

10.1 DISCRETIONARY FUNDS / SURPLICE FEES POLICY

[Source – Faithfulness in Service Section 8]

POLICY PREAMBLE

This Policy is to provide direction on the procedure for handling, management and usage of funds received from Pastoral offices. It is also to provide a transparent and accountable system for the management of these funds. The policy provides clarity over whether the funds are treated as personal income or parish income for taxation purposes. Finally, the policy is recognition that there has been considerable work done by the Clergy Emoluments Board and the Diocesan Council in recent years to ensure that priests are provided with adequate stipends, superannuation, long service leave, rent, electricity, telephone and car running and depreciation costs.

General Provisions

All Priests licensed by the Bishop of Newcastle and Parishes are bound by the general provisions of this policy.

FINANCIAL INTEGRITY

Preamble

- 1.1 In both their personal capacity and their pastoral ministry **priests** are involved in matters of a financial nature. The ministry of **church workers** may include financial management. The financial dealings of priests and church workers have a significant impact on the **Church** and the community.
- 1.2 Financial integrity is essential to all financial processes and transactions.
- 1.3 Priests and church workers with overall authority for financial management in a church body are responsible for the implementation and maintenance of proper systems for financial integrity and accountability. They cannot delegate this responsibility to anyone else.

Standards for priests and church workers

These standards state the Church's expectations for personal behavior and the practice of pastoral ministry.

- 1.4 You are not to avoid payment of your just debts and family support obligations.
- 1.5 You are not to engage in tax avoidance.
- 1.6 You are not to seek personal advantage or financial gain for yourself or your family from your position or from a **pastoral relationship**, beyond your stipend or wage and recognised allowances and deductions.
- 1.7 You are not to allow yourself to be influenced by offers of money or financial reward.

- 1.8 You are to avoid situations of conflict between your personal financial interest and your pastoral ministry responsibilities.
- 1.9 You are to arrange your personal and church finances to ensure that clear account and transaction boundaries are maintained.
- 1.10 You are to fully disclose and be publicly accountable for all church monies which you handle.
- 1.11 If you have overall authority for financial management in a church body, you are to ensure that:
- proper systems for financial integrity and accountability are implemented and maintained;
 - all priests and church workers for whom you have responsibility and who have authority for financial management in a church body are informed of their roles and responsibilities; and
 - All stipends, wages and allowances payable are adequate, and paid promptly and in full.

Guidelines

These guidelines explain and illustrate best practice and highlight practical ways to achieve it.

Financial management practices

- 1.12 You should ensure that your salary packaging and the accounts of any church body for which you have responsibility are in accordance with Church and civil taxation and accounting requirements.
- 1.13 If you have overall authority for financial management in a church body, you should minimise the risk of you and other priests and church workers being accused of or engaging in financial impropriety by:
- having two persons unrelated by family to handle church money received;
 - not involving paid priests or paid church workers in the counting of church offertories;
 - ensuring that church money on church premises is kept safely and securely;
 - avoiding church money being taken home wherever possible;
 - ensuring that all church money received is banked promptly;
 - ensuring that proper accounting records are kept for church transactions, in the form of receipts, diary entries, tax invoices, accounts and account statements;
 - ensuring that all church accounts have more than one signatory;
 - ensuring that any accounts paid by cash are duly receipted; and
 - Ensuring that those with the responsibility for handling money have suitable training in financial matters.

Gifts

- 1.14 If you are offered or receive a gift, whether monetary or otherwise, from a person with whom you have a pastoral relationship, you should:
- establish for whom the gift is intended and exercise discretion as to whether the gift should be personally accepted;
 - consider:
 - A** the size of the gift;
 - B** the intentions and circumstances of the giver;
 - C** the risk of your integrity being compromised; and
 - D** whether acceptance of the gift would cause scandal and embarrassment if known publicly;
 - if it is substantial, disclose the offer or receipt to a supervisor or colleague; and
 - When there is any uncertainty as to the gift's appropriateness, seek advice from a supervisor or colleague.
 - See paragraph below titled *Required Diocesan Procedure for Clergy in Local Mission*.

Personal financial obligations

- 1.15 You should manage your finances so that personal debts, including those to any church body, are paid when due and in full.
- 1.16 You should avoid borrowing money from, or lending money to, a person with whom you have a pastoral relationship as this may place you in a position where your personal interest conflicts with your pastoral responsibilities. If you do, then disclose the circumstances to a supervisor or colleague. In some cultures where there are communal ownership and kinship obligations, this guideline may be applied differently.

REQUIRED DIOCESAN PROCEDURE FOR ALL STIPENDIARY PRIESTS

- A record of all funerals and weddings conducted in the exercising of Pastoral ministry in any location is to be maintained and entered into the registers of the parish.
- All fees from weddings and funerals and other pastoral offices wherever conducted will be banked into a working account to be named "Parish of XYZ (or XYZ Chaplaincy) Discretionary Account".
- The disbursement of income in this account is to be at the discretion of the Priest in charge/Chaplain and for Ministry related expenses only.
- This account must be audited annually by the authorised parish Auditor and presented to the Parish Annual General Meeting as part of the Financial Report of the Parish.
- The income directed to the Parish Discretionary Account should not exceed \$5,000 in any one calendar year with income over this amount being directed to the Parish's general purpose account.
- Parish/Chaplaincy Annual Budgets should include each year provision for clergy retreats and conferences for all parish clergy.

- The reimbursement of these expenses should be the first call on Discretionary Fund income for any given year.
- Where such Discretionary Fund income is insufficient to reimburse these amounts they remain an authorised ministry expense in the Annual budget.
- The Discretionary Fund should not be used to pay for anything which personally benefits the Priest and which is not directly related to ministry. For example, personal clothing, food, books, rents, utilities, insurance, car payments and expenses, medical bills, general purpose subscriptions, club dues and travel.
- Whenever a priest leaves the Parish, the balance in the Discretionary Funds account should remain and be made available for the next Priest. Before leaving the Parish, the Priest should ensure that the account is reconciled.
- Fees are encouraged to be set at an Area Deanery level wherever possible or by agreement at a Diocesan Level.

REQUIRED DIOCESAN PROCEDURE FOR CLERGY IN LOCAL MISSION

Excluding reimbursements for legitimate ministry expenses, if Clergy in Local Mission receive a fee or gift in the course of ministry, this is to be forwarded to the parish ministry account of their home parish and treated as general parish income.