

## Parish Finance Council's Role and Responsibilities

This document is intended as an overview of the responsibilities and roles of Parish Finance Councils as defined by Canon Law and best practices of parish administration. An active and well-formed Parish Finance Council is an important and necessary support to the parish administrator in fulfilling his duty of being a good steward of parish resources. A Parish Finance Council supports the good governance of a parish and helps there be accountability to the diocese and to the parishioners. Each parish has its own particular dynamics, however there are common traits and guidelines to follow across the board to help ensure a properly functioning parish finance council, and in turn a more vibrant parish

A **Finance Council**, composed of members with the appropriate expertise and possessing a love for the Church and its mission, **can provide the Pastor valuable advice and assistance in the execution of his parish financial administration duties.** A competent Finance Council can also help a parish maximize its financial resources and avert potential financial problems. Pastors are strongly encouraged to take advantage of the counsel and advice provided by the Finance Council.

The **parish Finance Council does not have decision-making authority.** The Council has only those duties and responsibilities envisioned by Canon Law and assigned to it by the Pastor. In order to be effective in their responsibilities as Council members, members should have a thorough understanding of the parish's mission, goals, structure and demographics; knowledge of diocesan statutes and policies regarding temporalities; and a general understanding of the structure and organization of diocesan finances.

There are several Canons that address the administration of parish goods that serve as guides to a pastor and Finance Council.

### **Canon 532**

In all judicial matters, the parish priest acts in the parish, in accordance with the law. He is to ensure that the parish goods are administered in accordance with canons 1282 – 1288.

### **Canon 537**

In each parish there is to be a finance council to help the parish priest in the administration of the goods of the parish, without prejudice to Canon 532. It is ruled by the universal law and by the norms laid down by the diocesan Bishop, and is composed of members of the faithful selected by these norms.

### **Canon 1282**

All clerics or lay persons who through a legitimate title take part in the administration of ecclesiastical goods are bound to fulfill their duties in the name of the Church and in accord with the norm of law.

The following represent key elements that will help to **ensure a properly functioning Finance Council**:

**1. Establishment and Guidelines**

The Finance Council should have clearly defined duties, authority, and responsibilities in documented written guidelines, charter, or by-laws. It is the **active** Finance Council that will provide its parish with good management practices. Meeting should take place at least quarterly and minutes kept with documentation of attendance, main topics reviewed, and any votes taken

**2. Proper Finance Council construction**

Parish Finance Council members should be members of the parish and Catholics in good standing. The recommended size is 3-7 members (depending on the parish size), with various members containing the following areas of expertise if possible:

- o Finance
- o Civil law
- o Accounting
- o Property management
- o Budgeting
- o Personnel management

**3. Communication of parish financials**

Communicate regularly, but not less than annually, the financial condition of the parish, including sources and amounts of income, parish indebtedness, unpaid bills, and parish savings and investments. A comprehensive report is an important element of accountability. Accountability completes the circle of stewardship and directly impacts people's willingness to give of their time, talent, and treasures.

**4. Discuss relevant topics**

Review and evaluate the internal controls concerning the accounting function, define specific practices, procedures, and techniques. Review and discuss the parish annual report. Monitor actual results to budgeted comparisons. Assess the condition of the buildings and plan for improvements.

**The principal duties of a parish Finance Council can be classified into three areas:** 1) Strategic Planning; 2) Capital and Operating Budget; and 3) Financial Recordkeeping.

**1. Strategic – Mission Planning**

- A. Assist the Pastor in developing a long-term parish capital improvement, implementation and a funding sources plan to fulfill long-term pastoral plan and a resource to advise the Pastor on significant expenditures before making a purchase or lease commitment.
- B. Assist the Pastor in developing a program for the care and maintenance of all parish facilities.
- C. Where possible, help the Pastor establish and manage a parish endowment program.
- D. Assist in the development and maintenance of position descriptions for the parish business manager/bookkeeper and other staff level personnel engaged in the management, operation or administration of the parish.

## **2. Annual Capital and Operating Budget**

- A. Assist in establishing timelines for development and implementation of the annual capital and operating budget for parish/school operations, and other parish organizations, including all parish organizations/fund raising groups with bank accounts (i.e. athletics, bingo, altar society, youth, etc.). Periodically review budgets and make recommendations to the Pastor for changes as appropriate.

## **3. Financial Records and Reporting**

- A. Review financial statements, including annual reports, to help determine that diocesan policies regarding fiscal and accounting procedures are being followed and to determine accuracy and completeness.
- B. Receive and review income and expense reports for the parish at least quarterly. Whenever possible, current year results should be compared with the current year budget and prior year results. All significant variances should be explained. Particular attention should be given to expenditures not included in the capital or operating budget. Verify the cash balances of all parish organizations with cash accounts.
- C. Where appropriate, assist with the taking of a detailed inventory of assets annually.
- D. Assist in preparing/presenting/communicating (at least annually) a financial report to all parishioners concerning the parish's financial status. Specific information should be included on parish operations, parish school and other parish organizations/fund raising groups/projects as needed, in addition to consolidated results. Monitor parish contribution trends and, in particular where collection trends are below budgeted needs, inform parishioners on a timely basis.
- E. Monitor payments of all taxes, loans and diocesan assessments to determine that all payments are accurate and paid on a timely basis.

The parish Finance Council serves an important role in providing counsel to the pastor. A pastor is not typically trained in business management issues, yet he is entrusted with running what, in many cases, would be considered a good size business operation. The pastor is reliant on his trusted advisors to manage the temporal affairs of the parish. A well-structured and effective Finance Council acts as good stewards of the resources that have been entrusted to the parish. This in turn builds confidence and trust, and allows the parish to accomplish its mission more fully.