

Financial Consolidation

FREQUENTLY ASKED QUESTIONS:

Why is consolidation necessary?

Presenting consolidated financial accounts is requirement for the Presbyterian Church of Aotearoa New Zealand under the Financial Reporting Act. In 2013, when new charities reporting laws were passed, there were differing opinions from Church advisors about whether consolidation was required under the new laws. In 2018 it was confirmed that consolidation was needed.

When will parishes need to consolidate?

To meet the consolidation timeline imposed of having every Presbyterian entity included within the PCANZ 2020 annual return, the following broad timeframes will apply. Please keep in mind that these are estimates. We haven't consolidated the Presbyterian Church accounts before, so are we learning as we go, and we appreciate your patience.

	Information required by
Kaimai Presbytery	31 August 2019
Te Aka Puaho	31 August 2019
Northern Presbytery	31 August 2020
Alpine Presbytery	31 August 2020
Southern Presbytery	31 August 2020
Presbytery Central	31 August 2020
Pacific Presbytery	31 August 2020

We hope to be able to either pull through the required information automatically, or have you email us a softcopy (not a PDF) of your year-end trial balance.

As a parish treasurer, what do I need to do?

We will send you information within the next month which will detail any actions you need to take, timeframes and information you need to provide us with to enable consolidation. For this year, this will just be for Kaimai and Te Aka Puaho.

Will any aspect of consolidation affect control of parish funds?

Stewardship of parish financial resources is completely unaffected by the consolidation process. Parishes maintain full responsibility and authority for managing their financial resources.

How will UCANZ churches be affected by the consolidation?

The requirements for UCANZ churches within the Presbyterian consolidation is complicated. Both our auditors' technical staff and Charities Services are currently looking into the situation, with the final requirements still to be finalised.

We can confirm:

- Financial information for all UCANZ churches will be required. This may just be a soft copy of your trial balance as at 30 June; if you are using Xero we should be able to pull through this information automatically.
- Unfortunately, UCANZ churches will not be able to take advantage of our 'group reporting' benefits. UCANZ churches will still be required to file their own Annual Returns with Charities Services.

Going forward – how will the year-end process be different?

Firstly, and importantly, consolidation removes the requirement for Presbyterian parishes to file annual returns and compliant accounts. Once your accounts are consolidated within ours, your parish will no longer need to file with Charities Services within 6 months of balance date. We will take care of that for you.

Does my parish need to change to Xero?

- We will not be insisting that parishes transfer to Xero. We recommend Xero because it is a great easy-to-use system. As we will be performing the Church consolidation within Xero, it also enables us direct access to a parish's accounts. This reduces the amount of work required by both National Office and parish treasurers.
- It is fine to use a different accounting software package. Most of these will have the option to export your data in a form which we can then upload to our system. All we will require is a trial balance in soft form.
- If you are using an excel spreadsheet, we can also work with this. All we will require is a trial balance in soft form.

For parishes within the Kaimai and Te Aka Puaho presbyteries, we will also be putting in place hands-on support at a presbytery level to help local treasurers with any problems they have, be it the consolidation or any other matters.

Do Op Shops need to be included?

If your church operates an Op Shop, its financial transactions should already be included within your parish accounts.

Will a parish need to revalue their building/s?

Parishes should continue to treat buildings as they currently do. We will make any adjustments required at a national level. These will not affect your parish accounts.

What about parish trusts?

Consolidation requires PCANZ to include all entities over which your parish has control, including trusts.

Do parish accounts need to be audited or reviewed?

For now, yes. The current Book of Order requirement for all parishes to be either audited or reviewed remains.

Once the consolidation is underway (for the 2020 year), we will look at replacing this, and instead requiring parishes to undergo an “Agreed upon Procedures” review. This is a review which focuses on specific areas within your accounts rather than everything. These AUP reviews will be performed by qualified auditors selected by National Office.

These changes would require adjustments to the Book of Order, and as such existing procedures will remain in place until Assembly has a chance to consider any new framework.

What if your parish is concerned it can't meet the published timeframes?

Please talk to us. Let us know what the issues are as we want to help. We are putting a variety of resources in place to support parishes through this transition, which when complete, will mean less work for parishes and their treasurers. We will support you to achieve the published timeframes with resources and one-on-one support.

Still got questions?

Email us: PCANZFC@presbyterian.org.nz

We'll advise you as other support and resources become available.