

Process for authorisation of expenditure

The process which is followed by the PCV office when considering payment requests from committees is:

1. Is the expense properly authorised by the committee?
2. Does the expenditure fall within the legitimate authority of the committee and any associated trusts?
3. Is the expenditure within the approved budget?
4. Is the transaction supported with appropriate documentation?
5. Is the payment being made in an authorised way?

1. Is the expense properly authorised by the committee?

Rule 5.29 of the PCV Code states:

Authorisation for payments from funds under committee management

No payment can be made out of the annual revenue of the funds placed under the management of any General Assembly committee unless:

- a) ordered by the Assembly; or
- b) approved at an ordinary meeting of the committee; or
- c) ordered by its executive, but only when the committee has given authorisation for the executive to act in this way and this authorisation is duly recorded in the minutes of the committee.

The most common way the above regulation is applied is under clause (b) “approved at an ordinary meeting of the committee”. This is evidenced by the recording of the approval in the minutes of the meeting of the committee.

The resolution of the committee approving the expenditure should include at least:

- i) the specific dollar amount that is approved (or limit),
- ii) a purpose which is included under an approved budget account,
- iii) a statement of the payee, and
- iv) any other information to properly describe the payment e.g. period applicable.

An authorisation should not need any interpretation by the convener, treasurer or anyone else, particularly the PCV office. It should be evident to the PCV office precisely what needs to be paid and to whom.

Resolutions expressed in general or vague terms or referring to external documents such as a budget are not considered sufficient for the approval of expenditure. A budget approval is not an authorisation of expenditure. This is all the more relevant when the budget assumptions remain uncertain and the review by the BIF has not led to a common understanding between the committee and the BIF (see below).

Authorisation by an executive of the committee under clause (c) of the rule would be used less frequently and is not the normal way to approve expenditure. For the purpose of this procedure, in the event that the committee seeks to authorise expenditure through an executive, it should provide documentary evidence that the executive has been properly authorised by the committee and is authorised to approve the proposed expenditure.

2. Does the expenditure fall within the legitimate authority of the committee and any associated trusts?

This question is answered firstly by considering the committee regulations to determine whether the expenditure or program is consistent with them, and that the committee is authorised to conduct its activity in the manner proposed. The committee should be familiar with the authorities which its regulations permit as well as the responsibilities that go with that authority.

Where a committee receives funds from a specific trust, payments from the trust must be consistent with its terms. The purpose of the trust will fall within the general scope of the committee but may be restricted to a part of the work of the committee.

3. Is the expenditure within the approved budget?

Requests for payment are checked against the approved budget. It is the responsibility of the committee to monitor its spending against the budget. Management reports comparing expenditure to budget are distributed to the committee every month. During the BIF review of the budget and prior to its presentation to the Commission of Assembly for approval, the BIF is looking for assurance that the budget has been adequately prepared. When this is done well it smooths the way for easier payment when the time comes.

BIF regulation 9(b)(ii) describes the process for seeking approval for expenditure which is not included in the approved budget. When it is necessary to follow this process, the committee should provide the details with reference to the approved budget in the same format and do so in a timely manner to allow the BIF to adequately review the proposal. The committee should refrain from committing itself to any expenditure contained in its proposal until the budget variation has been approved either by the BIF or the General Assembly/Commission of Assembly.

4. Is the transaction supported with appropriate documentation?

The standard payment request form which is currently in use by committees provides for the relevant information including the committee approval, details of the payment and account to be charged. In addition to the payment request, documentation in evidence of the transaction should be provided. This may include a tax invoice, quotation or other information depending on the nature of the payment. Payments for remuneration should be provided on the specific form designed for this purpose. When changes in remuneration occur these should be conveyed to the PCV office on the same form. It is the responsibility of the committee to do this annually or as often as is required, unless the remuneration has been determined by the Assembly.

Some transactions such as grants do not generate tax invoices or other paperwork. They rely solely on the resolution of the committee. In these cases the payment request is sufficient provided it contains all the particulars in specific detail.

The hard copy documentation is evidence that the process has been properly followed. Without the documentation, the office is unable to process the transaction.

5. Is the payment being made in an authorised way?

The Board of Investment and Finance has a responsibility under its regulation 11(b) to take steps to prevent committees from incurring expenditure beyond their means or in unauthorised ways. It is necessary that the payment complies with relevant legislation, accounting standards and practice, and fiduciary obligations.

General

Not all transactions are the same. In some case the review of the above criteria is trivial and takes a few seconds. In other situations, the review requires more scrutiny and attention to the details.

The committee is entrusted to manage the funds on behalf of the Assembly. The funds do not belong to the committee. The committee has a fiduciary responsibility to the Assembly. This is one of trust - “depending for its value on public confidence”¹. Following the procedures as embodied in the Code, regulations and common law engenders that trust and confidence. The opposite is also true.

The committee is responsible for meeting the above requirements. The work at the PCV office should be a second check, not the only check. Instances where transactions are inadequate should be few and far between.

¹ Oxford Dictionary

APPENDIX - Rules and Regulations referred to above and other relevant rules.**PCV Code Rule 5:33****Authorisation for payments**

33. No payment shall be made out of the annual revenue of the funds placed under the management of any Assembly committee unless:
- a) ordered by the Assembly; or
 - b) approved at an ordinary meeting of the committee; or
 - c) ordered by its executive, but only when the committee has given authorisation for the executive to act in this way and this authorisation is duly recorded in the minutes of the committee.

Board of Investment and Finance regulation 5(a) and (g) and reg 7

5. Subject to the powers, duties and functions of The Presbyterian Church of Victoria Trusts Corporation under the Presbyterian Trusts Act 1890 as amended by the Presbyterian Trusts (Common Fund) Act 1965 and the regulations there under and subject to the rules of the Church and the Resolutions and directions of the Assembly, the Board shall:
- a) Administer the financial affairs of and act as Treasurer of the General Assembly and be responsible for the maintenance of all accounting records and publish audited accounts for the General Assembly of The Presbyterian Church of Victoria Trusts Corporation annually;
 - g) Carry out its duties with respect to the preparation of the Budget by:
 - i) requiring from each Assembly committee in the prescribed form not later than 28th February its proposals and estimates for the Budget for review and advice prior to submission to the Commission of Assembly in May, provided that the Board may thereafter require any Assembly committee to provide such additional information in relation to any item as the Board shall consider necessary to assist in its review;
 - ii) requiring any Assembly committee wishing to undertake work or initiate a project involving expenditure not included in the Budget approved by the Commission of Assembly or General Assembly to submit its proposal to the Board which:
 - 1) in the case of expenditure not exceeding 10% of the committee's total budgeted expenditure as approved by the Assembly or \$20,000, whichever is the greater amount, and consistent with the committee's regulations and which would be financed from trust income available within the terms of the trust in question, shall have authority to approve or disapprove such expenditure and shall report any expenditure so approved to the subsequent Assembly.
 - 2) in the case of expenditure which does not fall within the terms of sub-clause (1.) hereof may present such proposal to the Commission of Assembly or subsequent Assembly for approval.

Committee Expenditure

7. The Board shall take steps to prevent committees from incurring expenditure beyond their means or in unauthorised ways.

PCV Code Chapter 2:**Section Five ... The Board of Management****Newly established congregations**

55. With regard to rules 44–54 above, in connection with a newly established congregation with few if any communicants, the Session may make temporary arrangements that may depart from these rules to some degree to meet particular needs. In so doing it must report such departures to the Presbytery for approval.

Gathers and distributes funds

70. The Board gathers the monetary contributions of the congregation, takes charge of them and of any other money received by or for the use of the congregation, and distributes them for the purposes for which they were contributed.

Keeps proper records of account

71. The Board keeps proper and adequate records of account and other necessary financial records, and, in so doing, obeys the directions contained in the rules that follow.

Bank accounts

72. The Board ensures that all money received for or on behalf of the congregation and all its payments pass through bank accounts held in the name of the congregation and not through private bank accounts.

No cash payments

73. All money received by the treasurer of the Board of Management for whatever purpose shall be banked promptly without deduction of any kind, and all payments shall be made by cheque or by electronic funds transfer.

Congregational financial records

75. The financial records of each congregation shall be kept by the use of separate columns in the cash book or by posting to separate ledger accounts or otherwise, so that it shall be possible readily to ascertain the amounts of:

- a) collections by plate or other systematic means for ordinary congregational purposes;
- b) other regular sources of congregational revenue, such as rents of property, interest on endowments;
- c) special donations, sales of gifts, proceeds of fairs or special efforts of similar character;
- d) the amount contributed by the congregation to the schemes of the church whether to the General Mission Program of the General Assembly or to individual schemes;
- e) the amount contributed to charitable and other objects outside the church.

The PCV Standard Chart of Accounts should be used as the basis for the columns or ledger accounts (available from church website or Maintenance of the Ministry Committee).

Board of Management Annual Reporting

76. Annually the Board prepares a financial statement of accounts which is audited, an Annual Parish Report in the form approved by the Maintenance of the Ministry Committee and reported to the General Assembly and a report on the Congregation's property and the Board's activities during the preceding year, which are submitted to the annual meeting of the congregation (note 2:22). Vacant parishes should include minimum terms of settlement and reflect this and other settlement costs in their budget as though they were not vacant.

Authorisation for payments

81. The auditors shall see that the accounts paid during the period are duly passed for payment by those authorised to do so and that adequate invoices and receipts have been retained.