



Anglican
Diocese of
Ottawa

Learning Commons: Parish Finances

Sanjay Grover
Director of Financial Ministry

2024

Finance & Administration

Sanjay's Role

- Director of Financial Ministry
- Responsible for Financial Affairs for Our Diocese
- This includes (among other things):
 - Financial Affairs for Parish Ministry and Community Ministry
 - Church Extension Fund
 - Consolidated Trust Fund
 - Cathedral Hill Foundation
 - Hollyer House Bells Corners



Finance & Administration

Finance Department Staff:

- Bill Gilbert
- Sandra Purdy



Internal Controls



Internal Controls

- Provide assurance to stakeholders that assets are protected from waste, fraud, and theft.
- Ensure accurate and reliable accounting information for the provision of reports to Parish or Congregational Council, Vestry, Synod and CRA.
- Avoid situations that could damage the church's reputation.



Principles of Internal Control

- Responsibilities should be clearly established.
- Adequate records should be maintained.
- Record keeping and custody of assets should be separated.
- Responsibility for related transactions should be divided.
- Assets should be insured.



Internal Control for Receipts

Basic principles should always be observed:

- Separation of duties so that the persons handling receipts, having custody, depositing, and keeping records are different people.
- All receipts should be promptly deposited intact.



Disbursements and Signing Authority

- All cheques prenumbered and should require TWO authorized signatures.
- Cheque requisition form with attached invoices provided with cheque for signer's review and authorization.
- A person should never authorize or sign a cheque where they are the payee.
- Never sign a blank cheque.



The Audit



The Audit

- All parish accounts must be audited annually.
- Government regulation states that if an auditor is paid for audit services, the auditor must be an appropriately qualified accountant, licensed to perform audits.
- Does not apply to “pro bono” audits.



Budgets

- Responsibility of Corporation.
- Essential tool in the management of parish finances.
- Includes setting priorities and objectives of the parish or congregation.
- Budgeted amounts should be realistic and achievable.
- Treasurer plays a key role in providing accurate information about the trends in income and expenditures.



Reporting

Reports required by church and regulatory law:

- Financial statements - quarterly to Parish or Congregational Council
- Annual audited financial statements to Vestry
- Diocese - statistical return, financial statements (and reconciliation)
- Charity information return to CRA (within 6 months of year end)



Proportional Parish Share (PPS)

- Synod's operating budget is funded from various sources, e.g. investment income, grants, fees, contributions from all parishes.
- Contributions from parishes are called " Proportional Parish Share" or PPS.
- When parishes report income at year-end, the figures are reduced by allowable deductions to give an assessable income (AI).
- AI for each parish is the basis of the proportional percentage of the total of all parishes' AIs.



Proportional Parish Share

The key components of PPS are:

- Assessable Income (AI)
- Deductions from assessable income
- Averaging of last 3 years' AI

There is a PPS appeals process:

- Prior to the calculation of PPS, a request can be made to the Proportional Parish Share Review Committee for a review of major anomalies in income.



Proportional Parish Share

- The PPS calculation is based on the average of the parish's assessable income for the most recent three years.
- The purpose of averaging is to even out anomalies that create significant swings in some parishes. apportionment figures from one year to the next
- Once the PPS percentages are known, the diocesan budget is proportioned out to each parish.



Proportional Parish Share

$$\frac{\text{Your parish's 3-year net income} \times \text{Diocesan budget}}{\text{All parishes' 3-year net income}} = \text{Your parish's contribution to the diocesan budget}$$



Equalized Cost Of Priestly Services (ECOPS)

Parishes are no longer wholly responsible for the costs of particular clergy(s), but pay a fair share of a total COPS pool, which is the total cost of all stipendiary clergy in the Diocese (*excluding housing*).



Equalized Cost of Priestly Services

- To make individual clergy gifts accessible to all parishes.
- To make COPS proportional to a parish's ability to pay.
- To improve on the Equalization Assessment.
- To create a more stable year-to-year system, allowing for better long-term planning.



Equalized Cost Of Priestly Services

With ECOPS the costs of all stipendiary clergy are pooled and then distributed according to the ECOPS Formula = Base COPS + Equalization:

Base COPS = base stipend on stipendiary scale, travel allowance, and benefits (excluding housing);

Equalization = Equalization Total (i.e. Total COPS minus Total Base COPS) x PPS%.



Parish Insurance



Parish Insurance

Diocesan Insurance Covers:

- Property and contents (Replacement Value)
- General Liability - all employees and voluntary workers while engaged in activities on behalf of the parish
- Umbrella Liability
- Boiler
- Crime
- Abuse
- Employment Practices
- Directors and Officers
- Loss of Income



Parish Insurance

It is important to note that, in order to keep premium costs at an affordable level, deductibles at the parish level are set at \$2,500. The Diocese covers deductibles between \$2,500 and \$25,000 from its Insurance Reserve Fund. *(This is only for property damage.)*



Parish Insurance

Major Renovations and Stained Glass

- Stained Glass and any major renovations (including additions) must be listed separately on the Insurance Policy.
- Contact Ascension House in order to co-ordinate with Insurers - to have these items listed on the policy, in order to have adequate coverage.



Third Party Liability Insurance

Why third party liability insurance?

- Because of facility users' operations or actions, parishes and the diocese are open to possible suit from third parties.
- Diocesan insurance does not cover the actions of third parties.
- This policy covers legal liability for bodily injury to, or damage to property of, participants and others.
- Essential that appropriate insurance be obtained if outside users of parish facilities cannot provide proof of insurance - this can be arranged through Ascension House.



Consolidated Trust Fund (CTF)

- Assists parishes in the task of managing and investing sums received in trust, a bequest, or from the sale of property.
- Property & Finance Committee (P&F) is responsible for the day-to-day activities of the CTF; its Investment Subcommittee helps meet this responsibility.
- Each time a parish makes a contribution to the CTF, it is credited with a certain number of units of the fund based on the unit value at the end of the quarter in which the monies are received.



Consolidated Trust Fund (CTF)

- The unit values of the CTF can fluctuate in the short-term depending on market circumstances.
- Annual Dividend Rates are set by Property & Finance Committee (Investment Sub-Committee).
- CTF has consistently paid annual dividends even during down markets - enables parishes to rely on a steady flow of income.



Consolidated Trust Fund (CTF)

- The Investment Policy Statement outlines the objectives of the fund as well as specifics regarding its asset mix.
- This policy guides the money managers in investment of the assets.
- The portfolio is invested to provide income as well as to preserve the capital for the long-term, taking inflation into consideration.



Property & Finance Committee Submissions

Parishes must obtain P&F approval when:

- Withdrawing any significant amount from the CTF (based on our Decision Matrix)
- Undertaking any mid- to large-size capital projects
- Withholding a gift or bequest
- Permission to sell properties
- Approval of lease(s)

Property & Finance meets on the second Wednesday of each month (not including July and August).



Property & Finance Committee Submissions

- Before making a submission, be sure to review the Application Form instructions and the Decision Rights Matrices which can be found on our Diocesan website.

