

TREASURERS' NEWS

The latest news for Presbyterian & Cooperating Venture parishes

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Welcome to our April newsletter...

This is my first newsletter as the PCANZ Acting Finance Manager, and I hope you continue to find it a useful communication. I welcome comments and questions about the articles included here, please contact me.

I will be Acting Finance Manager until a permanent replacement is appointed. I worked with former Finance Manager Sandra Kennerley from 2019 on the Financial Consolidation project. I am a Chartered Accountant and have worked in similar roles with publicly listed companies.

Financial Consolidation will continue in 2021. Since this project started in 2019, with your help we have made considerable progress. I look forward to working alongside you for the 30 June 2021 financial consolidation. Contact me if you have any questions - martyn@presbyterian.org.nz

For more general queries, contact Katrina Graham katrina@presbyterian.org.nz for any assessment or general finance queries, or contact PCANZFC@presbyterian.org.nz for any questions regarding the consolidation.

A reminder regarding a XERO matter - those parishes that have set up access for Sandra Kennerley to your XERO, could you please remove this access as Sandra no longer works for the Church. This includes those parishes provided with XERO through a chartered accountancy firm or other XERO provider.

Thank you and I look forward to working with you.

Blessings
Martyn Vincent

Financial Consolidation 30 June 2021

2021 will be the second year for our full consolidation of all parishes and controlled entities (trusts). In the 2020 year, we had 435 parishes and entities included in the consolidation, so this is no small project.

Financial year-end 30 June 2021 – what Assembly Office needs from you

Below is a summary of what we need from you and by when.

Bank confirmation letters

Last year, many of you contacted your banks to request that they send bank confirmation letters to our auditors, Ernst Young.

We have been working with the BNZ and they will provide a bulk confirmation for the parishes that bank with the BNZ. If you bank with the BNZ you need take no further action.

For other banks, the auditors will continue to receive the bank confirmations from your bank. Please check with your bank that they will continue to send out the confirmation letter as you requested. If you did not arrange last year for the bank to send out the confirmation letter, could you please do so this year.

Please contact me for a copy of the draft letter for you to send to your bank. You will need to send this letter to your bank well before your year-end to enable them to set up the confirmation letter in their banking system. I recommend that you send the letter in May.

Financial Information required by 7 September 2021

We will need a copy of your 30 June 2021 trial balance (or year-end balance if not June 2021) by the 7 September 2021

If you are using Xero and have given us access no further action is required.

If you are not using Xero or have not given us access to your Xero account, please provide us with either an excel or csv copy of your trial balance. If possible, please provide this as a csv or excel format file, not PDF. The PDF format creates a lot of additional work for us to upload your parish's financial information. If you can only supply a PDF format, then that will be acceptable.

Please note:

- The trial balance does not need to be an audited or a reviewed finalised set of figures.
- We do not need to have them signed off by your parish council.
- Do not wait until your parish's annual general meeting.

We need your trial balance by this date to allow us to complete our accounts for the audit by Earnst Young. I know that this is a remarkably busy time for treasurers, and I am very thankful for your help and support.

Please forward your trial balances by email to PCANZFC@presbyterian.org.nz

Introducing Michaela Press

Michaela Press will continue on the PCANZ Financial Consolidation team. Her focus initially will be on land and buildings. Over the past year, Michaela has compiled a list of the land and buildings owned by parishes, presbyteries and other associated trusts based on data from PCANZ records, local authority websites, Quotable Value (QV) and other publicly available records. Although the list is comprehensive, we believe there is likely to be land or buildings missing from the list or no longer in use, therefore Michaela may contact you to check whether the land and buildings listed for your parish or presbytery looks accurate, or whether any changes are required. Thank you for assisting Michaela, her email address is: michaela@presbyterian.org.nz

Laurenson's annual financial accounts subsidy

In the previous newsletter we advised you that the subsidy will be removed after a 2-year period. I encourage parishes that have not used this subsidy to take advantage of it. The subsidy contributes \$300 towards the cost of XERO for parishes who use Laurenson Chartered Accountants to complete their annual accounts. The idea behind this was to assist parishes to use XERO through the first couple of years when accountancy fees are often higher (as parishes learn what they need to provide etc). Many churches have utilised this discount and received the benefits that come from having a professional review their accounts.

We encourage any parish thinking of outsourcing their accounts to contact Laurenson on xero@presbyterian.org.nz or, if you prefer, a local chartered accounting firm of your choice. CATAS is another firm that provides accounting services to charities.



Charities Services Group Registration update

I would like to thank all the parishes and related entities that completed the Charities Services survey we sent out last month regarding options for reporting with Charities Services. We will prepare a schedule of parishes identifying those that selected Option 1, and those that selected Option 2. Parishes that did not complete the survey will be shown as Option 2. The schedule will be sent to Charities Services to update their website. You will notice changes to the Charities Services website for your parish, noting that your parish is part of the PCANZ Group.

XERO Multi-factor Authentication (MFA)

Recently, parishes that use XERO should have received advice from XERO on Multi-factor Authentication (MFA). I urge you to read the email, it has essential information on changes to XERO online security. After the 31 May 2021, it will be mandatory for all XERO customers to set and use MFA to log in. Please read all the emails from XERO.

LAURENSEN'S TIP\$

BY ROWENA JANES

Public Holidays: Am I Paying My Employees Correctly?

April is a month chock full of public (or statutory) holidays – didn't we all enjoy those long weekends?! But public holidays are a potential minefield when it comes to ensuring you pay your parish employees properly, not least because many people have strong ideas (which may or may not be correct!) about their entitlements. This is not surprising in some ways; festivals like Easter and Christmas can often be important times for family to spend together, and if you have had to lose some of that 'together time' through having to go to work, it is understandable that you would want to be well-rewarded for it.

But in fact, the law around payment of public holidays in NZ is not too complicated, here is a hopefully short and simple explanation.

In 2021, there are 10 national public holidays, in addition to one anniversary day holiday in most provinces. In 2022, a further national public holiday, Matariki, will be added to that calendar. Most of us know what these holidays are, namely:

- Christmas Day
- Boxing Day
- New Year's Day
- 2 January
- Waitangi Day
- Good Friday
- Easter Monday
- ANZAC Day
- Queens Birthday
- Labour Day
- Provincial Anniversary Day (different for each province).

The first complication: permanent employees, whether full time or part time, are paid differently for public holidays than are casual employees. Ministers on stipend are also remunerated slightly differently from the standard salary or waged employee.

Firstly, permanent employees:

Where the public holiday falls on what would be a normal working day, and the employee does NOT work it, they are paid for the public holiday. The amount they are paid is what they would have earned had the day been a normal working day, i.e., no extra pay, and no time in lieu is awarded.

Where the employee works on a public holiday, whether it is a normal working day or not, they must be paid time and a half for any hours worked (except for ministers). If the public holiday is NOT a normal working day for them, that is the extent of extra remuneration. However, if it IS a normal working day for them, you must also credit them with a day off in lieu, which they can take at a later time, paid. Ministers must also be credited with a day in lieu when they work on a public holiday which is a normal working day for them, even though they are not paid time and a half.

Casual employees:

Where casual employees work on a public holiday, they must be paid time and a half. However, they are not entitled to a credit for time in lieu.

Depending on what your part-time staff have as their "normal" working days, your parish may be overly exposed to penal rates. For example, if part time staff have Fridays and/or Mondays as normal working days, they could potentially benefit more than those who have other days as their normal working days. You may wish to take this into account when agreeing the standard hours of part time employees.

The second complication: public holidays which have "alternates." These are days like Christmas and Boxing Days, which, if they fall in a weekend, are carried over into the next weekday. For example: if 25 and 26 December fall on a Saturday and Sunday respectively, the Monday and Tuesday will be considered public holidays, so those who do not normally work on weekends do not lose the benefit of a paid public holiday. However, those whose normal working days are (say), Saturday through Wednesday each week, may claim that they should be paid for 4 days at time and a half and day in lieu for each day. This is absolutely not the case. The bottom line is that no employee can ever be paid for more than 11 public holidays (or 12 as from 2022) in any one year. The two public holidays for Christmas are just that – two! In our example, the employee whose normal working days are Saturday through Wednesday would be paid for 2 days at public holiday rates and 3 at normal rates.

In the case of the ANZAC weekend just passed, if Sunday is a normal working day for any of your employees and they worked that day, they must be paid at public holiday rates including time in lieu credit if applicable. However, because this is a "Mondayised" holiday, the same goes for the Monday. But once again, they cannot be paid at public holiday rates for both – it will be one or the other.

By-the-by, the law around paying for public holidays makes it important that there is a clear understanding around what constitutes for each employee "normal working days." Our recommendation is that you have a general understanding with each employee what those are, although obviously some flexibility will always be preferable. Without that clear understanding, there is potential for confusion around entitlements.

Remember that the Laurenson's payroll help line 0800 567 957 is always available: if in doubt, check! If after having read this article you realise that you have processed your pay for public holidays in April incorrectly, it is not too late to fix it, simply process and adjustment in your next payroll period.

DISCLAIMER: this article has been carefully prepared by Laurenson but has been written in general terms only. The article should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.



From the Church Property Trustees...

WHAT'S WORSE THAN NOT BEING INSURED?

What's worse than not being insured when a disaster happens? The moment you realise you are under-insured (when you think you were).

Suddenly, the peace of mind that comes from believing that you're covered and will be able to continue evaporates, to be replaced with recriminations and despair.

We insure so we can carry on our mission and ministry

Our insurance approach is to insure our buildings for full replacement, so we have the comfort of knowing that if a disaster does strike, we will (in time) be able to continue with our mission and ministry. The alternative is that we have to make choices about what to keep going or what to stop, or we have to divert from our mission to raise money to replace a building (never an easy assignment).

Under-insurance is not the solution

Yet, we know that many parishes are not regularly updating their insurance valuations. We also know that construction costs continue to climb. As a result, we suspect that many parishes would be shocked to discover the insurance shortfall they would face in the event of a disaster. It doesn't even have to be a full write-off before this shortfall starts to bite.

Insurance is a matter for the Church Council (not just the treasurer)

We know that insurance premiums are a cost that many parishes struggle to afford. As a result, there might be a tendency for treasurers to leave valuations unchanged or just not bother to update them, but under-insurance is a dangerous game.

It is the Church Council's responsibility to ensure the parish is properly insured. Treasurers should not carry this burden alone. However, you are probably in the best position to secure an updated valuation so your Council knows exactly what position it would be in if disaster strikes.

Save money on your insurance premiums

There are some ways you might be able to save money on your insurance premiums:

1. Use the free Crombie Lockwood Modal valuation system to get an updated valuation of your buildings. Contact lia.adams@crombielockwood.co.nz to get access to a unique pre-populated data-set for your parish.
2. Ensure your buildings are at 67% of New Building Standards or above (for earthquakes) to take advantage of the 10% discount on natural disaster cover.
3. Make sure you're only insuring your current assets. From time-to-time we come across parishes that are still insuring buildings they have sold, or are paying site-works insurance for work completed long ago.
4. Apply for approval to insure unwanted buildings for demolition-cover only. If a building does not serve a core part of your mission (or if you would not rebuild it if it burnt down), your congregation can apply to presbytery and the Property Trustees for demolition-only cover.
5. Take advantage of the Crombie Lockwood payment plan to spread the payment of your insurance premium over the year if you are not able to pay the full annual premium.

If you have any questions about insurance, please don't hesitate to contact the Church Property Trustees at trustees@presbyterian.org.nz or call Russell Garrett on 04 381 8296.