fees apply.
- Electronic access is available to the MBA through the internet and telephone. Enjoy the convenience and easy access of managing accounts anytime, anywhere.
- Contact details for Uniting Financial Services are:
 - Telephone: 1300 133 673
 - Online: contactus@unitingfinancial.com.au
 - Fax: 02 9267 4965
 - Writing: Reply Paid A2178, Sydney South NSW 1335 (no stamp required)
 - Visiting our offices: Level 3, 222 Pitt Street Sydney NSW
- Treasurers and Ministers are encouraged to use the Uniting Financial Services, as it is convenient, free of bank charges, and balances become part of the pool of funds managed by the UCTA, which benefits the Synod as a whole.

5.5 GST ON ACCOUNTS PAYABLE THROUGH MBA

- Accounts presented for payment through the MBA must be paid in full. However the congregation or Appointing Body is entitled to claim the GST expense through its BAS Return.
- The refund of this GST is for the benefit of the congregation/ Appointing Body.

5.6 INTEREST CREDIT

- As all MEA's are to be in the name of the congregation/Appointing Body, the funds set aside in these accounts remain the notional property of the congregation/Appointing Body.
- Any interest earned on these funds is to be transferred to the Congregation/Appointing Body's Accounts.

5.7 ALLOWABLE EXPENSES

- All expenses may be paid from a Minister's Benefit Account, except the following:
 - Fine or penalties imposed by Federal, State or Local Government; Traffic infringement notices;
 - Taxation levies, (including payment for the preparation of annual returns);
 - Child support or other Centre Link payments;
 - Offerings and donations to Deductible Gift Recipients;
 - Tax deductible costs (ie payments from these accounts cannot be used as tax deductions); and
 - Cash withdrawals;
- The use of the MBA allows those in ministry to so order their finances that costs incurred in relation to their duties as a Religious Practitioner may either be claimed through their MBA account or through their taxation return.
- **EXPENSES CAN ONLY BE CLAIMED THROUGH ONE OF THESE AVENUES NOT BOTH.**

5.8 REPORTABLE FRINGE BENEFITS

- The Synod through Uniting Resources (formally Board of Finance and Property) has received an "opinion" from the Australian Taxation Office which confirms the Tax Ruling 92/17 that benefits provided by Religious Institutions are deemed to be "Exempt" Benefits.
- As an Exempt Benefit, the Australian Taxation Office has advised that it is not necessary to record the amount of fringe benefits paid through the MBA on a Payment Summary.
- An Exempt Benefit is not subject to:
 - the capping provisions;
 - the grossing up provisions;
 - the annual clearance requirements of the FBT Legislation.
- Tax Ruling 92/17 states that :

"For a benefit to be exempt, it must not be provided principally in respect of duties of the employee other than pastoral duties, or other duties or activities that are directly related to the practice, study, teaching or propagation of religious beliefs.

"Pastoral duties generally are duties associated with the spiritual care of the members of the congregation or a

religious body. The following are examples of pastoral duties:

- a. communication of religious beliefs;
- b. Teaching and counselling adherents and members of the surrounding community;
- c. providing adherents and members of the surrounding community with spiritual guidance and support;
- d. attendance at an in-service training seminar by a person or persons conducting the seminar, provided that the seminar is of a spiritual nature; and
- e. meeting with and visiting adherents, the sick, the poor, or persons otherwise in need of emotional and spiritual support.”

5.9 TAXATION RULINGS

- Australian Taxation Office has issued a ruling (ATO ID 2001/532) relating to salary sacrifice arrangements involving loans with redraw facilities.
- That ruling in part states:

“An arrangement for an Employer to repay the Employees loan account (with or without redraw facility) is considered to be an ‘Expense Payment Fringe Benefit’ provided by the Employer to the Employee under Section 20 of the FBTAA. The full amount borrowed by the Employee is viewed as the obligation of the Employee, which has been partially met by the Employer.

“The fact that the Employee may or may not have utilised the redraw facility would not affect the arrangement. According to paragraph 39 of Taxation Ruling TR 2000/2 any redraw would constitute new borrowing of funds that can not be traced to the extra repayments.”

- Accordingly it is in order for principal and interest payments to be made from a MBA to a mortgage loan Account for the Minister’s own home or retirement home notwithstanding that the loan may be able to be redrawn by the Minister.

5.10 CENTRELINK, PERSONAL INCOME ACCOUNTABILITY

- It is important to note that, while non-cash benefits made to Religious Practitioners are exempt from tax and payment summary reporting, social security legislation takes the value of fringe benefits into account when assessing eligibility for various social security payments.
- The Department of Family & Community Services, in correspondence with the Synod of South Australia (16.08.01) states in part:
“While a number of allowances and reimbursements of ministry-related expenses may be deducted from the Minister’s gross income, fringe benefits which are for the minister’s own private benefit are ‘valuable consideration’ and must be included if the Minister is claiming an income support payment.

“To summarise, the value of ‘non-grossed up’ fringe benefits is taken into account in the income test used for income support payments, whether or not there are any fringe benefits reported on a group certificate.”

6. Residence Benefit (By-Law 12.2.6)

- Where a Minister chooses to live in their own home, the Minister and Appointing Body may negotiate to pay a housing residence benefit up to the maximum stipulated on the Stipend Remuneration Sheet.
- 100% of the residence benefit may be paid into the Minister’s Benefit Account.
- The residence benefit may be:
 - a. Paid Direct to a Financier ***
If the Minister has a Mortgage Loan, then instructions may be given to the Treasurer that the monthly residence benefit be paid direct to the financier as part or whole of the lona repayment on the mortgage loan.

As this money is paid direct to a third party it is deemed to be a fringe benefit.

- b. Deposit to a separate MBA**

The residence benefit may be paid into a separate MBA titled “Minister’s Housing Benefit Account”.

This account operates in exactly the same way as the MBA except payments are restricted to the following items;

- Mortgage or loan repayments on the property *
- Outgoings on the property such as council and water rates, housing insurance and other regular accounts such as electricity, gas and telephone.
- Repairs and maintenance to the property.
- Capital improvements to the property.

7. Part-Time Placement

7.1 TRAVEL COMPONENT

- Effective from 01.01.03 the travel component of the stipend remuneration Package will be calculated at a rate per kilometre that incorporates motor vehicle standing cost.
- This kilometre rate will only apply for travel on church-related business up to 15,000 kilometres.
- If the Minister travels more than 15,000kms on church related business, the Ministers Support Fund Committee strongly recommends that the Remuneration Package be calculated by using the Minimum Stipend plus (2) (which is the standing cost for the motor vehicle) plus the reimbursement of the current travel component.

7.2 PROVISION OF HOUSING

- Where a Placement is 50% or greater, a residence is to be provided on the same basis as a full time placement.
- Where a Minister is receiving less than 50% of stipend and has other income, the provision of a rent-free residence will not be automatic.

7.3 RESIDENCE BENEFIT

- Where a Minister chooses to live in their own home, the lesser of market rent or the residence benefit should be paid in accordance with By-Law 12.2.6(c).
- If the Placement is less than 50% then the benefit paid may be proportionate to the Terms of Placement.

7.4 RESOURCE ALLOWANCE

- The resource allowance is paid in full except where a placement is shared by Appointing Bodies.

8. Resource Allowance

- 100% of the Resource Allowance (2% minimum stipend) may be paid into the Ministers Benefit Account.

9. Ministers Support Fund Levy

- The Synod Support Levy is paid in relation to each Minister in placement and covers the cost of long leave, WorkCover insurance, personal accident insurance, reimbursement of stipend for sick leave (in excess of one month).
- Payments are to be made to the Synod Office on a monthly basis at rates prescribed in the *Stipend, Allowances & Support Fund Information Circular*.
- Ministers Support Fund Payments comprise:
 - Beneficiary Fund (Superannuation) contribution by the Appointing Body.
 - Beneficiary Fund (Personal contribution).
 - Synod Support Levy.

9.1 WORKERS COMPENSATION

- Treasurers are reminded that all Ministers are covered by the Synod for workers compensation insurance. The premium is paid from contributions received through the sickness and accident component of the Ministers Support Fund Levy.
- Separate policies are held for both NSW and the ACT.
- If the congregation employs other staff, separate arrangements need to be made for WorkCover insurance. Do not include the Minister in the declarations submitted to the insurer.
- If in doubt, please contact the Human Resources Group in the Synod Office.

10. Casual Preaching Fees

- Following representation by various denominations, the ATO has varied the withholding rate to NIL for certain payments to “locums”. A “Religious Institution” must make the payments to a “Religious Practitioner”. Please note that these changes do not relate to payments made by non-religious institutions such as funeral companies.

- The “NIL withholding tax rate” applies to payments for the provision of “locum” services performed for a period that does not exceed two days in a quarter.
- The “NIL withholding rate” does not alleviate the obligation on the church to issue Payment Summaries (formerly called group certificates) at the year-end in respect of all payments for “locums”.
- The withholding tax payments may be reduced if a Tax File Number Declaration is provided to the treasurer of the congregation that is paying the preaching fee. However, most retired ministers may have already provided their Tax File Number Declaration to the Beneficiary Fund and therefore will not be able to minimise the tax withheld from the casual preaching fees.
- The taxation office does not define the word “locum”. The examples provided by the taxation office clearly refer to “locums” as services provided by another minister while the minister is on annual leave.

11. Leave Entitlements (By-Law 12.3.)

11.1 ANNUAL LEAVE

- Is 30 days each calendar year inclusive of Saturday and Sunday but excluding public holidays.
- Will normally be taken during the year in which it falls due.
- Church Council will endorse annual leave applications.
- Normal remuneration arrangements apply during annual leave.
- Presbytery Pastoral Relations Committee should be advised of leave arrangements.
- The 17.5% Holiday Leave Loading does not apply to Specified Ministers.
- Annual leave may be deferred with Church Council approval but no more than 30 days leave may be deferred at any time.
- Untaken leave cannot be carried forward to next placement, therefore, if not taken in current placement leave is forfeited.

11.2 STUDY LEAVE

- Purpose is to provide opportunity for continuing education for ministry.

- Leave entitlement is 14 days each calendar year (including Saturdays and Sundays but excluding public holidays).
- Approval of Church Council is required.
- Congregation will pay normal remuneration while the minister is on leave.
- Leave can be accumulated for no more than 5 years.
- All study leave accumulated for 3 or more years must be approved by Church Council/ Presbytery Pastoral Relations Committee and the Director of the School for Continuing Education.

11.3 SICK LEAVE

- Ministers are entitled to up to 6 months sick leave in any year.
- Ministers will receive normal remuneration while on sick leave.
- The Synod will provide financial assistance to congregations to reimburse supply costs.
- Assistance is limited to:
 - The congregation paying the first month of supply.
 - The Synod reimbursing the cost of supply at the minimum stipend for the remaining months.

11.4 LONG LEAVE

- Purpose is to refresh a minister after extended service.
- Entitlement is 2 calendar months after 10 years service and 1 month for each 5 years thereafter up to retirement date.
- 1 years credit is given for United Theological College Training.
- Full leave entitlement shall be taken as soon as possible after the date at which it accrues (i.e. 10 years of ministry).
- All applications for long leave must be approved by the relevant Church Council or Appointing Body but subject to Presbytery Pastoral Relations Committee being satisfied with the arrangement for oversight of the congregation.

- Approval to take a smaller period of leave may be made to the Ministers Support Fund Committee with the concurrence of the Church Council or other Appointing Body and Presbytery.
- The congregation pays the Minister in advance for the leave period.
- The kilometre travel component is not paid while the Minister is on long leave.
- Synod will pay minimum stipend to the congregation prior to leave commencing.

11.5 MATERNITY LEAVE

- The purpose is to provide opportunity for a woman Minister to prepare for the birth of a child and care for the child during the initial months following the birth.
- Leave can commence 4 weeks before the anticipated birth.
- Leave entitlement is up to 52 weeks for the birth of each child.
- Remuneration arrangements are
 - First 13 weeks on full pay
 - Next 13 weeks on half pay
 - Remaining 26 weeks unpaid.
- Congregation continues to pay the Minister, Support Fund and Beneficiary Fund levies.
- The Synod will provide financial assistance for the cost of supply ministry.
- Minister will continue to occupy residence.
- Presbytery is to approve supply ministry.

12. (a) **Supply Ministry (up to three months)**

- A number of Ministers, once retiring from congregation ministry, allow their names to be placed on a list with the Secretariat indicating their willingness to undertake supply ministry on either a short-term or long-term basis.

- As these Ministers are retired, and usually drawing a pension from both the Beneficiary Fund and Centrelink, the remuneration for the provision of supply ministry rests with the Minister concerned.
- The Synod's policy is that they are:
 - remunerated at the minimum Stipend
 - reimbursed for travel at the casual/supply ministry rate.
- To ensure Ministers providing supply ministry are covered for WorkCover insurance purposes, congregations are required to pay a flat fee per month by way of Synod Support Fund Levy.
- The congregation will be required to pay Superannuation unless
 - the agreed taxable remuneration is less than \$450 per month or
 - the minister concerned is aged 70 years and above.
- Superannuation is to be paid at 9% of the agreed remuneration.
- Supply Ministers are entitled to split their income by placing 30% of the agreed remuneration into a MBA. The MBA operates in the same manner as that outlined at Section 5 of these guidelines.
- It is the responsibility of the retired Minister to report their additional income to Centrelink.
- It is expected that in normal circumstances the payment at the proportion of the residence benefit will not be applicable.

(b) Long Supply Ministry (over three months)

- To be remunerated at the minimum Stipend plus travel allowance standing cost plus travel component.
- All benefit the Beneficiary Fund and the Ministers Support Fund contributions to be paid.
- If the supply placement is over 50% housing or housing benefit should apply.
- Ministers in long supply are entitled to split their income by placing 30% of the minimum stipend into a MBA and 100% of the standing cost, travel component and housing benefit may be paid into the MBA.
- If these Ministers are retired, and usually drawing a pension from both the Beneficiary Fund and Centrelink, the remuneration for the provision of supply ministry rests with the Minister concerned.

13. Home Endowment

- Membership of the National Home Endowment Fund for all within the Specified Ministries is compulsory.
- The Home Endowment Fund Management Committee sets contributions to the Home Endowment Fund.
- The Fund is administered through the Beneficiary Fund.
- An exemption from membership of the Home Endowment Fund may be applied for if the Minister owns or is buying a home for retirement. Application for exemption is to be made to the Home Endowment Fund in Melbourne.
- Normally, contributions to the Home Endowment Fund are made from the Minister's MBA. It is important to advise the Home Endowment Fund if contributions are paid from the taxable income, as the taxation treatment on retirement will be different.
- Ministers are entitled to borrow the balance of their Home Endowment Fund at nil interest as a contribution towards legal fees or deposits when acquiring a home or investment property.
- Final access to Home Endowment Funds will be on formal retirement from active congregation ministry.

STIPEND, ALLOWANCES & SUPPORT FUNDS INFORMATION

EFFECTIVE 1 JULY 2009 TO 30 JUNE 2010

(i) STIPEND LEVEL	Ministers, Lay Pastors, Deacons, Deaconesses, Accredited Youth Workers (in approved placements)		
	Per annum	per month	per week
(1) Synod Minimum Stipend • For Part Time and Supply Ministries • When a vehicle is supplied & maintained by the Appointing Body / Congregation	\$49,327	\$4,110	\$949
(2) Use of own car, low mileage (less than 25,000 kilometres) Travel allowance standing cost to be added to minimum stipend	\$8593 *	\$716	\$165
(3) Use of own car, high mileage (25,000 kilometres plus) Travel allowance standing cost to be added to minimum stipend	\$10661 *	\$888	\$205

(ii) TRAVEL COMPONENT:

- | | |
|-----------------------------------|---|
| A) <u>Full-time Placement:</u> | 25.35c per km (* To be added to Level 2 & 3) |
| B) <u>Part-time Placement:</u> | 81.82c per km – Up to 15,000 kms p.a |
| C) <u>Casual / Supply Travel:</u> | 37.68c per km |

(iii) RESIDENCE BENEFIT:

In lieu (maximum) \$11,856 pa (\$988 month or \$228 week)

(iv) RESOURCE ALLOWANCES:

- Allowance to be included in Annual Budget \$987 Minimum (2% Minimum Stipend)



(v) CASUAL PREACHING FEES

- \$90.00 for one (1) service
- \$30.00 for each additional service in the same congregation on the same day

(vi) NOTIONAL STIPEND for the whole of 2010 (for Beneficiary Fund purposes): \$43,092

**(vii) TABLE OF SUPPORT FUND RATES – CONTRIBUTION RATES FOR
JANUARY TO DECEMBER 2010**

	Ministers Deacons Deaconess	Lay Pastors	Accredited Youth Workers in Approved Placement
Ministers Support Fund Levy			
<ul style="list-style-type: none"> • Paid by Appointing Body / Congregation 	\$240 \$245	\$240 \$245	\$240 \$245
<ul style="list-style-type: none"> * Remitted monthly to NSW Synod quoting Special (Ministry Names) 			
Beneficiary Fund			
<ul style="list-style-type: none"> • Paid by Appointing Body / Congregation • Personal Contribution 	\$517 \$539 \$207 \$216	Not Applicable Not Applicable	Not Applicable Not Applicable
<ul style="list-style-type: none"> * Remitted monthly to NSW Synod with Ministers Support Fund Levy 			
Superannuation			
<ul style="list-style-type: none"> • Paid by Appointing Body / Congregation • Personal 	Not Applicable Not Applicable	* 9% * 5%	* 9% * 5%
<ul style="list-style-type: none"> * Remitted monthly to UC Super Brisbane 		<i>of total remuneration package</i>	<i>of total remuneration package</i>
Home Endowment Fund (Compulsory)			
<ul style="list-style-type: none"> • Personal 	\$445 \$150	\$445 \$150	\$445 \$150
<ul style="list-style-type: none"> * Remitted monthly to Home Endowment Fund Melb. 			
Supply Ministry – Paid by Congregation			
<ul style="list-style-type: none"> • Superannuation • Workers Compensation 			9% of the remuneration package if the minister is under the age of 70 or receiving more than \$450 in a month. \$75 per month per placement

APPENDIX 5



Church Resources partners with leading suppliers in a range of product and service solutions. Outlined below are the contact details for specific product/service areas. To contact Church Resources directly;

Phone: 1300 CHURCH (1300 248 724)	Email: info@churchresources.com.au
Physical Address: Level 4, 504 Pacific Highway, St Leonards, Sydney NSW 2065	Mailing Address: PO Box 1522, Crows Nest NSW 1585

	Product / service	Name of contact	Phone number
ICT	Telecommunications (Mobiles and fixed lines)	Church Resources Telstra team	1300 248 724
	Internet services, data, IP solutions	Church Resources Telstra team	1300 248 724
	IT products and software	Church Resources Telstra team	1300 248 724
	Photocopiers, document management	Fuji Xerox	1800 804 866
	Aged care software - financial, clinical and human resources	Church Resources	1300 248 724

	Phone systems	CDM Communications	1800 677 847
Office Supplies	Office supplies and furniture	OfficeMax	1800 781 078
	Flooring and window furnishings	MCN	1300 856 826
Travel	Business travel, flights, accommodation and car hire	FCm Travel Solutuions, Qantas Airways, Virgin Blue, Hertz and Accor Hotels	(02) 8121 2359 or 1800 458 949
	Leisure travel	Church Resources travel team	1300 248 724
	School group tours	Church Resources travel team	1300 248 724
Aged and Health care	Aged and Health care supplies	Church Resources Aged and Health Care team	1300 248 724
Education	Educational resources, including maths, literacy, science and technology, sporting goods, furniture, and playground equipment.	Church Resources team	1300 248 724
Electricity + Gas	Electricity and gas	Church Resources	1300 248 724
Recruitment	Recruitment - job advertising	TMP Worldwide	1300 248 724 or 02 8233 4653
	Recruitment - job placement	Church Resources	1300 248 724

Salary packaging	Salary packaging	Southgate	1300 132 700
Vehicles	Motor vehicle purchasing, leasing and financing	Southgate	1300 132 700

APPENDIX 6

Glossary of Terms and Acronyms

ABS	Australian Bureau of Statistics
A.C.T.	Australian Capital Territory
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
BAS	Business Activity Statement
BOE	Board of Education
BOM	Board of Mission
By Laws	Laws applying to the Synod of NSW only
Church	Or "The Church" is simply short for The Uniting Church
Church Resources	Procurement organisation that through bulk purchasing capability of member organisations can purchase various goods and services to NFP organisations at a discount
CTP	Compulsory Third Party
CYPFS	Children Young People and Family Services
DGR	Deductible Gift Recipient
DOCS	Department of Community Services
EFT	Electronic Funds Transfer
EFTPOS	Electronic Funds Transfer at Point of Sale
FBT	Fringe benefits Tax
FMS	Financial Management Services (part of UR)
Giving Direct	System where individual members of a congregation can donate to their congregation via a direct debit authority to their bank account
GST	Goods and Services Tax
HR	Human Resources (part of UR)
LIG	Living is Giving
OH&S	Occupational Health and Safety
HR	Human Resources
IT	Information Technology
ITEC	Income Tax Exempt Charity
ITS	Information Technology Services (part of UR)
LL	Long Leave (Ministers)
LSL	Long Service Leave (Lay staff)
OSR	Office of State Revenue
MEA	Minister's Expense Account
MSF	Minister's Support Fund
MYOB	Mind Your Own Business (Small business accounting/payroll software)

NFP	Not for Profit
PAYG	Pay as You Go (tax)
PBI	Public Benevolent Institution
PC	Personal Computer
Presbytery	A regional office in NSW which serves the congregations within that geographical area
PS	Property services (part of UR)
R&IS	Risk and Insurance Services (part of UR)
Regulations	The Uniting Church National Regulations applying to the 4 councils of the Uniting church (also sometimes referred to as the "Regs")
SF	Synod Fund
SMRF	Synod Mission Resource Fund
SOF	Synod Operating Fund
Synod	Multiple meanings depending on the context used:- 1. The Uniting Church as an <u>organisation</u> in its entirety in the state of NSW 2. The name of the <u>general meeting</u> held every 18 months inviting members of the Church across the state of NSW to attend 3. The name of the central (head) <u>office</u> in Sydney as in "Synod Office"
TFN	Tax File Number
UAICC	Uniting Aboriginal and Christian Congress
UCA	The Uniting Church in Australia
UCCS	Uniting Church Children's Services
UCR	UnitingCare
UFS	Uniting Financial Services
UR	Uniting Resources
UR1	Old name of Synod Return replaced by UR2
UR2	The new name of the Annual financial (audited return to Synod) posted to Uniting Resources
WSS	Workplace Safety Services eg Occupational Health and Safety
Y/E	Year end

APPENDIX 7

CONTACT LIST

Enquiry	Phone Number	Web site or Email Address
Accounting, Tax, Audit, Financial Reporting (UR2) matters	8267 4341 8267 4418 8267 4476 8267 4409	http://www.unitingresources.org.au/fms
Auditors	See list at link	http://www.unitingresources.org.au/fms/home/auditors
Childcare centres	8267 4244	http://www.unitingcarechildrensservices.org.au/
Church Resources (purchasing various products and services)	1300 248 724	http://www.churchresources.com.au/ info@churchresources.com.au
Computers, Information Technology matters	8267 4347 8267 4345	https://intranet.nsw.uca.org.au/it
Deposits and loan borrowings	1300 133 673	http://www.unitingfinancial.com.au/ contactus@unitingfinancial.com.au
Human Resources (employer/employee matters)	8267 4365 8267 4369	https://intranet.nsw.uca.org.au/ur/hrs
Insurance Matters	8267 4484 8267 4340	http://uca3163.clients.squiz.net/ps/insurance
Ministers Remuneration and other leave, placement matters	8267 4326	
MYOB (Benkorp)	1300 138 627	http://www.benkorp.com/ucap/ hello@benkorp.com
Occupational Health and Safety matters	8267 4242	https://intranet.nsw.uca.org.au/ur/wss/website
Property matters	8267 4319 8267 4352	https://intranet.nsw.uca.org.au/ur/ps/website
Synod Mission Resource Fund grant enquiries	8267 4355 8267 4383 8267 4391	http://smrf.nsw.uca.org.au/
Telstra products	1300 248 724	http://www.churchresources.com.au/
Uniting Church switchboard (ring this number if your not sure who you wish to speak to)	8267 4300	http://nsw.uca.org.au/

FEEDBACK FORM

To	The Chief Financial Officer Uniting Resources P O Box A2178 Sydney South NSW 1235	kegank@nsw.uca.org.au
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SUGGESTED TOPIC FOR INCLUSION IN FUTURE MANUAL

GENERAL FEEDBACK

FROM:	NAME UCA ORGANSIATION NAME EMAIL PHONE
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