

PARISH FINANCE COUNCILS (Revised 3/18/2014)

GUIDELINES FOR PARISH FINANCE COUNCIL

In the 1983 Code of Canon Law, each parish is required to have a Finance Council. In Canon 537, the Code offers the following instructions:

“Each parish is required to have a finance council which is regulated by universal law as well as by norms issued by the diocesan bishop; in this council of Christian faithful, selected according to the same norms, aid the pastor in the administration of parish goods....”

These diocesan norms emphasize that the Finance Council is an advisory body to the pastor in matters pertaining to the ordinary and extraordinary aspects of financial administration. The relationship between the Council and the pastor should be supportive and collaborative. The Council is responsible for ensuring that the parish operates with financial integrity and within its financial resources. The pastor has responsibility for all decisions related to parish activities including financial; however, he shall take in to account the special responsibilities and skills of the Finance Council as it relates to financial matters. Disagreements on spending priorities that do not put the parish at serious financial risk should be addressed collaboratively but will ultimately be resolved by the pastor. If the council has concerns about financial practices at the parish that could put the parish at *serious* financial risk, it is obligated to notify the pastor of those serious concerns. If the council feels the pastor has not adequately addressed those serious *concerns*, the Council has an obligation to tell the pastor it intends to notify the Diocese about the concerns. That notification should be made through the Chief Operating Office/Chief Financial Officer’s office. Retaliatory action against the Finance Council may not be taken in response to such a report.

The Finance Council is envisioned as a body of parishioners known for their spiritual maturity and love of Christ and endowed with either special competence in financial matters or prudent judgment. They offer their time and talent as a Christian service to assist the pastor in the development and management of the parish’s financial resources so that the parish may effectively pursue its basic mission of spreading Christ’s gospel and love.

PARISH FINANCE COUNCIL POLICIES

In keeping with the directives of the 1983 Code of Canon Law, the Diocese of Raleigh presents the following policies for the organization and operating of a Parish Finance Council. The procedures should be given to every parish finance council member with acknowledgement of receipt.

A. GENERAL FUNCTIONS

- 1) The Finance Council must offer its technical expertise to the parish on fiscal matters including, but not limited to, financial systems and procedures, financial reports and financial budgets, plans, and forecasts.

- 2) The Finance Council is to aid and advise the pastor concerning the administration of parish funds and other assets within the limits of the Code of Canon Law and the directives of the Bishop.
- 3) For acts of extraordinary administration (currently, capital expenditures in excess of \$10,000), the pastor must consult the Finance Council and then obtain the consent of the Bishop via the Director of Finance at the Diocese.

B. MEMBERSHIP

- 1) The membership of the Council is to be comprised of no less than four parishioners. The pastor shall appoint these members. The chairperson of the Council will be an ex-officio member of the Pastoral Council. The members should possess a working knowledge of financial affairs and be parishioners of outstanding integrity. The pastor presides over the Finance Council and must be in attendance (as he does over the Pastoral Council). No paid parish employee may serve as a voting member of the parish Finance Council, but a paid parish employee may serve in a staff role to the Council. A word of caution: Those who serve on this Council must not be chosen solely for their competence in finance, accounting, etc. They must, first of all, be persons whose foremost priority is the development of a community of faith and who see their concern with temporal affairs in this context.
- 2) Members of the Finance Council are to be appointed for a specified term of between two and four years. Terms may be renewed at the discretion of the pastor. Council members cannot be removed solely for speaking their mind or voicing disagreement with the pastor.

C. SPECIFIC DUTIES

- 1) The Council must meet no less than quarterly, or more frequently if required. Monthly meetings are the norm. The agenda should be established by the chair in consultation from the pastor.
- 2) The Finance Council must record minutes of each of its meetings. These minutes are to be retained permanently by the parish. Minutes are to include:
 - a. Date and time that the meeting took place.
 - b. A record of all attendees and absentees.
 - c. An agenda of the items addressed or discussed during the meeting.
 - d. Documentation of action items assigned during the meeting.
 - e. Documentation and vote tallies for all recommendations approved or rejected by the Finance Council.
 - f. Please refer to the Parish Finance Council Checklist for other recommended meeting details.

- 3) After listening to the pastoral priorities in consultation with the pastor and Pastoral Council, the Finance Council shall participate with the pastor in the preparation of a yearly budget of income and expenditures for the review. The pastor should have final approval of the budget. This budget is to be prepared prior to the beginning of each fiscal year and a copy submitted to the Bishop as part of the annual presentation of the Parish Plan. This report should be approved by the Finance Council Chair. The budget is due June 30 of each fiscal year. The Parish and School Year End Report are due by July 31 each fiscal year. Quarterly financial reports are due on October 31, January 31, April 30 and July 3.
- 4) The Finance Council must review the parish and school income and expense reports as frequently as necessary to maintain good financial oversight, but in no case less than each calendar quarter. This report should be approved by the Finance Chair. In addition, the Finance Council should review if applicable, capital campaign pledge income, redemption and expenditures and any relevant financial reports pertinent to the parish or school.
- 5) The Parish Finance Council must assist the pastor in the preparation of an annual financial report of income and expenditures for dissemination to the parishioners. This financial statement shall be distributed to the parishioners no later than 90 days following the close of each fiscal year. This report should be approved by the Finance Council Chair and a copy should be submitted to the Director of Finance.
- 6) An annual financial report following the format and time limits provided by the Diocesan Business Office shall be submitted by the pastor with his signature and with the signature of the Council chairperson and one other Council member.
- 7) The parish must submit a copy of the year-end financial information presented to the parishioners to the Director of Finance in the Business Office.
- 8) The Finance Council is responsible for developing financial plans for loan requests and capital expenditures, and responsible for monitoring the financial performance against approved financial plans in order to ensure the financial solvency of the parish.
- 9) The Finance Council shall also assist the pastor in assuring the following fiscal functions are performed:
 - a. Timely debt payments.
 - b. Timely payment of vendor invoices.
 - c. Timely interest payments.
 - d. Investment of surplus funds with the Diocese Deposit and Loan. Program in compliance with Diocesan Policy.
 - e. Assure adequate revenue.
 - f. Actively manage finance plans to ensure the parish/school finances are on track with projections.

- 10) Parish Finance Council members are to have complete and free access to all records which impact the financial affairs of the parish.
- 11) The Finance Council is responsible for special fundraising drives, as needed, and coordination of diocesan appeals and directives regarding fiscal policy.
- 12) The Finance Council should review all leases and contracts and ensure two signatures on leases and contracts greater than \$10,000. Leases and contracts over \$10,000 must be approved by the Pastor, Parish Council and Finance Council and submitted to the Director of Finance at the Diocese for final approval.
- 13) The Finance Council should implement a dual signature policy on checks written for amounts over \$10,000. The signatures should be live signatures and not signature stamps. Checks remitted to the Diocesan Business Office will not require dual signatures.
- 14) The Finance Council should review all cash handling procedures.
- 15) The Finance Council should ensure the record keeping of the financial records are maintained on the parish property and backups of financial and registration data are conducted once a week and kept off site.

D. CONCLUSION

The Parish Finance Council has the obligation of planning, providing for, and supervising the temporal affairs of the parish, making regular reports to the parishioners, the pastor, and the diocese, and recommending courses of action to the pastor. It oversees parish income and expenditures, oversees the development of an annual budget, and presents an annual financial report to the parish. It is the first and most comprehensive line of defense for ensuring against financial impropriety and financial problems. Those people who cannot accept these responsibilities should not serve as members.