

# CONNEXIONAL FINANCIAL REVIEW COMMITTEE

## Supplementary Report

(Continuation from page D-7)

The Connexional Financial Review Committee has met once since the last Conference.

During the year, Connexional Staff, prepared and submitted, on behalf of the Committee submissions to the Ministry of Innovation and Business, the External Reporting Board and Parliamentary Select Committees on Assurance Consultation (audit and reviews for not for profits), Accounting Standards and Financial Reporting, and the Financial Reporting Bill. All of these legislative change areas will directly impact Methodist Church entities in the next few years.

At its meeting held in Christchurch on 20 September 2013, the committee considered the issues that it needs to address with the whole of the Church.

The issues include:

- Comments and advice for the Board of Administration when the Board reviews the Audit Policy of the Methodist Church of New Zealand.
- The suggestion that instead of providing for a formal review for smaller entities within the Church, provide for a more targeted financial “health check” to be undertaken.
- The need for the Church to be prepared by the 1 April 2015 for new reporting standards and formatting of annual accounts. This is likely to include changes to financial reporting with some funds currently separately reported being required to be consolidated into the financial statements of the respective legal entity they fall under.
- Asking if there is the ability to early adopt these standards, should the Church do so for Tier 3 and 4 registered charities?
- The process for on-going education for preparers of annual accounts.
- The uptake and use of the Xero accounting package and associated training needs.

As with last year, it has been noted that a number of statistical returns have not been completed and returned and these are mentioned in the Conference Report. The Committee also notes that many entities have not sent through completed annual accounts and business issues reports.

The Committee will, through the Board of Administration, be sending, a letter to each Connexional Entity to inform them whether they have complied with the Churches Audit Policy. Conference should note that based upon the 143 entities that the Board of Administration is aware of, 45% provided annual accounts to the standards required by Conference, 27% were not up to the standard required and 28% of the 143 entities did not make a return. **As noted above, the Church will need 100% compliance with the new accounting standards from 1 April 2015, which is 17 months away.**

### **Accounting Blog Site**

It was noted by the Committee that the Connexional office have started a web site for administrators and accounting personnel within the Church as a place to go share ideas and keep people up-to-date on recent events which may impact upon them. The site is [accounting.methodist.org.nz](http://accounting.methodist.org.nz). The Committee would like to further encourage the use of this medium as well as Touchstone and e-messenger to ensure people are kept up to date.

### **Accounting System for Parishes**

The Committee reported last year that 16 entities within the Church are using Xero. As at the date of this report that number had increased to 39. There has generally been a very positive response to the use of Xero and the one on one support that has been provided to assist Parishes better handle some of the impending legislation changes.

### **Committee Membership**

During the year Allan Clark retired from the committee and the committee asked Gordon Hanson,

a partner at PKF Goldsmith Fox to join as a member, on a temporary basis to assist the committee when the difficult questions need answers.

**Work Plan for 2014**

- Establishing the formal criteria for a “Health Check” for smaller entities within the Church
- Seeking the Business issues reports from Methodist entities that receive them

**Suggested decisions:**

1. That the report be received.
2. Conference thanks Allan Clark for his work on the Connexional review Committee
3. Conference notes that parishes and boards will be required to comply with new reporting standards by 1<sup>st</sup> April 2015 and asks the Board of Administration to advise the requirements of the standards and encourages Synods, Parishes and Boards to start a planned programme to ensure compliance before 31 December 2014.
4. That Craig Fisher of Hayes Knight Audit is the independent external member of the committee with the Board of Administration providing administration services and input.
5. That the members of the Connexional Review Committee 2013 are David McGeorge, Paula Taumoepeau, Craig Fisher, the President and the General Secretary with one to be added.