

GUIDELINES
FOR A
PARISH FINANCE COUNCIL



Diocese of Metuchen

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Role

A Finance Council (FC) is an advisory or consultative body to the Pastor in matters pertaining to the ordinary or extraordinary matters of financial administration. The relationship of the Council to the Pastor is supportive and collaborative and by no means adversarial. The Council is to share, with the Pastor, the responsibility for the prudent administration of parish financial affairs and to formulate policy and procedures in service to the effective management of parish assets. The authority of the Pastor is by no means lessened by the establishment and functioning of the FC nor does its existence and functioning in any way militate against or lessen his right and duty to act in juridical affairs on behalf of the parish. The FC is envisioned as a body of parishioners, known for their spiritual maturity and love of Christ, endowed with either special competence in financial matters or prudent judgment, who 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 mission of spreading Christ's Gospel and love.

The Finance Council must operate consistently from what can be described as a value system influenced more by the Gospel than by any secular business philosophy. Efficient use of resources and money management in the context of "church" must be measured by primarily their ability to contribute to the Christian mission and ministry of the parish community as opposed to their ability to produce greater "profit" margins which characterize "good business practice."

Membership

The Finance Council shall be comprised of the Pastor and at least five (5) other members, men and/or women who are active registered parishioners. The members are appointed by the Pastor for a renewable term of five years. As the Finance Council begins its existence and functioning, the members may be named to staggered terms so that all appointments will not cease at one time.

The Pastor is to serve as presiding officer, i.e., President of the FC, but another member may serve as Chairperson. The Chairperson, if not the Pastor himself, is to be appointed by the Pastor and chair all meetings. The FC shall also choose one of its members to be recording secretary responsible for keeping minutes of the deliberations of the Finance Council.

The Pastor, at his discretion, may consult with the Parish (Pastoral) Council relative to the appointment of the members of the Finance Council. He may, at his discretion, accept nominations for membership on the Finance Council from the members of the Parish (Pastoral) Council and/or from the parishioners at large.

Members of the FC are to be appointed solely on the basis of their spiritual maturity and dedication and for their special competence in financial matters. If a parish trustee does indeed have these qualifications, he or she may be eligible for appointment to the FC.

The parish attorney and parish staff persons such as bookkeepers, accountants, principals and Parish Pastoral Council Chairpersons, are non-voting ex-officio members of the FC and may be invited to attend meetings when their expertise is required.

The Finance Council should be, at least partially, comprised of individuals with backgrounds and/or knowledge of managing an institution's financial affairs. The following is a partial list of suggested occupations of members:

Accountant
Management Executive
Business Owner
Purchasing Agent
Banker with Investment Experience

Human Resources/Personnel Executive
Attorney
Engineer or Construction/Property Manager
Marketing Personnel
Insurance Agent

The following matters should be considered when determining membership of the Finance Council:

- Members of the Finance Council must be active members of the parish, knowledgeable in the scope of parish programs and services.
- The Finance Council shall have the number of members suitable for the population of the parish and shall consist of no less than five members and no more than nine members. The Finance Council must include the pastor/administrator and at least one trustee. The parish bookkeeper or accountant is a non-voting ex-officio member of the FC.
- The Finance Council shall not include persons related to the pastor or staff members.
- Names and home addresses of the Finance Council members are to be forwarded to the Diocesan Office of Finance.
- Members of the Finance Council are to be named for a five-year term, which can be renewed.

Minutes of the meetings of the Finance Council should be prepared to outline the significant actions taken at each meeting. The minutes should be maintained by the Recording Secretary of the Council. A copy of all Finance Council Minutes should be kept on file at the parish.

Competence

The Pastor has authority from the Bishop and the law of the Church to decide and act on behalf of the parish. His is a canonical authority. (Canon 532)

The Finance Council enjoys authority only when its recommendations are accepted and ratified by the Pastor.

In service to their effectiveness and competence as a consultative body, the members of the FC must have access to the fiscal information which shall be needed for their deliberations, such as, parish financial accounts, records, documents, statistics and other matters related to the financial status and operations of the parish community. Such information should be received in spirit of confidentiality and prudence.

Although the Pastor is held by no obligations to accede to the recommendations of the FC, unless required by some particular diocesan legislation in the future, he should not depart from such recommendation without some prevailing rationale or explanation for his decision.

Functions

The Finance Council must meet at least quarterly, however, monthly meetings are recommended. The FC should review the financial condition of the parish, including available cash funds, outstanding liabilities, actual vs. budgeted revenue and expenditures, and/or recently completed and future events or transactions affecting the finances of the parish. The ability of the council to review such information will depend greatly on financial information being available for Finance Council meetings. A timely and accurate financial report should be given to the Finance Council at each of their regular meetings. If a special meeting is scheduled for a non-financial designated purpose, a financial report does not need to be prepared.

Pastors and Parish Administrators are obliged to administer parish goods according to Canons 1281-1288. The Finance Council can be delegated by the Pastor to assist him in the implementation of the following responsibilities related to financial administration on the parish level:

1. To prepare annually a budget for all aspects of the parish church's financial operations and a separate school budget if applicable.
2. To review of the monthly/quarterly financial reports and the parish's adherence to the approved budget.
3. To prepare an annual Financial Statement and Report for each fiscal year and forward it to the Diocesan Office of Finance by August 31st of each year.
4. To prepare and publish an annual Financial Statement and Report for the members of the parish community.
5. To initiate and maintain a detailed inventory of all parish assets, movable and immovable, to be signed by the Pastor and all future pastors each year. A copy of the inventory should be filed, with subsequent changes, with the Diocesan Office of Insurance.
6. To safeguard the assets of the parish from loss or damage by appropriate insurance policies.
7. To assist with coordinating all fundraising activities with specific emphasis on the implementation of strong internal controls over such activities.
8. To assist with providing guidance in the financial management of the parish (i.e. investment options, purchasing decisions, stewardship and giving issues, and personnel matters).
9. To assist in the area of facilities management (i.e. preventative maintenance, compliance with inspection reports, and capital expenditures).

10. To assist with the implementation and maintenance of a solid system of internal financial controls.
11. To establish salary and benefit policies for church employees, including disability and unemployment.
12. To provide guidance to insure the parish meets all requirements of federal and state tax laws and maintains an accurate record of related reporting and payments
13. To file and maintain records of tax-exemption papers for all church-owned properties.
14. To provide direction to ensure the safeguarding of parish assets from loss or damage through cooperation and consultation with the Diocesan Office of Property & Facilities Management as well as the Office of Insurance.
15. To assist with implementing all diocesan policies relative to financial matters.
16. To assist with developing and adhering to long-range financial and administrative planning efforts for the parish.
17. To assist with developing a capitalization policy as well as the proper recording of capital expenditures and related depreciation expense in the accounting records of the parish.
18. To develop a plan, as needed for the systematic repayment of the parish debt.
19. To evaluate the effectiveness of the parish's efforts at church support by means of the Sunday Offertory and to develop strategies, stressing spiritual values, as needed.

Meetings

The Finance Council shall meet at least quarterly.

Meetings and agendas shall be arranged by the Chairperson in consultation and with the approval of the Pastor.

The Pastor and all members are expected to attend all meetings.

Relationships

Parish (Pastoral Council)

The 1983 Code of Canon Law clearly grants competence to the Finance Council to assist the Pastor in the administration of parish temporalities (Canon 537).

In those situations where an already existing Parish (Pastoral) Council includes a Finance Committee as part of its structure, it is recommended that such a committee be discontinued in order to avoid duplication.

If for purposes of planning, accountability, etc., the Pastor considers it important for the Parish (Pastoral) Council to be informed of the status of parish fiscal resources, he may appoint the Chairperson of the Finance Council, if not the Pastor himself, to serve, *ex-officio*, on the Parish (Pastoral) Council.

Parish Staff

The members of the Finance Council, when authorized by the Pastor, may seek information related to financial matters from members of the parish staff, such as bookkeepers, accountants, secretaries, principals, directors of religious education, etc., as needed for effective deliberation and study. This shall be done with respect and sensitivity to the demand of time and work such requests represent to parish staff members.