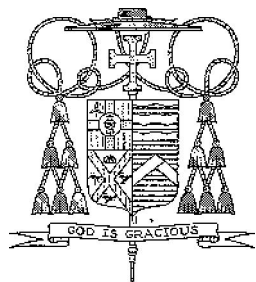


### **Appendix 3: The Parish Finance Council**

The Most Reverend John H. Ricard, SSJ, Bishop of Pensacola-Tallahassee issued the following letter regarding the norms for Finance Councils within the Diocese of Pensacola-Tallahassee:



**OFFICE OF BISHOP**

## **DIOCESE OF PENSACOLA-TALLAHASSEE**

January 21, 2004

To all Pastors and Administrators of Parishes:

The universal law of the Church requires the presence of a finance council in each parish. The purpose of this is to enable the Christian Faithful to assist the Pastor in the administration of the goods of the parish. Therefore, in accord with canon 537, which states:

*c. 537: In each parish there is to be a finance council which is governed, in addition to universal law, by norms issued by the diocesan bishop and in which the Christian faithful, selected according to these same norms, are to assist the pastor in the administration of the goods of the parish, without prejudice to the prescript of c. 532<sup>1</sup>.*

I hereby issue the following norms:

### **Norms for Parish Finance Councils**

#### **Nature & Establishment**

1. All parishes of the diocese that do not currently have a finance council shall establish one in accord with c. 537.

1.1. It shall be called the Parish Finance Council of NN Parish.

1.2. The Parish Finance Council is to be a separate entity from the Parish Pastoral Council, but is to work in collaboration with it.

1.3. The Parish Finance Council is advisory and consultative to the pastor and is to be directly responsible to him.

#### **Membership**

2. Every Parish Finance Council shall include certain elements:

2.1. Every member of the Parish Finance Council shall be appointed by the Pastor, who should take into consideration the talents and skills of the people in his parish.

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*C. 532: In all juridic affairs the pastor represents the parish according to the norm of law. He is to take care that the goods of the parish are administered according to the norm of cc. 1281-1288.*

- 2.1.1. The members of the Parish Finance Council should be animated by a Christian spirit and be deeply conscious of the mission of the parish to promote the works of the apostolate and of charity, especially towards the needy.
- 2.1.2. All members are bound to observe discretion in the confidential matters they treat as members of the Parish Finance Council.
- 2.1.3. The total membership of the Parish Finance Council shall consist of a minimum of 3 parishioners.
- 2.1.4. Parish Finance Councils which exceed this number shall have a total membership that is left to the discretion of the Pastor.
- 2.1.5. Within three months of taking possession of the parish, a new pastor is to either confirm the existing appointments or make new appointments to the Parish Finance Council.
- 2.1.6. Members shall serve for fixed and renewable terms of no less than one year and no more than three years.
- 2.1.7. A member may be removed from the council prior to the expiration of his/her term of office only with the approval of the Pastor.
- 2.1.8. A copy of these norms should be distributed to all members of the Parish Finance Council, and the *consultative* nature of their role should be made clear to all.
- 2.2. The Pastor will be the President of the Council, and according to c. 532, represents the parish in all financial matters.
- 2.3. Council members should elect a Chairman and Secretary. These officers shall direct the meetings and maintain and file accurate minutes of the proceedings; however the Pastor must take part in all proceedings. The Parish Finance Council never acts independently from the Pastor.

### **Meetings & Function**

- 3. It is the function of the Parish Finance Council to assist the Pastor in the administration of the goods of the parish.
  - 3.1. The meetings should be held on a specified, regular basis, with no fewer than 6 meetings per year.
  - 3.2. The leadership of the Parish Finance Council will meet on a bi-annual basis with diocesan officials at a workshop for continuing education and formation.
  - 3.3. General Functions:
    - 3.3.1. To establish, review, and coordinate the parish annual budget in consultation with other groups and in accordance with the goals set by the Parish Pastoral Council;
    - 3.3.2. To review the financial reports to the Diocese and to formulate the annual report made to the parish community.
    - 3.3.3. To review periodically the income and expenditures in light of the annual budget;
    - 3.3.4. To review contracts and agreements.
    - 3.3.5. To encourage support of diocesan fund-raising projects as well as parish campaigns.
    - 3.3.6. To inventory parish assets at least annually and verify that appropriate insurance coverage has been maintained for said assets.
    - 3.3.7. To present an annual budget report to the parish.
  - 3.4. Special Functions: The Pastor is to consult with the Parish Finance Council in order to perform the following acts of financial administration:
    - 3.4.1. To institute parish financial campaigns, drives, or systems of special collections.
  - 3.5. Special Functions Requiring Approval from the Bishop: The Pastor is to consult with the

Parish Finance Council in order to perform the following acts of financial administration. Due to the extraordinary nature of these acts they also require either the signature of the Bishop or his approval in writing:

- 3.5.1. To make any extraordinary expenditures\* (including capital repairs).
  - 3.5.2. To sign any contract related to a capital project that exceeds the financial limits\* of ordinary administration.
  - 3.5.3. To use fixed capital for any reason beyond that to which it was initially dedicated by the donor or competent authority.
  - 3.5.4. Any act of extraordinary administration reserved to the competency of the Diocesan Bishop in accord with the norms of law.
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This section of the Appendix is intended to expand upon and enhance the norms promulgated in the January 21, 2004 letter from Bishop Ricard. Canon Laws that apply to all aspects of temporal goods administration are included in Appendix 1 copies of which should be provided to all council members. Additionally, all council members must be provided copies of this document.

The enhancements to the original letter are separated in the same manner as the norms, however, within each subsection they will be further divided by required and recommended. The pastor/administrator for each entity in consultation with the council should determine the extent to which the recommended enhancements will be implemented based upon the site's size, the council members' experience and the staff's capability/expertise.

## **Membership**

### *Required:*

- The names of the members are to be communicated to the constituents (e.g., listed in the bulletin) at least annually.
- If a member resigns, dies, or is removed, the pastor/administrator may appoint another person to complete the balance of the term. However, if the membership falls below three, a new member must be appointed to complete the unexpired term.
- No person on the parish or school staff, or any close relative of the pastor/administrator is to be a voting council member. However, certain members of the site's staff are responsible for supplying information needed by the council to perform its tasks. Pastors/administrators should consider including the business manager/bookkeeper and others as non-voting ex-officio council members.
- The school principal at sites associated with a parish must be a permanent member of either a joint or separate finance council and attend all meetings during which school related finances and issues are being reviewed or discussed.

### *Recommended:*

- Should the size of the council exceed the minimum of three then the number of members should be an odd number.
- The council terms should be staggered so as to build continuity into its membership.
- Members should be limited to no more than two consecutive terms of three years.
- Persons selected to serve as council members should have demonstrated financial/business management background/skills. Examples of professions with such backgrounds/skills including, but are not limited to: accountants, bankers, business owners,

computers/systems managers, construction project managers, engineers, financial managers, fundraisers, lawyers, marketing personnel and property managers. A parish Time, Talent & Treasure survey may be helpful in identifying potential members that have indicated a desire to serve the parish.

- It is recognized that some sites, due to a limited number of constituents or for other reasons, may have difficulty obtaining the necessary council expertise by excluding persons with any form of interest conflict. Should a conflict of interest exist or develop, the conflict should immediately be disclosed to the pastor/administrator. The pastor/administrator then will decide whether or not the conflict is of such significance as to request the individual's resignation. Persons with conflicts of interest must excuse themselves from any discussion/commitment involving the matters causing the conflict.
- The Chair, with the consent of the pastor/administrator, may establish such subcommittees or task forces as are necessary to conduct the council's business.

## **Meetings**

### *Required:*

- The council members are expected to attend all meetings.
- A majority of the members is required to constitute a quorum. On matters requiring the approval of the Bishop, a majority vote of the membership is necessary to constitute consent. Members are expected to abstain from voting on any question on which they may have a potential conflict of interest because of their business or professional relationships.
- Minutes from the previous council meeting must be presented to the assembled council at the beginning of the meeting for adjustments as needed and approval. The minutes must be signed by the Chair and the pastor/administrator indicating approval by the council.

### *Recommended:*

- Whenever necessary or appropriate, the pastor/administrator may invite parish staff, parishioners, school staff, parents of students and representatives of parish organizations and institutions to speak at meetings. Only the duly appointed members of the council may vote. When topics of a confidential nature, such as staff salaries, are on the agenda, all visitors should be asked to leave the proceedings during that deliberation.

## **Functions**

### *Required:*

- To ensure transparency with all constituents, the annual financial report to the community from the Pastor/Administrator and council must use the format included in Appendix 10.1.
- At least annually, the council must verify the cash balances of all the site's organizations with bank accounts.
- The council must assist the pastor/administrator in implementing sound internal control practices and any diocesan financial policies, procedures, and guidelines applicable to the business affairs of the organization. These may include but are not limited to the handling and depositing of offertory and office collections and the proceeds of any and all fund-raising activities or events, the preparation of payroll, and the issuance of checks to suppliers and others.
- The pastor/administrator must present the periodic Internal Review and Risk Assessment and/or audit reports as issued by the Finance Office or independent accountants to the

council; have the council acknowledge the report; and seek the council's assistance in implementing any recommendations contained therein.

*Recommended:*

- An appointed member of the council should perform a monthly review of outgoing and incoming financial statements.
- The council should conduct a quarterly financial review to investigate any significant variances with the same quarter of the prior year. The offertory/tuition collection patterns should be the focus of this review along with major expense areas (personnel, utilities, etc.).
- The council should monitor payments of all taxes, loans and archdiocesan assessments to determine that all payments are accurate and paid on a timely basis.
- When a change of pastor/administrator occurs, the council should assist with providing the new pastor/administrator a complete report of the organization's financial condition and preparation of an inventory of site assets in accordance with Canon Law 1283, 2.

## **Special Functions**

*Required:*

The following is provided to further define extraordinary site activities that require the consultation of the organization's finance council with a recommendation to the administrator and the Bishop's authorization:

- Capital project, construction or purchases that would cost \$10,000 or more. A project cannot be broken down to smaller components to avoid this requirement.
- Major renovations or repairs of \$10,000 or more.
- Any sale of assets valued at greater than \$10,000.
- Rental/lease of site-owned property in any amount.
- Incurring indebtedness for operational needs that exceed a total of \$10,000. This includes leases of copiers, portable buildings, etc. where the aggregate value of the stream of monthly payments over the life of the lease exceeds \$10,000.
- Acceptance of a restricted gift in any amount. This is to ensure the restriction imposed by the donor in no way reflects negatively on the diocese.
- Bank accounts of any kind and for any amount outside of the single operating (checking) account required for each site.

## **Other**

*Recommended:*

Other potential functions. Depending on local circumstances, staffing, and needs, the Pastor/Administrator may find it helpful to call upon the council as a body or its members individually to provide assistance in certain facets of the business operations of the site. This is particularly true for entities with extremely limited staffs. To the extent that it may be appropriate, other areas where the involvement of the council may be sought out include:

- To review unpaid bills that are past due including diocesan and school assessments and to formulate a plan providing for the payment of these obligations.
- To examine bank reconciliations and supporting documentation for all parish, school, cemetery, and Mass stipend accounts.
- To examine the financial reports from all site organizations, including verifying that bank statements are being reviewed by the site's administration as part of the reconciliation process.

- To inspect the payroll records and tax returns for the site and to be assured that it is in compliance with all federal, state, and local filing requirements.
- To assist with establishing and maintaining employee job descriptions, a performance evaluation and salary administration program, and other personnel policy and benefit matters.
- To aid in forming a building and grounds maintenance program and a plan for financing any necessary repairs, renovations, equipment purchases, or safety measures.
- To review all contracts and leases (e.g., rental income agreements, vehicle and office equipment lease contracts) as they come due for adoption or renewal.
- To provide assurance that the site is in compliance with any federal, state, or local governmental regulations and any filing, licensing, posting, or reporting requirements related thereto. Further, to see that adequate records consistent with such requirements are maintained in the parish files.
- To review the financial operations of the parish cemetery in communities where a separate cemetery committee does not exist.

#### *Relationship with the Pastoral Council*

Recognizing that a Parish Finance Council and a Parish Pastoral Council are distinct consultative bodies within the parish, good communication between the two is important for the well-being of the parish. It is the Pastor's/Administrator's prerogative as to how to achieve such communication. The following are two ways the parish could facilitate this desired communication:

- The Chairperson, at the first meeting of each fiscal year, should appoint a member of the Parish Finance Council to represent the Council and its work. This person should report to the Parish Pastoral Council on a regular basis, but no less often than annually and, to the parish staff or other parish groups as may be needed.
- Alternatively, some parishes may have a Parish Pastoral Council member attend Parish Finance Council meetings and keep the Parish Pastoral Council informed of the Parish Finance Council's work.

#### *Relationship with a School Advisory Committee*

The relationship required between a Pastoral and Finance council at a parish must be mirrored at a school. Regardless of whether a joint or separate finance council serves a school, good communication and coordination with the School Advisory Committee is absolutely required.

#### *Relationship with Other Parish Institutions or Organizations*

- The parish cemetery and all other organizations which use the organization's Federal Employer Identification Number, use the site's name or raise funds in the name of the site are subject to the fiscal control of the pastor/administrator. The leadership of each such institution or organization is expected to submit reports of its financial activities to the pastor/administrator and Finance Council.
- Schools and any other groups or organizations which receive financial support from the parish must provide relevant information and participate in the budgeting process of the parish in a manner to be determined by the pastor/administrator and Finance Council.

#### **General**

- These norms are subject to amendment by the Bishop from time to time as he shall deem necessary.

- If there is a need for clarification of any of the policy matters contained in these norms, the Chief Financial Officer may be contacted for further information.
- The Chief Financial Officer may be contacted in a confidential manner by clergy, administrators, parish/school financial staff, or Finance Council members if there is a need to report or discuss particular issues, activities, or situations that may have significant financial consequences and which they believe are not being properly addressed within the organization.

#### Summary of Revisions effective August 2014

- Changed wording to conform to generic definitions from introduction and made minor language improvements;
- Moved language included in two segments in membership from recommended to required sub-section: the segment dealing with staff and related personnel being on the finance council and the segment dealing with the principal's involvement with the school's finance council. The first segment prohibits staff and relatives of the administrator from being voting members; the second requires the principal be a permanent member of the council;
- Added language regarding the relationship the School Advisory Council is to have with its respective finance council.