

ARCHDIOCESE OF AGANA

Parish Finance Council Guidelines

Approved October 24, 2013

I. INTRODUCTION AND BACKGROUND

Parish Finance Councils assist the pastor in the administration of parish goods. An active, well-formed Parish Finance Council is a key element for promoting the financial health of a parish, assuring accountability and assisting the pastor.

Canon 532 says,

“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.”

Canon 537 introduces the Parish Finance Council as a **mandated body** having an advisory and consultative role with the pastor.

Canon 537 says, “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 parish goods with due regard for the prescription of canon 532.”

Every parish therefore is required to have a Parish Finance Council, both by adherence to the Code of Canon Law and by local norms issued by the diocesan bishop.

To be effective the Parish Finance Council should meet regularly with specific agendas and should have access to all the relevant financial information and policies of the parish.

II. CONSULTATIVE BODY TO PASTOR

The Finance Council works closely with the pastor, who is accountable to the diocesan bishop for the administration and stewardship of the temporal goods of the parish. The pastor, according to Canon Law, has among his responsibilities, the responsibility for parish financial and temporal management.

The Parish Finance Council is a consultative body that assists the Pastor in meeting these obligations.

While the Parish Finance Council does not have decision making authority, consultation is at the heart of the decision-making process – sharing information, listening, contributing to the discussion, and promoting consensus.

Canon law states that the pastor is obligated to consult the Finance Council on certain matters. Although the pastor is not obliged to follow the recommendations of the Finance Council, the pastor should not act against such advice, especially when there is consensus, unless there is an overriding reason.

In other words, the prudent pastor would not ignore the advice of the Finance Council unless there was a serious reason to do so.

When acting contrary to its recommendations the pastor should provide an explanation to the Finance Council regarding the reasons for his decision.

In order to be effective in their responsibilities as members of the Parish Finance Council, members should have a love for the Church and its mission and develop a thorough understanding of the parish's mission, goals, people and other resources. The members should have knowledge of diocesan statutes and policies regarding temporal issues and other financial matters.

It is the pastor's responsibility to give the members appropriate background and enrichment so they are able to carry out their duties.

Recommended Areas for Finance Council Consultation:

1. The advice of the Finance Council should be sought both for acts of ordinary administration and acts of extraordinary administration. However, the degree of consultation varies. For certain actions of day-to-day administration, the pastor does not need any specific authorization to carry out such acts, but may find it helpful to seek the advice of the Parish Finance Council even in these matters.

(For example, while the purchase of ordinary amounts of office supplies is within the pastor's authority, the Finance Council may provide useful advice on strategies that reduce the cost of such recurring purchases.)

2. Archdiocesan norms require the pastor to consult with the Parish Finance Council for a commitment of parish resources over \$15,000.00

3. A parish will also need to seek written approval of the Archbishop prior to performing extraordinary acts of administration (c. 1281.1). Extraordinary acts of administration are defined by local norms and sometimes by the particular statutes of the parish. Extraordinary acts taken without such approval of the Archbishop are invalid acts and may also be invalid from a civil law standpoint.

Examples of actions that would be considered to be extraordinary acts of administration include: instances where the expenditure is **\$25,000 or greater** and involves a contract (employment, construction/repair, equipment, consulting, or services such as landscaping or cleaning), the acquisition or alienation of real property, the entering of a lease, the collateralization or mortgaging of real property, the sale of religious artifacts that would be considered as part of a parish's patrimony (e.g. stained glass windows) and other important matters.

In the case of acts of extraordinary administration, the pastor must consult with his Finance Council prior to seeking approval of the Archbishop. In the Archdiocese of Agana, a recommendation letter of Parish Finance Council along with the pastor's approval letter, proof of financial ability, and other related documents are required.

4. The advice of the Finance Council should be sought in the management of parish funds and banking arrangements. A limited number of bank accounts should be established and procedures for approving new accounts should be in place. The Finance Council should approve a new bank account before it is opened. This also applies to bank accounts for auxiliary groups.

5. The Finance Council should review the parish annual budget and parish annual report. They should ordinarily be involved in the preparation of both reports, particularly the budget report.

6. Each parish is required to send a monthly financial report to the Archbishop. Parish Finance Council should review the monthly parish financial reports at their regular meetings.

7. The Finance Council should review any indebtedness of the parish and assist the pastor in fulfilling his obligations under canon 1284.5, i.e. to “pay the interest on a loan or mortgage when it is due and take care that the capital debt itself is repaid in due time.”

Planning for debt repayment should be an integral part of the budget process.

8. Regularly review periodic (at least quarterly) financial reports – balance sheet, income statements, comparisons to budget as well as prior year results and cash flow analysis.

9. Detail of budget to actual comparisons should be reviewed by individual program category, such as the religious education. Significant variances from budgeted figures should be investigated and explained.

10. Review of internal control and procedures: Review procedures for cash receipts, cash disbursements, collection counting and depositing practices, administration of bank accounts, petty cash, and payroll.

Review internal control procedures in use to insure compliance with Archdiocesan policies including the guidelines for protecting a church’s offertory collection.

Review the activities of the auxiliary groups to assure that they are not jeopardizing the tax-exempt status of the parish.

11. Consult on the construction or renovation of parish facilities, the sale or purchase of parish property, and lease agreements.

The Finance Council assists the pastor in planning for repair, replacement, or service of property and equipment to ensure that the parish buildings and property are adequately maintained. Review maintenance and utility costs seeking to minimize costs through preventative maintenance, energy conservation, and the implementation of risk management programs and recommendations.

12. Assess effectiveness of existing fund-raising programs and recommend new programs or changes to existing programs if revenues are insufficient. Support parish and diocesan stewardship programs.

13. Review of fundraising activities and advise the pastor his proper action.

14. Provide advice on how to use undesignated bequests or other unbudgeted revenue.

III. MEMBERSHIP

The Parish Finance Council is about the life of a community of faith and, as such, its members should be members of that community of faith. As in other matters, the Pastor may use his discretion in the selection of qualified members from the parish community.

1. Representation:

a. Members should be drawn from the parish community and reflect its diversity. This requirement may be waived if special expertise is sought. Where appropriate, outside advice and counsel can also be engaged to obtain needed specific expertise.

b. Members of the Parish Finance Council should be chosen based on demonstrable skills or expertise in management and/or finance. Skill sets to consider include business, law, accounting, and communications.

Additionally, persons with professional knowledge and experience in engineering, construction, maintenance, and purchasing could also make a significant contribution and should be recruited when available. Expertise can vary widely and include a business executive, accountant, lawyer, and small business owner. The unique talents within the parish community should be sought.

A parish Time, Talent, and Treasure survey may be helpful in identifying parishioners having the desired skills and willingness to serve.

2. Number of Members

a. Membership should consist of no less than three members.

b. A quorum shall consist of the majority of members.

c. It is recommended that the Parish Finance Council have an odd number of members and that, except for unusual circumstances, membership be capped at no more than nine voting members.

3. Officers

a. The officers of the Parish Finance Council shall be a Chairperson and a Secretary.

b. The pastor shall appoint the Chairperson after the members have gone through a period of discernment.

c. The Chairperson will preside in a parliamentary manner at all meetings and, in consultation with the Pastor or Parochial Administrator, will be responsible for selecting the hour and location of meetings, preparing the meeting agenda, and any other duties so assigned by the Pastor or Parochial Administrator.

d. The Secretary will be responsible for the recording and distribution of minutes, notifying members of upcoming meetings, maintaining a permanent record of each member's tenure and of business conducted by the Parish Finance Council, and any other duties so assigned by the Chairperson.

4. Conflicts of Interest / Preclusion to Membership

a. Parish Finance Council members owe the parish a duty of loyalty. The duty of loyalty requires a Parish Finance Council member to act in the interest of the parish rather than in the personal interest of the member or some other person or organization. In particular, the duty of loyalty requires a Parish Finance Council member to avoid conflicts of interest that are detrimental to the parish.

b. Any person who may have a conflict of interest in view of other services, either paid or unpaid, rendered to the parish by the Parish Finance Council member, the member's family or the member's business is ineligible to serve as a member of the Parish Finance Council.

c. No parish employee or member of the family of an employee or relative of the pastor may serve on the finance council.

d. Members of the Parish Finance Council may serve in other volunteer service roles in the parish such as other committees or boards if, in the judgment of the pastor, such dual service will not create conflict of interest situations. The role of the Parish Finance Council should not be vitiated.

e. It is recommended that no member should serve on the Parish Finance Council at the same time as a closely related person (e.g. husband and wife, mother and son,...).

5. Role of Parish Employees

Parish employees are not members of the Parish Finance Council; they are staff and support the Parish Finance Council. Parish employees should be available to answer questions regarding parish programs, accounting, financial reporting, and internal controls.

The Finance Council should be provided relevant and timely information including financial reports (balance sheet, income statement, budget to actual comparisons, loan balance payments and interest payments, investment of surplus funds, and status of fundraising drives) to review.

Likewise, when parish buildings and grounds are to be discussed, inviting staff responsible for these areas can enhance the discussion.

6. Acknowledgement of Members

Acknowledge members' contributions to the Finance Council and subcommittees at meetings, in the minutes, in the bulletin and in other appropriate ways.

7. Terms

a. Members are to be appointed by the pastor for fixed terms to be determined at the local level, and may be reappointed or terminated in this role by the pastor at the pastor's sole discretion. It is suggested that reappointments are limited to a specific period of time. It may be helpful to stagger the terms so that there is continuity of service and no disruption to the function of the Finance Council. For example, a parish may adopt a term of three years, renewable once.

b. When a pastorate becomes vacant, it is recommended that the Parish Finance Council remain in place to assist the administrator and to provide continuity in a transition. After a suitable period of transition with a new pastor, the new pastor can ask the council members if they are willing to complete their respective terms or whether he would like some or all of the members to resign so that new members can be recruited to the Parish Finance Council.

IV. MEETING PROTOCOLS

In striving for openness and accountability in its practices, meeting minutes summarizing the items discussed and the decisions reached should be recorded. Prepared agendas, distributed in advance, will keep meetings focused.

Plan meetings in advance and create an annual schedule of meeting dates and times. This will increase participation by members.

1. Schedule Meetings

Schedule meeting times at least once a quarter, or more frequently if required. Some parishes use a format of the finance council meeting every other month with subcommittees meeting during the off months. Meeting times and dates should be predictable, such as a day and week of each month. Since the purpose of the Parish Finance Council is to provide advice and support to the pastor, the pastor should be present at the Parish Finance Council meetings.

Formulate a communication method among officers to deal with Parish Finance Council matters between meetings.

2. Use of Agendas and Review Materials

Meeting agendas should be prepared in advance of the meeting by consultation between the Pastor and Parish Finance Council Chair. The agenda should list the major items for discussion. Supplying information in advance to members will lead to more productive meetings.

3. Recording of Meeting Minutes

Minutes should be recorded by the Parish Finance Council Secretary and archived as part of the parish permanent record.

4. Confidentiality

Members should maintain confidentiality on those matters designated as confidential. Materials such as agendas, meeting minutes, and review materials should not be disclosed to others if designated as confidential. Parish Finance Council meetings are typically not open to the parish community.

5. Record Retention

The parish should retain meeting minutes, agendas, handouts, reports, and materials reviewed during the meeting for future reference by either internal or external parties.

V. SUBCOMMITTEES

It often makes sense to divide the Finance Council into subcommittees to deal with responsibilities and duties. The magnitude and complexity of the different subcommittees depends upon the size, resources, obligations, and needs of each particular parish. The Finance Council, following the priorities established by the Parish Pastoral Council, coordinates the work of these subcommittees.

The subcommittees may encompass the following:

1. Budget Subcommittee
2. Facilities and Maintenance Subcommittee
3. Financial Planning and Development Subcommittee

VI. RELATIONSHIP TO PASTORAL COUNCIL

Since the Parish Finance Council relates to the administrative responsibilities of the pastor, it should not be a part of the Parish Pastoral Council structure. However an officer from the Parish Finance Council may serve as an ex-officio member of the Parish Pastoral Council.

Communication between the two councils is essential to share information regarding the parish finances in order to implement the pastoral plans and priorities.

The Finance Council is distinct from the Parish Pastoral Council in the following way:

An appropriate means of communication should be developed between the Parish Finance Council and the Parish Pastoral Council and this should be done so as to ensure that the Parish Finance Council does not enter into areas of policy and mission, which are the prerogative of the Parish Pastoral Council.

The Parish Finance Council advises on the adequacy of resources to accomplish the mission and specific ministries of the parish.

Receipt Acknowledged:

Name of Parish: _____

Received by: _____

Signature: _____

Date Received: _____