

Ministry Accounting

Empowering you to focus on Ministry and Mission

July 2015

LEGISLATIVE CHANGES

- ▶ **The Financial Reporting Act 2013**

Introduces requirement for charities to report financial statements compliant with Public Benefit Entity “PBE” Accounting Standards.

- ▶ **Consolidated Financial Statements NZ IAS 27 (PBE)**

NZ IAS 27 (PBE) requires entities to consolidate their financial statements, where an entity ("the parent") has control over the other entity ("the subsidiary"). Control is defined as "the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities."

THE CHALLENGES

► Consolidated Accounting

Need to ensure that at year, financial statements can be consolidated quickly to enable an audit process to occur within the timeframe for reporting to Charities Commission.

► Audit Challenges

The auditor of the “group” cannot rely on other auditors reports. They must satisfy themselves that any “sub-audits” were conducted to the same International Auditing Standards as that which they operate.

Auditor needs to rely on consistent internal controls, accounting systems and procedures to set materiality levels.

CENTRALISED ACCOUNTING

- ▶ **Each Ministry Unit will be treated distinctly**
 - ▶ Though the accounting system will be centralised that does not mean that Ministry Units will lose control of their financials.
 - ▶ Each Ministry Unit will be treated distinctly and will continue to maintain its own bank accounts, set budgets and approve expenditure.
- ▶ **A different accounting system, similar processes**
 - ▶ The key change through centralised accounting is that financial transactions are processed through our accounting system rather than the system you currently use. Each Parish still codes, and approves its invoices.

BENEFITS

- ▶ The Diocese will meet all Ministry Accounting Service costs including payroll services for the first 3 years, and the intention is for it to remain free or heavily subsidised.
- ▶ Recording of giving and swift production of tax receipts. The role of Parish recorder can still be maintained at the Parish level.
- ▶ Ability to appoint Treasurers from a broader skill base, rather than trying to find a willing chartered accountant.

ANALYSIS CODES

- ▶ **Special Funds, Grant Tracking**

The system allows for the tracking of special funds, missions, grants and bequests.

- ▶ **How some Ministry Units are using Analysis Codes**

- ▶ Some Ministry Units have a number of churches and are using the analysis codes to tracking giving from each church or service.
- ▶ Other Ministry Units are separating the costs of their Church, vicarage and rental properties.
- ▶ Some are tracking staff costs separately.

HOW WILL IT OPERATE?

► **Invoices for payment**

- Ministry Units will receive the invoices, code the invoice and approve for payment as normal. The invoices will then be sent to Trust Management, who will load into the accounting system, upload to the banking platform and make the payment.
- Payments will generally be run weekly, but we can make urgent payments as well.

► **Giving**

- Most givers pay by AP, we will record these straight off the bank statement.
- Ministry Units will send us copies of the collection count sheets and details of any envelope giving.

HOW WILL IT OPERATE?

- ▶ **Petty Cash, Cashflow Card, Credit Card, Imprest Account.**
 - ▶ In terms of accessing cash and paying for small supplies etc... Ministry Units have adopted a number of approaches, outlined above.
 - ▶ An imprest account will be established with signatories within the Parish for accessing petty cash, linking to cashflow cards etc...
- ▶ **Procedure Manual**
 - ▶ We have drafted a procedure manual which outlines in general how things will operate. This manual is not set in concrete.
 - ▶ Copies of the standard forms are available, but again these can be amended to suit individual circumstances.

THE TRANSITION PROCESS

Obtain bank and IRD details.

(we will prepare paperwork and get this process underway early as it can be difficult).

Obtain copies of current reporting and trial balance structure.

(we will ensure the system can meet your reporting requirements and will suggest some analysis codes. We will also provide a translation of your existing coding to the new coding)

Agree transition date, complete information requirements.

(once the Ministry Unit is comfortable that the accounting system will deliver the required reporting, we will work with you to set a changeover date)

INFORMATION REQUIREMENTS



trusted partner for charity management

1. Details of the bank and branch, bank account number, and IRD numbers. We will then complete the necessary bank and IRD forms for the Ministry Unit to sign.
2. A Vestry minute approving the transition to Ministry Accounting Services, including authorising staff members of Trust Management to bank signatories and account owners/administrators.
3. A Vestry minute authorising staff members of Trust Management to enquire with the IRD on matters pertaining to the Ministry Unit.
4. Payroll details (if applicable) including employees IRD numbers, tax codes, pay rates and leave entitlements, Kiwisaver.
5. Delegated Authority List
6. A trial balance at the transition date.
7. A fixed assets register at transition date (if applicable).
8. Details of from the Recorder of givers and envelope numbers (for issuing of tax receipts), as well as details of giving from 1 April 2015 to transition date.
9. For more complex Ministry Units there may also be additional information requirements where applicable, such as copies of any rental or lease agreements etc...

ASSISTANCE WITH TRANSITION



trusted partner for charity management

The team below will assist with all aspects of the transition process.

- ▶ Shane Coward – General Manager
Trust Management;
DDI: (09) 550 4045
Mobile: +64 21 412 032
Email: scoward@trustmanagement.co.nz

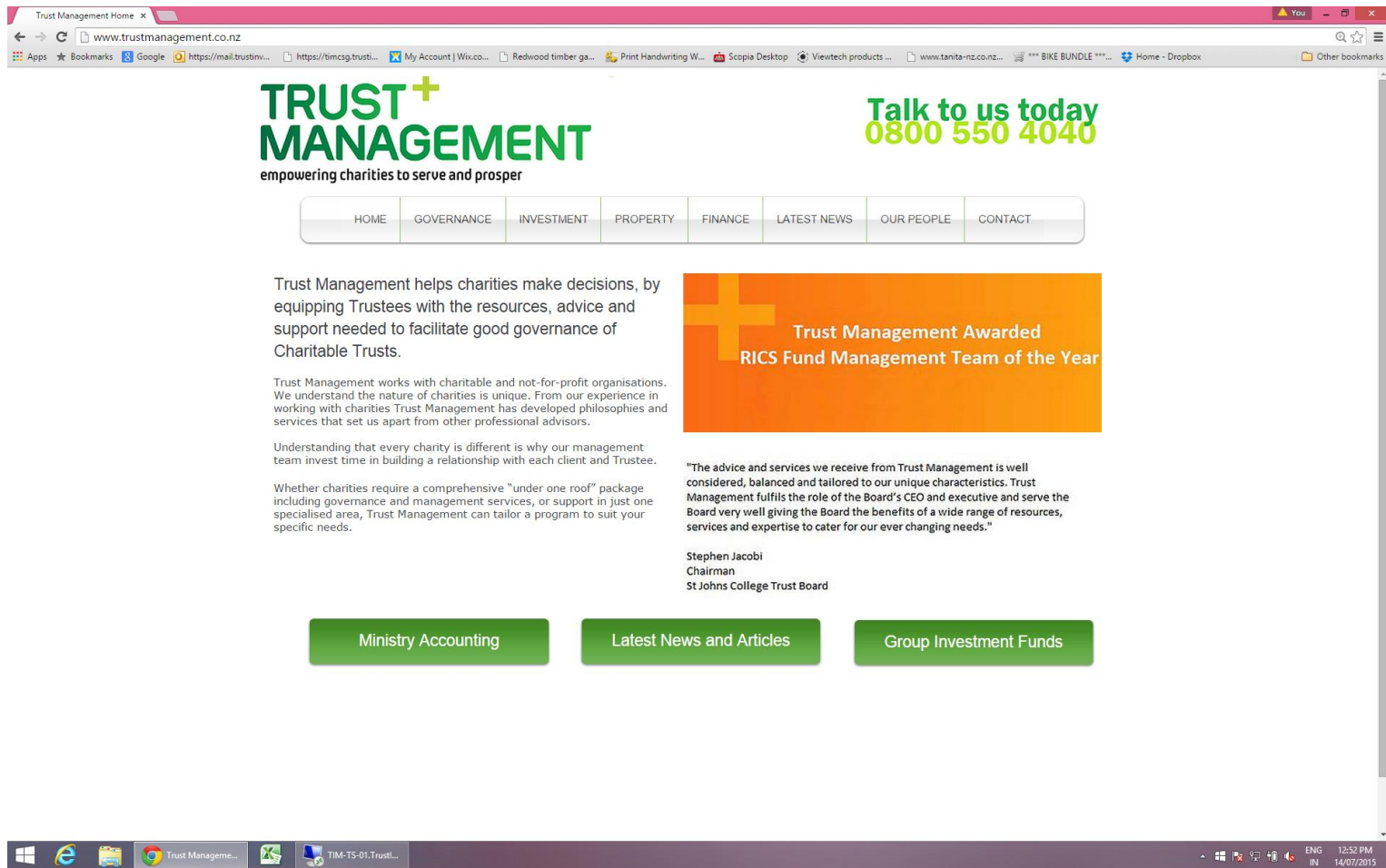
- ▶ Anne Edwards – General Manager Finance
DDI: (09) 557 3272
Mobile: +64 21 980 912
Email: aedwards@trustmanagement.co.nz

- ▶ Radha Patel – Finance Project Manager
DDI: (09) 550 4048
Mobile: +64 21 709 745
Email: rpatel@trustmanagement.co.nz

WEBSITE & EMAIL UPDATES

**TRUST⁺
MANAGEMENT**

trusted partner for charity management



WEBSITE & EMAIL UPDATES

**TRUST⁺
MANAGEMENT**

trusted partner for charity management

