Parish Finance Council

Introduction

The norms for Parish Finance Councils in the Diocese of Erie were first set forth in a Decree issued by Bishop Michael Murphy on August 2, 1985. Following consultation with the Presbyteral Council and Diocesan Finance Council, Bishop Donald Trautman has approved the following revised norms which are to become diocesan policy, effective January 1, 2001 and thereby supersede that earlier Decree as well as any other norms which are not in compliance with these norms.

Each parish of the Diocese of Erie is to have a Finance Council as required by Canon 537.

Canon 537

"Each parish is to have a Finance Council which is regulated by universal law as well as by norms issued by the Diocesan Bishop; in this council the Christian faithful, selected according to the same norms, aid the pastor in the administration of the parish goods with due regard for the prescription of Canon 532."

The Finance Council is a consultative body whose primary task is to assist the pastor in the administration of the temporal goods of the parish. This often takes the form of recommendations to the pastor concerning financial plans, controls, policies, and other appropriate guidance on business matters. In making such recommendations, the Council is to be guided by Gospel values as well as by sound business practices. Since the resources of the parish are provided by the contributions of parishioners and others, it is also expected that the Finance Council assist the pastor in being accountable and responsible to the people.

The Finance Council, however, does not substitute for the pastor as the chief administrator and legal representative of the goods of the parish.

Canon 532:

"The pastor represents the parish in all juridic affairs in accord with the norm of law; he is to see to it that the goods of the parish are administered in accord with the norms of Canons 1281-1288."

Since he is directly accountable to the Bishop, the pastor is to sign all correspondence or proposals to the Bishop as well as any civil documents and instruments. The Finance Council, acting alone or together, does not have the authority to legally bind the parish in civil matters.

In order to fulfill its role, the Finance Council should be kept informed by the pastor and/or the business staff of all parish financial matters including bank accounts, investments, endowments, bequests and special gifts, all debt and payment schedules, diocesan assessments and obligations, the most recent financial evaluation report, staff salaries and benefits, and the current operating and capital budgets. The Council should also be provided with all current and future diocesan policies affecting parish administration and be familiar with and supportive of parish and diocesan goals and priorities.

2. Membership

A. The Finance Council shall consist of three to seven parishioners who are appointed by the pastor. Members should be in good standing with the Church, possess experience or expertise in business matters, and have general knowledge of the parish's operations and programs. Those persons are excluded from the Finance Council who are related to the pastor up to the fourth degree of consanguinity (first cousins).

B. The names of the members are to be communicated to the parishioners (e.g., listed in the bulletin) at least annually.

C. The parish accountant or business manager may attend the meetings as a staff person but should not be a member of the Finance Council.

D. One member of the Finance Council is to serve as its Moderator and to assist the pastor in coordinating its business and activities.

3. Term of Office

A. Appointed members shall serve for a term of three years. Appointment for additional terms is left to the discretion of the pastor. In order to maintain the effectiveness of the Finance Council and to create opportunities for others to serve, it is recommended that members be appointed to serve no more than four consecutive three-year terms.

B. If a member resigns, dies, or is removed, the pastor may appoint another person to complete the balance of the term. However, if the membership falls below three, the pastor must appoint a member to complete the unexpired term.

C. The pastor may remove any member of the Finance Council for a just reason (as in Canon 193,§3).

D. Since the Finance Council cannot act without a pastor/administrator, it ceases to exist when the office of pastor/administrator become vacant. Within one month of the effective date of his appointment, the new pastor/administrator must appoint a new Finance Council or retain some or all of the members of the previous Council.

4. Meetings

A. The Finance Council shall meet a minimum of four times a year. Additional meetings as needed may be scheduled by the pastor. A sample Finance Council Agenda can be found in the appendix (A-10).

B. The pastor and the Finance Council members are expected to attend all meetings.

C. A majority of the members is required to constitute a quorum. On matters requiring the approval of the Bishop, a majority vote of the membership is necessary to constitute consent. Members are expected to abstain from voting on any question on which they may have a potential conflict of interest because of their business or professional relationships and are expected to sign the Conflict of Interest Policy document (A-11).

D. Whenever necessary or appropriate, the pastor may invite parish staff, parishioners, and representatives of parish organizations and institutions to speak at meetings. Only the duly appointed members of the Finance Council may vote.

E. Each member is expected to maintain confidentiality on all matters designated as such.

F. Minutes are to be maintained for all meetings and retained in the parish files for at least seven years, unless the matter suggests otherwise. A Secretary should be designated for the purpose of keeping the minutes.

5. Required Duties and Responsibilities

With due regard for the pastor's responsibility for all business and legal affairs of the parish, the Parish Finance Council has the following duties and responsibilities:

A. It is the duty of the Finance Council, under the direction of the pastor, to prepare a budget in accord with the diocesan guidelines. The budget should reflect goals and priorities established by the pastor in consultation with the Parish Pastoral Council. All members of the Finance Council are required to sign the budget before it is submitted to the Finance Office of the Diocese of Erie.

B. The members of the Finance Council are to approve and sign the annual financial report which is submitted to the Diocese at the end of the fiscal year. Further, the Council should assist the pastor in communicating accurate summary financial information to parishioners at least once a year.

C. The pastor must consult with the Finance Council about any matters requiring the permission of the Bishop. These include acts of extraordinary administration (i.e., new construction or major capital improvements), purchase or alienation of real property, incurring of indebtedness, the conducting of a capital campaign, and the creation of endowments.

D. The Finance Council is to assist the pastor with the development and implementation of an investment policy and strategy and with the ongoing monitoring of the performance of all parish investments.

E. The Finance Council is to assist the pastor and his staff in the preparation of long-range financial plans and in exploring proposals for increasing parish revenues so as to fulfill parish goals and priorities.

F. At each regular meeting, the Finance Council is to review the revenues and expenditures of the parish (and its elementary school and cemetery, if applicable.) Significant variances from the budget should be analyzed and suggestions for corrective actions should be made to the pastor.

G. The Finance Council should be regularly apprised of the balances and transactions in <u>all</u> operating, savings reserve, and other bank or investment accounts maintained in the name of the parish and its school and cemetery, if applicable.

H. The Finance Council should assist the pastor in implementing sound internal control practices and any diocesan financial policies, procedures, and guidelines applicable to the business affairs of the parish. These may include but are not limited to the handling and depositing of offertory collections and the proceeds of any and all fund-raising activities or events, the preparation of payroll, and the issuance of checks to suppliers and others.

I. Any financial staff person or member of the Finance Council who suspects that there is fraudulent activity, embezzlement, or any other illegal or unethical activity should report such activity in confidence to the Diocesan Director of Parish Financial Services. Matters of a particularly sensitive nature should be reported to the Episcopal Vicar, Vicar General, or Chief Financial Officer.

6. Recommended Practices

Depending on local circumstances, staffing, and needs, the Pastor may find it helpful to call upon the Finance Council as a body or its members individually to provide assistance in certain facets of the business operations of the parish. To the extent that it may be appropriate, other areas where the involvement of the Finance Council may be sought out include:

A. To review unpaid bills that are past due including diocesan and school assessments and to formulate a plan providing for the payment of these obligations.

B. To examine bank reconciliations and supporting documentation for all parish, school, cemetery, and Mass stipend accounts.

C. To examine the financial reports from all parish organizations, including verifying that bank statements are being reviewed by the parish administration before being given to the organization's treasurer for reconciliation.

D. To inspect the payroll records and tax returns for the parish and to be assured that it is in compliance with all federal, state, and local filing requirements.

E. To review parish financial evaluation and/or audit reports as issued by the Finance Office of the Diocese of Erie or independent accountants and to assist the pastor in implementing any recommendations contained therein.

F. To assist the pastor with establishing and maintaining employee job descriptions, a performance evaluation and salary administration program, and other personnel policy and benefit matters.

G. To assist in determining the feasibility of accepting donor-restricted bequests or gifts and to see that such gifts are administered according to the donor's intentions.

H. To aid the pastor in forming a building and grounds maintenance program and a plan for financing any necessary repairs, renovations, equipment purchases, or safety measures.

I. To review all contracts and leases (e.g., rental income agreements, vehicle and office equipment lease contracts) as they come due for adoption or renewal.

J. To provide assurance that the parish is in compliance with any federal, state, or local governmental regulations and any filing, licensing, posting, or reporting requirements related thereto. Further, to see that adequate records consistent with such requirements are maintained in the parish files.

K. To review the financial operations of the parish cemetery in communities where a separate cemetery committee does not exist.

7. Relationship of the Finance Council to the Parish Pastoral Council

While the Parish Finance Council and Parish Pastoral Council are both advisory to the pastor, they are distinct from one another. Since they relate to each other only through the pastor, it is important that he provide for adequate communication between these two bodies.

The Parish Pastoral Council is representative of the entire parish and is to assist with the development of its vision and in identifying services and programs which are responsive to its pastoral ministry needs. The Finance Council is looked to for practical advice on administration and fiscal matters and on acquiring and securing the temporal resources needed to implement the vision of the parish. Thus, despite their distinct purposes, both councils are concerned with the life and ministry of the parish.

The pastor is expected to see that both Councils are kept informed about the decisions and deliberations which affect one another. This may be done by exchanging regular reports between the two Councils. On occasion, he may convene a joint meeting of representatives of both Councils to discuss a particular issue of common concern. The pastor should also appoint the Moderator of the Finance Council to be an *ex officio* member of the Parish Pastoral Council.

8. Relationship with Other Parish Institutions or Organizations

A. The parish elementary school, parish cemetery, and all organizations which use the parish Federal Tax Identification Number, use the parish name, or raise funds in the name of the parish, school, or cemetery are subject to the fiscal control of the pastor. The leadership of each such institution or organization is expected to submit reports of its financial activities to the pastor and Finance Council.

B. Schools and any other groups or organizations which receive financial support from the parish must provide relevant information and participate in the budgeting process of the parish in a manner to be determined by the pastor and Finance Council. (See “D” under #4. Meetings.)

9. General

A. These norms are subject to amendment by the Bishop from time to time as he shall deem necessary.

B. The members (and any newly appointed members) of the Parish Finance Council are to be provided with a copy of these norms.

C. If there is a need for clarification of any of the policy matters contained in these norms, the Episcopal Vicar, Chief Financial Officer, or Director of Parish Financial Services may be contacted for further information.

D. Either the Episcopal Vicar, Chief Financial Officer, or Director of Parish Financial Services may be contacted in a confidential manner by clergy, parish financial staff, or Finance Council members if there is a need to report or discuss particular parish issues, activities, or situations that may have significant financial consequences and which they believe are not being properly addressed within the parish.