

# SAMPLE PARISH FINANCE COUNCIL CHARTER

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# **SAMPLE PARISH FINANCE COUNCIL CHARTER**

(May be modified or amended as needed, however must be submitted to the Archbishop and Canonical Vicar for review)

## **FOR**

The Church of Dulce Nombre De Maria Cathedral de Basilica, Hagatña in the Archdiocese of Agaña.

### **ARTICLE I – Name and Purpose**

The Parish Finance Council (hereinafter referred to as “Council”) is established pursuant to the requirements of Canon 537 of the *1983 Code of Canon Law* for the Roman Catholic Church and is subject to the provisions of Canon Law. The Council exists to assist the pastor, administrator in the administration of the goods of the parish. The Council is advisory only and is accountable to the pastor.

The Council is envisioned as a select group known for their spiritual maturity and love of Christ and the Church, endowed with special competence in financial matters and of prudent judgment, who offer their time and talents in Christian service to assist the pastor with the development and management of the parish's financial resources so that the parish may effectively pursue its proper mission of spreading Christ's Gospel and love.

The Council must serve in accord with the Gospel, over any secular business philosophy. Efficient use of resources and money management, in the context of the Catholic Church, must be measured primarily by the ability to nurture and foster the Christian mission and ministry of the parish community and archdiocese. A truly Catholic understanding of the mission of the Church assures "good business practice".

### **ARTICLE II – Structure, Membership, and Officers**

1. Council members shall be appointed by the pastor as determined by the pastor or recommended to the pastor by members of the parish. When a pastorate changes, the new pastor is to meet with the current Council. Within 90 days, the pastor is to decide whether to reappoint the Council's current membership to complete the balance of the respective term of office or to appoint new members to complete the respective term of office of each replaced Council member. Members should be skilled in business or have some expertise in management, financial, accounting, legal, fundraising, or related fields. The membership of the Council is not to include anyone who could have a conflict of interest from such affiliation including a parish staff member or any relative of the pastor up to the fourth degree of consanguinity (related by blood) or affinity (related by marriage) (Canon 492 §3, *by extension*).

2. There shall be at least three (3) appointed members (Canon 492 §1, *by extension*). More members may be added up to nine (9). Appointed members shall serve for three years. The terms of the Council will be staggered to ensure continuity. Upon initial formation of the Council, the pastor shall designate either a one, two, or three-year term, in succession, for each appointed

member. Thereafter, members who are appointed or reappointed shall serve for three years. In the event a member resigns or is removed by the pastor for a just cause, the replacement shall assume the remainder of the term of the replaced member. A person appointed to complete an unfinished term will first serve for the remainder of that term before being considered for appointment to an additional three-year term. Generally, and where practical, no member should serve for more than two consecutive three year terms without a one-year break; also, no member may serve on the Council simultaneously with another closely related person.

Pastors should include the parish business manager/bookkeeper and should consider other staff resource persons, , in meeting discussions.

The Parochial Vicar(s) should be present at all meetings.

3. The pastor may remove a member from the Council at any time for cause. Cause is defined here as physical or mental incapacitation, public non-support of Church teaching or participation in public scandal or acting contrary to the Code of Canon Law of the Catholic Church and/or rules and regulations of the Archdiocese of Agaña.

4. An appointed member who misses two regularly scheduled Council meetings in any given year without giving prior notice to the pastor or Chairperson shall be removed from Council membership.

The pastor shall preside at all meetings. If the pastor cannot attend, the meeting either must not take place, or take place with the pastor's prior permission and subsequent positive or negative acknowledgement of recommendations made to the pastor. Any meeting held when the pastor is not present or has not granted proper permission is to be considered null and void.

6. The Council should have the following officers: Chairperson, Vice Chairperson and Secretary. Officers may be re-appointed or re-elected.

a. The Chairperson assists the Pastor, The Chairperson chairs all meetings. In consultation with the Pastor, The Chairperson is responsible for selecting the hour and location of meetings, preparing the meeting agenda and effecting any other duties assigned by the Pastor.

b. The Vice Chairperson, in the absence of the Chairperson, assists the pastor, who presides at all meetings and performs any other duties assigned by the Chairperson or the Pastor.

c. The Secretary is responsible for the recording and distribution of Council meeting minutes, notifying members of upcoming meetings, maintaining a permanent record of business conducted by the Council and each member's tenure, and any other duties assigned by the Chairperson or the Pastor.

7. The Council may establish committees, either standing or ad hoc, to assist in carrying out its responsibilities.

### **ARTICLE III – Voting**

1. While seeking consensus is the Archdiocesan norm, it may be necessary for a consultative vote for the pastor to get the sense of the council on a particular matter. If the advice of the members of the Council is unanimous on a given matter, the pastor will give serious consideration to the recommendation and not lightly reject it.

### **ARTICLE IV – Meetings**

1. Regular meetings shall be held at least quarterly, more frequently if necessary, at a time and place established by the Pastor and Chairperson. Special meetings may be called by the Pastor or the Chairperson, with the Pastor's concurrence, upon two days' notice.
2. An annual calendar of meetings and outline of major action items should be proposed and agreed upon at the first meeting of each fiscal year (see Article V Duties/Responsibilities).
3. The agenda and study material should be communicated to the members prior to the regular meetings.
4. The Secretary is responsible for taking minutes at each Council meeting. The minutes should be kept as a permanent record

### **ARTICLE V – Duties/Responsibilities**

#### **A. Budgets**

1. Assist in establishing timelines for development and implementation of the annual capital and operating budget for parish, and parish organizations. The Pastor is responsible for the actual coordination/preparation of all parish budgets but is to seek the advice of the Council. The Pastor is to elicit the assistance of the parish business manager, bookkeeper and/or Parish Finance Council Chairperson to prepare the parish budget. Parish organizations include those with fund accounts in the general operating budget. Each organization should present its plans and a summary of expected cash receipts and disbursements to the Council during the budget cycle. All are an integral part of parish life and provide services to parishioners and/or general operations/special funding. Financial statements shall be submitted to the Council at least annually.
2. Determine if the parish budgets are prepared in accordance with the chart of accounts and reporting formats required by the Archdiocese.
3. Review the proposed annual parish, and organizations' capital and operating budgets; and, make recommendations to the Pastor for changes as appropriate.

## **B. Financial Records and Reporting**

1. Review financial statements, including annual reports, to help determine that Archdiocesan policies regarding fiscal and accounting procedures are being followed.
2. Review monthly and/or quarterly income and expense reports for the parish. Whenever possible, compare actual results to budget and prior year numbers. All significant variances should be explained with particular attention given to expenditures not included in the capital or operating budget. The Council should recommend budget amendments to bring revenues and expenditures into balance or propose a plan to correct the problem(s).
3. Assist with recording detailed inventory of assets annually and update the inventory prepared in accordance with Canon 1283. 2. This detailed inventory should include photographic and/or video images of specific valuable parish property such as stained-glass windows, precious metal objects, etc.
4. Review the annual financial report, prior to submission to the Archdiocese, to help determine the accuracy and completeness; ensure that it is submitted by the prescribed due date.
5. Annually, after the end of the fiscal year, each pastor is asked to send a letter together with the financial report to the bishop containing:
  - A. the names and professional titles of the members of his parish finance council;
  - B. the dates on which the parish finance council has met during the preceding fiscal year and since the end of that fiscal year;
  - C. a statement signed by the parish finance council members and the pastor stating that they have met, reviewed, and discussed the financial report of the parish, and that it includes all parish related matters, and is accurate and complete.
6. Review, at least annually, the financial statements and verify the cash balances of all parish organizations with fund accounts. Make sure all accounts for the parish and for each parish organization are included on the annual financial report.
7. Assist in preparing/presenting/communicating a parish financial report (Balance Sheet and Statement of Activity/Cash flow) to all parishioners. Specific information should be included on the parish, and parish organizations.
8. Monitor accuracy and timeliness of payments for all parish bills and/or obligations.
9. Monitor parish contribution trends by studying sources of parish revenue: make recommendations for maintaining and enhancing parish revenue, assist in the development of programs and processes to that end, and coordinate fundraising programs. Oversee and review fundraising programs and expenditures for the parish, school, and affiliated groups/organizations.

### **C. Strategic Planning**

1. The Parish Pastoral Council develops the long-term parish plan, including implementation and funding sources. The Pastor may request the advice of the Parish Finance Council in his determination for adoption.
2. Assist the Pastor in developing a program for the care and maintenance of all parish facilities.
3. Assist in the development and maintenance of position descriptions for the parish business manager/bookkeeper and other staff/personnel engaged in the management, operation or administration of the parish. Consultation with the Archdiocesan Human Resource Coordinator is encouraged.
4. Serve as a resource to advise the Pastor on significant expenditures before making a purchase or lease commitment.
5. Assist the Pastor in soliciting assistance and/or information from the Archdiocesan Finance Officer and members of the Finance Office staff as appropriate.

### **D. Internal Controls**

1. Assist in developing a system of internal controls in accordance with Archdiocesan policy.
2. Review/audit the financial reports for parish general operations, school and other organizations with fund accounts to determine that proper accounting practices and internal control procedures have been implemented and are being followed. Generally, a self-audit using the archdiocesan Self Audit Report instrument is sufficient. However, there may be an occasion, after consultation with the Archdiocesan Finance Office; the parish may engage an outside CPA firm to perform the annual audit.
3. When a change of Pastor or Parish Administrator occurs, assist with providing a complete report of the parish's financial condition and inventory of parish assets for the new Pastor or Administrator (in accordance with Canon 1283, 2).
4. When a change of Pastor or Parish Administrator occurs, assist and cooperate with a financial review of the parish, school, and organizations by the Archdiocesan Finance Officer or other Archdiocesan representative.

### **E. Insurance Issues**

1. Review property valuations annually to determine if adequate.
2. Assist in completing Self-Inspection Reports or assist with on-site inspection by a loss control representative and assist with follow-up items.

3. Ascertain that required policies are implemented and enforced.
4. Assist with reporting claims that may arise.
5. Ascertain that background checks are completed for all church workers, as defined by the Archdiocese of Agaña – Virtus/ Selection Background Check, and also for those with access to parish funds.

**F. Other Considerations**

1. Follow established Archdiocesan guidelines and participates in Archdiocesan training sessions and/or workshops. The Archdiocesan Finance Office and its Archdiocesan Finance Officer should provide major direction and assistance in this regard. The Archdiocesan Finance Officer: recommends, communicates, and oversees Archdiocesan financial policies and procedures with Archdiocesan entities. The Archdiocesan Finance Officer assists parishes in their operations by placing at their disposal support and resources.
2. Ascertain that all employees have been informed about and offered the opportunity to participate with their own contributions in the Archdiocesan coordinated 403B program.
3. Ascertain that independent contractors comply with Internal Revenue Service regulations; retain a copy of a signed statement stating they are independent contractors as defined by the IRS.
4. Members of the Council must be given complete access to all records and documents relating to financial status and operations of the parish.

The Pastor must consult the Council concerning any major commitment of parish funds in excess of \$15,000 for all construction, renovation, additions and/or building type projects or property transactions or a series of small amounts for a single purpose that will exceed \$10,000. The Council shall assist, if needed, with obtaining the required authorization from the Archbishop for amounts exceeding \$25,000, and with adherence to the Contract Review Policy. The aforementioned threshold may vary depending on the size of the parish of which parish finance council may modify.

6. Assist in “Operations” audits to assure monies are handled prudently and safely. This should be an annual audit procedure.

**ARTICLE VI – Communication**

If concerns exist within the parish, they should be resolved by contacting in this order: 1) Pastor; 2) Archbishop 3) Archdiocesan Finance Officer, if finance related. All attempts to resolve an issue should be taken at the lowest level possible under the principle of subsidiarity.

## **ARTICLE VII – Confidentiality**

Members of the Parish Finance Council must observe strict confidentiality concerning all matters discussed at Council meetings and provided to them in confidence. Council members generally should not have access to the records of individual parishioners which pertain to their financial contributions or other confidential information.

## **ARTICLE VIII – Charter Review and Change**

This charter is to be reviewed annually by the Council.



