

GUIDELINES FOR PARISH FINANCE COUNCILS

ROLE

The Code of Canon Law (canons 537 and 1280) mandates a Finance Council in each parish and the Archdiocese implements that mandate as a necessary component of parish life and operation. The role of the Parish Finance Council is to assist and advise the pastor, administrator or other person in charge of the parish in overseeing and controlling the financial affairs of the parish, including any schools or after school programs operated by or in conjunction with the parish or school. [See canon 127 regarding the requirement of advice and consent.] (<http://handbook.la-archdiocese.org/chapter-2/section-2-5/topic-2-5-2>) The Parish Finance Council is accountable to the pastor or administrator of the parish who has the legal responsibility for final decisions, subject to the laws of the universal Church as well as all Archdiocesan policies and procedures. The advice or consent of the Parish Finance Council is integral to administrative decisions. When the Parish Finance Council acts unanimously on a given matter, the pastor or administrator should not act easily in a manner contrary to the recommendation.

STRUCTURE OF THE PARISH FINANCE COUNCIL

- Members of the Parish Finance Council shall be appointed by the pastor and, if necessary, to assure appropriate competencies, need not be members of the parish community. Members are to represent the parish at large. No member will represent a specific group or ministry within the parish or school community. When a pastorate becomes vacant, the Parish Finance Council members will submit their resignations to the new pastor or administrator who may or may not accept the resignations. The pastor or administrator can accept the resignation of the entire Parish Finance Council only in conjunction with the appointment of a new Parish Finance Council.
- Members should, be skilled in business with expertise in management, finance, accounting, law, development or related fields (see: canon 492 §1). The membership of the Parish Finance Council cannot include anyone who could have a conflict of interest. For example, a Parish Finance Council should not include anyone who is, or becomes at any time, a vendor to the parish or school. If during the tenure of a Parish Finance Council member, the member becomes a vendor to the parish or school, that member shall immediately submit a resignation from the Parish Finance Council. Also, no member of the parish or school staff or any relative of the pastor can be a member. Since their activities are an integral part of the scope of the matters addressed by a Parish Finance Council, the parish bookkeeper, lay administrator, business manager or persons serving in those roles should attend all meetings as non-voting members.
- The Parish Finance Council shall have a minimum of three and a maximum of ten voting members. The term for membership shall be three years and members

may serve for multiple terms, including, if requested for terms that exceed the term for the pastorate in which they were selected. The terms of office will be staggered to ensure continuity and to ensure such continuity, on the initial formation or the reconstitution after a change in parish leadership, the pastor or administrator shall designate either a one, two, or three year term, in succession, for each member. Thereafter, members who are appointed or re-appointed shall serve for three years. In the event a member resigns, is no longer serving, or is removed by the pastor or administrator for just cause, the replacement will assume the remainder of the term of the person no longer serving.

CONFIDENTIALITY

Members of the Parish Finance Council must exercise prudent judgment concerning the confidentiality of any parish or school financial records to which they have access, or any financial or other confidential information shared with them. Except for the pastor or administrator, no member of the Parish Finance Council shall have access to the records of individual parishioners relating to financial contributions or any other confidential personal or personnel information. In addition, the subject matter in meetings of the Parish Finance Council should not be discussed openly with other parishioners until a consensus has been reached and a determination has been made to share the information.

FUNCTIONS OF THE PARISH FINANCE COUNCIL

The pastor or administrator is responsible for all financial decisions (see: canons 118 and 532) and will establish annual operating budgets for the parish and school in consideration and consultation with the Parish Finance Council (see: canon 1284 §3). In consultation with the Parish Finance Council, the pastor or administrator should also develop an annual capital expenditures budget including the source of funds. Actual income and expenses for the parish and the school should be reported monthly to the Parish Finance Council by the pastor or administrator and reviewed by the Parish Finance Council at least quarterly. Current year results should always be compared with the budget for the current year and the previous year results. Variances should be discussed and resolved. (References to "school" includes all school and after-school programs operated in connection with or by a parish)

The members of the Parish Finance Council must be given complete access to all records and documents relating to the financial status and operations of the parish and school that are not of confidential nature such as individual contributions. Parish Finance Council members should give the staff reasonable time to provide the records requested.

In conjunction with these responsibilities, the Parish Finance Council shall do the following:

BUDGET

- Establish a timeline for the development of a balanced annual budget and for its implementation by the parish and school staff.

- Ensure that the parish and school follow the Chart of Accounts provided by the Archdiocesan Catholic Center to facilitate budgeting and reporting conformity.
- Review proposed operating and capital budgets for the parish and school.
- Review significant budget variances and develop a plan of action to address and resolve or correct the issues causing the variance. If the variances cannot be corrected, the Parish Finance Council should recommend amending the budget to reach a balanced budget.
- Review proposed expenditures not included in the approved budgets.
- Review the proposed budgets for all parish and school-related organizations or groups handling significant sums of money, including groups that purport to operate independently. Financial statements from these organizations should be submitted monthly to the Parish Finance Council and included in the quarterly review.
- Provide parishioners and, as appropriate, the school community with approved budgets for the parish and school and periodic financial reports, at least annually.

OTHER FINANCIAL AND REPORTING ACTIVITIES

- Review monthly financial statements, including annual reports, prior to submission to the Archdiocesan Catholic Center. Compare all reports to current year budget and previous year results.
- Review bank statements and bank reconciliation for each account on a quarterly basis.
- Perform annual self-audits of the parish and school to determine that proper accounting procedures are being followed.
- Evaluate and make recommendations for maintaining and enhancing parish and school revenue, including investments, fund raising and stewardship programs.
- Review all banking and financial institution relationships, follow Archdiocesan Catholic Center protocols concerning banking and financial institution relationships and make recommendations for improvements if needed.
- Ensure all Archdiocesan policies and procedures are being followed at all times with regard to fiscal and accounting activities.

- Advise the pastor or administrator in developing a program for the care and maintenance of all parish and school facilities. Assist the pastor in developing a long-range plan for funding and implementing a long-term capital improvement campaign.
- Plan and oversee the execution of a campaign to increase the weekly Sunday offertory at least once every three years.

FINANCIAL RESPONSIBILITY

The pastor or administrator may appoint a member of the Parish Finance Council to be an authorized signatory on the parish and school checking accounts. The appointed member would be authorized to sign checks up to \$3,000.00.

MEETINGS

The Parish Finance Council will meet at least quarterly, but monthly meetings are preferred. Special meetings of the Parish Finance Council may be called at any time by the pastor or administrator. A quorum of the Parish Finance Council at any regular or special meeting shall consist of two-thirds of the membership. Minutes of all meetings covering matters discussed and actions taken by the Parish Finance Council shall be prepared by a member or staff person designated by the pastor or administrator, shall be reviewed and approved by Parish Finance Council and maintained as permanent records of the parish.

APPROVAL and IMPLEMENTATION:

I, the undersigned Most Reverend José H. Gomez, Archbishop of Los Angeles, decree that these *Guidelines for Parish Finance Councils* are to be promulgated by distribution to each parish in a document sent by the postal service and acquire full binding force in the Archdiocese of Los Angeles on January 1, 2020.

Given this 17th day of December 2019
At the offices of the Archdiocese of Los Angeles

signature on file

Most Reverend José H. Gomez
Archbishop of Los Angeles

signature on file

Sister Mary Elizabeth Galt, B.V.M.
Chancellor

Parish Finance Councils Guide for Council Members

- 1. Introduction**
- 2. Financial Responsibilities of the Pastor**
- 3. The Parish Finance Council**
- 4. Financial Responsibilities of the Parish Finance Council Members**

Introduction

As defined by Canon Law, a parish is a definite community of the Christian faithful established on a stable basis within a particular church; the pastoral care of the parish is entrusted to a pastor as its own shepherd under the authority of the diocesan bishop (canon 515 #1).

The Christian faithful are obliged to assist with the needs of the Church so that the Church has what is necessary for divine worship, for apostolic works and works of charity and for the decent sustenance of ministers (canon 222 #1).

The Christian faithful are free to make known their needs, especially spiritual ones, and their desires to the pastors of the Church (canon 212 #2).

In accord with the knowledge, competence and preeminence which they possess, they have the right and even at times the duty to manifest to the sacred pastors their opinions on matters which pertain to the good of the Church, and they have a right to make their opinion known to the other Christian faithful, with due regard for the integrity of the faith and morals and reverence toward their pastors, and with consideration for the common good and the dignity of persons (canon 212 #3).

The Financial Responsibilities of the Pastor

- All administrators are bound to fulfill their office with the diligence of a good householder (canon 1284 #1).
- For this reason they must (canon 1284 #2):
 - o Take care that the ownership of ecclesiastical goods is safe guarded through civilly valid methods.
 - o Observe the prescriptions of both canon and civil law or those imposed by the founder, donor or legitimate authority; they must be especially on guard lest the Church be harmed through the non- observance of civil laws.
 - o Accurately collect the revenues and income of goods when they are legally due, safeguard them once collected and apply them according to the intention of the founder or according to legitimate norms.
 - o 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.
 - o Keep well ordered books of receipts and expenditures.
 - o Draw up a report on their administration at the end of each year.
 - o It is strongly recommended that administrators prepare annual budgets of receipts and expenditures; however, it is left to particular law to issue regulations concerning such budgets and to determine how they are to be presented.
- Administrators of goods are to observe meticulously the civil laws pertaining to labor and social policy according to Church principles in the employment of workers (canon #1286 -1).
- Both clerical and lay administrators are bound by their office to present the local ordinary with an annual report (canon #1287-1).
- Administrators are to render an account to the faithful concerning the goods offered by the faithful to the Church, according to the norms determined by particular law (canon 1287 #2).
- Each parish is to have a finance council which is regulated by universal law as well as by norms issued by the diocesan bishop (canon 537).

The Parish Finance Council

The role of the Parish Finance Council is to assist and advise the pastor, administrator or other person in charge of the parish in overseeing and controlling the financial affairs of the parish, including any school or after school programs operated by or in conjunction with the parish or school (see canon 127 regarding the requirement of advice and consent).

The Parish Finance Council is accountable to the pastor or administrator of the parish who has the legal responsibility for final decisions, subject to the laws of the universal Church as well as all Archdiocesan policies and procedures and civil laws.

When the Parish Finance Council acts unanimously on a given matter, the pastor or administrator should not act easily in a manner contrary to the recommendation.

For more information regarding who can serve on the council, qualifications of members, terms of service on the council and how to establish a Parish Finance Council refer to the Guidelines For Parish Finance Councils promulgated December 17, 2019.

Role of the Finance Council Members

- Establish a timeline for the development of a balanced budget and for its implementation by the Parish/School staff.
- Ensure that the Parish and School follow the Chart of Accounts provided by the Archdiocese to facilitate budgeting and reporting conformity.
- Review proposed operating and capital budgets.
- Review significant budget variances and develop a plan of action to address and resolve or correct the issues causing the variance. If the variances cannot be corrected, the Parish Finance Council should recommend amending the budget to reach a balanced budget.
- Review the proposed expenditures not included in the approved budgets.
- Review the proposed budgets for all Parish and School-related organizations handling significant sums of money, including groups that purport to operate independently. Financial statements from these organizations should be submitted monthly to the Parish Finance Council and included in the quarterly review.
- Provide parishioners, and as appropriate, the School community with approved budgets for the Parish and the School and periodic financial reports, at least annually.
- Review monthly financial statements, including annual reports, prior to submission to the Archdiocesan Catholic Center. Compare all reports to budget and previous year results.
- Review bank statements and bank reconciliation for each account on a quarterly basis.
- Perform annual self-audits of the Parish and School to determine that proper accounting procedures are being followed.
- Evaluate and make recommendations for maintaining and enhancing Parish and School revenue, including investments, fund raising and stewardship programs.

- Review all banking and financial institution relationships, follow Archdiocesan Catholic Center protocols concerning banking and financial institutions relationships and make recommendations for improvements if needed.
- Ensure all Archdiocesan policies and procedures are being followed at all times with regard to fiscal and accounting activities.
- Advise the pastor or Administrator in developing a program for the care and maintenance of all Parish and School facilities. Assist the pastor in developing a long-range plan for funding and implementing a long-term capital improvement campaign.
- Plan and oversee the execution of a campaign to increase the weekly Sunday offertory at least once every 3 years.

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I have received and read the “Guidelines for Parish Finance Councils” and “The Role of the Finance Council Members” documents.

Name _____

Address _____

Email Address _____

Cell Number _____

Profession _____

How long have you served on the council? _____

Signature of Finance Council Member _____