

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 rule 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 5(g)(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 7 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

Procedures

1. Committee approves the expenditure in accordance with Rule 5.29 and above policy.
2. Committee arranges for the supply and receives a tax invoice from the supplier. If necessary consult PCV office for advice at this time on any issue.
3. Committee or its delegate confirms that the goods or services have been rendered satisfactorily and in accordance with the order, and that the tax invoices is accurate.
4. Committee delegate submits the payment request to the PCV office including:
 - a. Name of person/company to be paid (and bank details if not already on file)
 - b. Amount to be reimbursed
 - c. Original tax invoice
 - d. Number of committee minute authorising the expenditure
 - e. Account number(s) to charge the expense to
 - f. Authorisation signature on behalf of the committee.

A committee payment request form is available to assist committees in providing the above information. It is not essential to use the form but all the above information must be provided.

5. The payment request may be submitted to the PCV office in hard copy or by email provided that all the required information is included with the request.
6. PCV office will return any incomplete payment requests to the committee delegate to resolve. The responsibility to follow up and correct any errors and omissions remains with the committee, not the PCV office.
7. Payment requests received direct from anyone other than a committee delegate will be returned and not processed. Any email cc'd to the PCV office from such persons will be ignored and no action will be taken.
8. PCV office will process payments weekly and time the payment to be made prior to the due date provided the payment request is received in time to do so.

Note: PCV office is obliged to comply with the government legislation including withholding tax - see Appendix A. Committees should be careful not to make any undertaking or commitment to a supplier in relation to the method of payment.

APPENDIX A – Withholding tax rules.

Where a supplier does not provide an ABN and the total payment for goods and services is more than \$75, we are generally required to withhold tax from any payment (Section 12-190 of Schedule 1 to the *Taxation Administration Act 1953*).

The tax is calculated at the top marginal personal tax rate - currently 47%.

When withholding tax is deducted from any payment a PAYG payment summary must be issued to the supplier at the time the payment is made or as soon as possible after.

Certain suppliers are not required to quote an ABN to a payer. In these circumstances the supplier can use the Australian Taxation Office form *Statement by a supplier* to justify the PCV not withholding from the payment. A supplier must complete this form. Committees and their members or agents should not complete the form on behalf of the supplier or advise any supplier that it is able to complete the form. The supplier should make their own independent assessment of whether it can legitimately complete the form.

The ATO website lists when the form can be used by a supplier and also when it cannot be used. See:

<https://www.ato.gov.au/Forms/Statement-by-a-supplier-not-quoting-an-ABN/>

The withholding tax regime applies to individuals as well as businesses. In these cases the payment may be considered a salary or a wage where a different calculation of the tax withheld is applicable.

See also:

ATO website

<https://www.ato.gov.au/business/payg-withholding/>

<https://www.ato.gov.au/business/payg-withholding/payments-you-need-to-withhold-from/withholding-from-suppliers/withholding-if-abn-not-provided/>

Statement by supplier

<https://www.ato.gov.au/uploadedFiles/Content/MEI/downloads/Statement%20by%20a%20supplier.pdf>

Taxation Ruling TR 2002/9

<https://www.ato.gov.au/law/view/document?docid=TXR/TR20029/NAT/ATO/00001>

PCV procedure: Payment to speakers and lecturers

<https://pcv.org.au/wp-content/uploads/2017/11/Payments-to-speakers-and-lecturers.pdf>

APPENDIX B – PCV Rules and Regulations referred to above.**PCV Code Rule 5.29****Authorisation for payments from funds under committee management**

33. No payment can be made out 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.

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.