

PARISH FINANCE
COUNCIL GUIDELINES

DIOCESE OF DES MOINES



UPDATED OCTOBER 2006

INTRODUCTION

These guidelines are designed to aid Pastors and Finance Council members in the establishment and productive functioning of the Parish Finance Council and assist in the administration of parish temporal matters. Also contained in these guidelines is the basic framework of a system that will provide information to assist members in fulfilling their responsibilities.

GENERAL

In the administration of the temporal goods of the parish, Canon 532 defines the role of the pastor as the authoritative representative of the parish. Canon 537 introduces the element of the Parish Finance Council as a mandated body having an advisory and consultative role with the pastor.

Every parish therefore is required, both by adherence to the Code of Canon Law and Diocesan regulation, to have a Parish Finance Council. 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.

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.

Representation

Members should be drawn from the parish community and reflect its diversity. This requirement may be waived if special expertise is sought provided all other conditions of membership are met. Where appropriate, outside advice and counsel can be engaged when specific expertise is needed.

The Finance Council should draw upon the skills of parishioners who are knowledgeable in business, law, accounting, and communication. Persons with professional knowledge and experience in engineering, construction, maintenance, and purchasing could also make a significant contribution and should be recruited when available. Members should be chosen based on demonstrable skills or expertise in business, management, home finance, planning, administration, and law. 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.

Number of Members

Membership should consist of no less than five members to actively engage in review, discussion, and resolution of matters. A quorum shall consist of the majority of members. It may be helpful to increase the membership to share the tasks, form subcommittees, and to provide the ability to hold a meeting and vote on issues in the absence of a member.

Preclusion to Membership

Any person who may have a conflict of interest in view of other services, either paid or unpaid, rendered to the parish and any person related to the pastor is ineligible to serve as a member of the Parish Finance Council.

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.

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

Role of Parish Employee

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 information including financial reports (balance sheet, income statement, detailed general ledger, budget to actual comparisons, loan balance payments and interest payments, investment of surplus funds, and status of fundraising drives) for council review.

The parish Business Manager should attend meetings in a consultative, non-voting capacity. When parish buildings and grounds are to be discussed, inviting staff responsible can enhance the discussion.

Acknowledgement of Members

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

Confidentiality

Members should maintain confidentiality on those matters designated as confidential. Materials such as agendas, meeting minutes, and review materials should not be disclosed if designated as confidential.

Parish finance council meetings are not open to the parish community. Reports to the community will be shared once decisions are finalized. Communication with the parish may also occur at the onset of studying an issue to solicit needs and concerns, gifts and resources of the parish community.

Terms

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. 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.

MEETING MINUTES AND AGENDAS

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.

The Finance Council should plan meetings in advance by developing an annual schedule of meeting dates and times. This will increase participation by members.

Recording of Meeting Minutes

Minutes should be recorded and archived as part of the parish permanent record. One member of the finance council is to act as secretary in keeping minutes of the meeting.

Use of Agendas and Review Materials

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

Schedule Meetings

Schedule meeting time 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 on the off months. Meeting times and dates should be predictable, such as a day and week of each month.

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

Record Retention

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

CONSULTATIVE BODY TO PASTOR

The Finance Council works closely with the Pastor, who is accountable to the Bishop for the administration and stewardship of the temporal goods of the parish. 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.

Consultation Topics

1. The advice of the Finance Council should be sought for any commitment of parish or school resources in excess of \$10,000, even if the item was approved in the budget process.

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2. The advice of the Finance Council should be sought in the management of parish funds and banking arrangements.
 3. The Finance Council reviews the Parish Annual Budget and Annual Parish Report. To the extent practical, they should be involved in the preparation of both reports, particularly the Budget report.
 4. Regular review of periodic (at least quarterly) financial reports – balance sheet, income statements, comparisons to budget and prior year results, and cash flow analysis.
 5. Detail of budget to actual comparisons should be reviewed by individual program, such as the school and religious education. Significant departures from budgeted figures should be investigated and explained.
 6. Review of internal control and procedures. If written procedures do not exist, participate in the development of written procedures for cash receipts, cash disbursements, administration of bank accounts, petty cash, and payroll.
 7. Review and evaluation of the effectiveness of fund-raising events and development programs.

RESPONSIBILITIES

After studying matters of financial concern, the Finance Council recommends policy. It is not the function of the Parish Finance Council to implement policies. The pastor and parish staff carries out implementation of policies. The Finance Council offers financial advice, planning, and direction. It helps to find and manage the resources to fund parish projects and programs under the Pastor's leadership.

Responsibilities

1. Provide guidance for parish accounting systems, including the diocesan required computer systems.
2. Periodically review internal controls and the policies and procedures of the parish accounting and financial functions to identify correct procedures and irregularities. The areas reviewed should include the administration of bank accounts, Mass collection procedures, cash receipts, cash disbursements, petty cash, and assisting in the development and maintenance of job descriptions.
3. Review financial reports:
 - Statement of Financial Position - balance sheet
 - Statement of Revenue and Expenditures - income statement
 - Revenue and Expenditure Report by program/department
 - Budget to Actual Comparisons – regularly reviewed to determine that the parish is operating within its budget. This includes the school and religious education programs

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- Trend reports: contributions, school revenue, program results (e.g. religious education), and revenue and capital campaign results.
 - Review the payments of any loans and Diocesan assessments to determine payment history.
4. The Parish Finance Council should provide assistance in the formulation of the Parish Annual Financial Report to the parish community, as required by Canon 1287.
 5. Review the activities of the parish auxiliary groups and verify cash balances of bank accounts.
 6. Annually meet with auxiliary groups to review the reporting of past year's activities and a review of the budget for the coming year. Assess the accounting practices and internal control procedures in use.
 7. Consult on the construction or renovation of parish facilities, the sale or purchase of parish property, and lease agreements. To ensure that the parish buildings and property is adequately maintained, the Finance Council assists the pastor in planning for repair, replacement, or service of property and equipment. The Finance Council should review maintenance and utility costs seeking to minimize costs through preventative maintenance, energy conservation, and the implementation of risk management programs and recommendations.
 8. Review of fundraising activities, such as raffles, bingo, and concession sales for acquisition of required licenses, support documentation for tax filings, and actual tax filings.

SUBCOMITTEES

It often makes sense to divide the Finance Council into subcommittees to deal with responsibilities and duties. The magnitude and complexity of the different subcommittee responsibilities depends upon the size, resources, obligations, and needs of each particular parish.

The work of the subcommittees may encompass:

Budget Subcommittee

- To assist the pastor in the preparation, presentation, and review of an annual budget for both operating and capital expenditures based upon the goals and objectives determined by the Parish Pastoral Council. This approved budget should be published and made available to parishioners.
- To periodically (e.g. monthly or quarterly) review income and expenditures and make recommendations as necessary to see that expenses are within set limits.
- To provide parishioners with periodic (semi-annual or annual) reports on the parish's financial position.

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- To assist other programs in preparing and submitting their annual budgets to the parish.
 - To work with the Catholic school regarding the school budget, review internal controls of the business office, and prepare recommendations regarding subsidy approval.
 - To study parish revenue and make recommendations to the Parish Pastoral Council for maintaining and increasing revenues to meet parish objectives and priorities.
 - To review reports from periodic financial audits of the parish and advise on how to address identified weaknesses.
 - Conduct self-audits of internal controls and procedures.
 - To educate parishioners about stewardship and the need for generous parish support.
 - To coordinate fundraising programs.
 - To review cost-cutting measures when necessary.

Facilities and Maintenance Subcommittee

- Advise the Pastor regarding the results of quarterly inspection of all parish facilities.
- To recommend additions or repairs based on priorities established by these inspections.
- Develop an inventory of all parish properties.
- Assist in the development of guidelines concerning use of parish facilities.
- Assist in the development of parish energy conservation programs.
- Develop teams of parishioners who will donate time and talents for parish maintenance tasks as allowed by Diocesan liability and insurance requirements.
- Review the parish's risk management and loss prevention reports to insure corrective action is taken where necessary.
- Ensure the safety and security of the parish campus is addressed.

Financial Planning and Development Subcommittee

- To provide long-range planning for both the financial and physical needs of the parish.
- To work closely with the budget and maintenance subcommittees, the Parish Pastoral Council, and other parish organizations to adequately plan and identify for the long range financial and physical needs of the parish.

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 and to implement the pastoral plans.

The Finance Council is distinct from the Parish Pastoral Council. An appropriate means of communication should be developed between the Parish Finance Council and the Parish Pastoral Council. 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 of the parish, and on the financial policies and procedures, such as internal controls.

RELATIONSHIP TO OTHER PARISH GROUPS/ COUNCILS

An appropriate means of communication should be developed between the Parish Finance Council and other parish boards and parish councils. It may be useful to assign a liaison between councils. The Finance Council should interact with parish groups/councils to study, create, and revise plans for the effective management and use of parish resources.