

DIOCESE OF CHARLESTON

PARISH FINANCE COUNCIL HANDBOOK

Revised: March 2009

This document is intended as an overview of the responsibilities and role of the Parish Finance Council as defined by Canon Law, Norms of the Diocese of Charleston and best practices of parish administration. An active and well-formed Parish Finance Council is an important and necessary support to the pastor/parish administrator in fulfilling his responsibility for the administration of the temporal goods of the parish. The Parish Finance Council supports good financial governance of a parish, promotes high standards of fiscal integrity and provides accountability to the diocese and to the parishioners.

If you have any questions or would like a presentation of this information please contact the Office of Parish Financial Services at 843-402-9115 ext. 37.

<u>Table of Contents</u>	<u>Page</u>
INTRODUCTION TO APPLICABLE CHURCH LAW	2
BACKGROUND OF PARISH FINANCE COUNCIL	4
ROLE OF THE PARISH FINANCE COUNCIL	6
MEMBERSHIP	14
MEETING PROTOCOLS	17
SUBCOMMITTEES	19
RELATIONSHIP TO PASTORAL AND OTHER COUNCILS	21
Glossary	22
Appendix: References – Canons 1281-1288	24
Exhibit 1 – Votum concerning Extraordinary Acts	26
Exhibit 2 – Change in Cash Position & Net Assets	27
Exhibit 3 – Parish Auditor Checklist	28
Exhibit 4 – PFC Membership Application Form	29
Exhibit 5 – Conflict of Interest Information Form	31
Exhibit 6 – Year End Letter Format	32

INTRODUCTION

Responsibility for administration

The parish priest is responsible for the administration of the temporal goods belonging to the parish. **In all canonical matters, he acts in the person of the parish, in accordance with the law (Canon 532).** He is the canonical administrator of the parish, and the Diocesan Bishop's personal representative. However, he is not an employee of the parish.

Operative Civil law

Since the Diocese is a corporation sole, the Articles of Incorporation of the Diocese do not refer to the role of parish priests in the temporal administration of parishes, because a parish does not have separate legal existence.

But, by recognizing the Diocesan Bishop's right and, in some cases, his duty to consult or share his responsibilities with others, the Corporation Act implicitly determines that parish priests, who are by vocation the bishop's collaborators, represent him and share his responsibilities on the parish level.

It is important to note that all parish priests, whether diocesan priests or religious, receive their mandate from the Diocesan Bishop, not from the parish pastoral council or from the finance council. Parish priests, with the assistance of the parish finance council, have the duty to ensure respect for diocesan regulations and the bishop's intentions. Since the priest is responsible for the temporal administration of the parish, the finance council should not put the priest in the awkward position of choosing between its recommendations and the diocesan directives.

Operative Church law

The Diocese of Charleston is subject to the 1983 Code of Canon Law. Of the Code's seven books, Book V: *The Temporal Goods of the Church* covers:

- a. Code of Canon Law, Book V: the Temporal Goods of the Church
 - i. the acquisition and administration of temporal goods
 - ii. contracts
 - iii. the alienation of property
 - iv. pious wills in general.
 - v. pious foundation
- b. Book V of the Code of Canon Law requires, in the United States, the United States Conference of Catholic Bishops to establish particular law concerning ecclesiastical goods:
 - i. to establish norms governing appeals (Canon 1262)
 - ii. to establish norms for begging for alms which all private persons, physical and juridic, must observe (Canon 1265 s2)
 - iii. to establish norms to direct the governance of benefices, where they exist, so that gradually the income, and insofar as possible, the endowment can be transferred to the institute established in

canon 1274 s1 for the support of clergy; these norms about benefices are to be agreed to and approved by the Apostolic See (Canon 1272)

- iv. to define acts of extraordinary administration for dioceses (Canon 1277)
- v. to define the minimum and maximum amounts for alienation (Canon 1292 s1)
- vi. to establish norms for leasing ecclesiastical goods, especially regarding the permission to be obtained from competent ecclesiastical authority (Canon 1297)

c. the Bishops of the Province provide legislation on three issues concerning temporal goods:

- i. to fix the fees (*taxa*) for acts of executive power granting a favor or for the execution of rescripts of the Apostolic See, which the Apostolic See must approve (Canon 1264, s1)
- ii. to set a limit on the offerings (*oblata*) given on the occasion of the administration of sacraments and sacramentals (Canon 1264, s2)
- iii. to define by decree a uniform offering (*stips*) to be given for the offering of Mass (Canon 952 s3)

d. The Bishop of Charleston, the local Ordinary, is to enact certain legislation and particular laws concerning among other things, the administration of ecclesiastical goods.

It is the body of laws promulgated and decreed by the 1983 Code of Canon Law, the USCCB and the Diocesan Bishop that constitutes "Canon Law" in the Diocese of Charleston.

When carrying out the duties pertaining to the administration of temporal goods, canon law requires that civil law be observed unless they contradict canon law.

BACKGROUND

These guidelines are designed to aid pastors and Finance Council members in the effective functioning of a Parish Finance Council. The Parish Finance Council assists the pastor, who is accountable to the Diocesan Bishop and parish for the administration and stewardship of the temporal goods of the parish. An active, well formed Parish Finance Council is a key element in promoting the financial health of a parish, assuring accountability and assisting the pastor with his temporal responsibilities.

In the administration of temporal goods of the parish, Canon 532 defines the role of the pastor as the authoritative representative of the parish. Canon 532 says,

“The pastor represents the parish in all juridic affairs in accord with the norm of law; he is to see to it that the goods of the parish are administered in accord with the norms of canons 1281-1288.”¹

Canon 537 introduces the Parish Finance Council as a mandated body having an *advisory and consultative role with the pastor*. Canon 537 says,

“Each parish is to have a finance council which is regulated by universal law as well as by norms issued by the Diocesan Bishop; in this council the Christian faithful, selected according to the same norms, aid the pastor in the administration of parish goods with due regard for the prescription of Canon 532.”

The Parish Finance Council is a consultative body that assists the pastor in meeting these obligations. While the Parish Finance Council does not have decision making authority, consultation is at the heart of the decision-making process—sharing information, listening, contributing to the discussion, and promoting consensus.

Therefore, every parish is required to have a Parish Finance Council, both by adherence to the Code of Canon Law and by local norms issued by the Diocesan Bishop. 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.

Canon law states that the pastor is the juridic person of a parish. 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.

¹ Note: the full texts of Canons 1281-1288 may be found in the Appendix to this document.

When acting contrary to the Parish Finance Council's recommendations the pastor must provide an explanation to the Finance Council regarding the reasons for his decision. In matters of a serious nature and/or disagreement with the Parish Finance Council, it is advised for the pastor to consult with his Bishop.

In order to be effective in their responsibilities, members of the Parish Finance Council should have a love for the Church and its mission and develop a thorough understanding of the parish's mission, goals, people and other resources. The members should have knowledge of diocesan guidelines and policies regarding temporal issues and other financial matters. It is the pastor's responsibility to give the members appropriate background and enrichment so they are able to carry out their duties effectively.

ROLE OF THE PARISH FINANCE COUNCIL

There are three forms of administration. The Code distinguishes acts of ordinary administration; major importance and extraordinary.

1. ORDINARY ACTS

Using standard guides, it could be established that the following acts are considered to be acts of ordinary administration:

- The collection and banking of money acquired in approved ways
- The collection of debts from creditors (unless court action is required)
- The collection of annual income from stocks, shares, or bonds
- Buying and selling what is required for the daily maintenance of the juridical person
- The reparation of ordinary damage done to real estate (i.e. Ordinary wear and tear) or to stable property (within certain limits, \$10,000)
- The administration of the money and goods of the juridical person
- The acceptance of donations (to which no conditions are attached)
- The payment of salaries of personnel

A pastor or administrator is free to carry out acts of ORDINARY administration. This goes with the office itself.

2. ACTS OF MAJOR IMPORTANCE

The revised Canon 1277 adds a note not found in Canon 1527 of the 1917 Code: acts of major importance are to be determined "in the light of the financial situation of the diocese." This allows for more realistic norms of administration. Thus, a diocese with 2,000,000 Catholics might consider as ordinary that which certainly would be of major importance in a diocese of 5,000 Catholics.

The correct interpretation of this clause will call for an honest attitude, remembering that administrators of temporal goods are stewards (cf. c. 1273) of the temporal goods entrusted to their care.

One norm that is applied when trying to distinguish between ordinary and extraordinary administration is the following: if an act is not recurring on a regular basis, it can be presumed to be of major importance or, if the Conference (Bishop) has so determined, extraordinary.

If an act is of MAJOR importance, the pastor must consult both the finance committee and the bishop.

3. EXTRAORDINARY ACTS

Examples of extraordinary acts of administration include (but not limited to):

- Acquisition or alienation of real property
- **ALL** Leasing arrangements i.e., equipment and property
- Collateralization or mortgaging of real property
- Any contracts that bind the parish
- The sale of religious artifacts that would be considered part of the parish's patrimony (e.g. stained glass windows) and other matters.
- Purchase of significant unbudgeted goods/services
- Implementation of special parish collection
- Acceptance or refusal of bequests
- Any construction/major repair not budgeted
- Borrowing---including credit cards when total available limits exceed \$10,000
- Establishing a cemetery or columbarium
- Enter a lawsuit as on of the parties involved

In addition, diocesan norms require the pastor to consult with the Parish Finance Council and request Bishop approval for all commitments of parish resources of \$10,000 and above.

The advice of the Finance Council is to be sought for all acts of extraordinary administration. The pastor must consult with his Finance Council prior to seeking approval of the Diocesan Bishop. The Finance Council members must sign a statement acknowledging awareness and their recommendation of the extraordinary act. **See Exhibit 1.** The pastor will then request approval of the Diocesan Bishop prior to performing extraordinary acts of administration (c. 1281, §1). Extraordinary acts taken without such approval of the Diocesan Bishop are invalid acts and may also be invalid from a civil law standpoint.

It should be noted that receiving consent from the Parish Finance Council on certain acts of extraordinary administration does not grant the pastor/parish life facilitator final authority to execute. The pastor/parish life administrator will receive final approval from the Bishop, and in many cases, it will be the Bishop as *A Corporation Sole* who executes the administrative act.

FINANCIAL GUIDANCE

1. The advice of the Finance Council may also be sought for acts of ordinary administration. The pastor may find it helpful to seek the advice of the Parish Finance Council even for routine actions of day-to-day administration. For example, the Finance Council may provide useful advice on strategies to reduce the cost of recurring purchases.

2. The Finance Council should participate in developing the parish annual budget. Additionally, they should recommend the final budget for approval,

and participate in the communication of the annual budget to the parish community.

3. The Finance Council should review the complete parish quarterly and year-end financial reports to the Diocese, taking care to ensure that all reports have been accurately and completely prepared. The review should include a comparison of the amounts on the reports to the financial records of the parish. There should be a detail review of the reconciliation of the change in cash position and the change in net assets from the beginning to the end of the period, as shown in **Exhibit 2** (find on diocesan website).

4. The Finance Council should review the financial statements of the parish on a quarterly basis, but more frequent review is encouraged. They should provide periodic financial reports (at least quarterly) to the Pastoral Council. The Finance Council should address significant revenue and expense variances from the approved budget, and should review actual to budget comparisons by individual program categories, such as the elementary school and religious education program. Significant variances from budgeted amounts should be investigated and explained. Expenditures that exceed \$1,000 (except for utilities and diocesan obligations) should be reported to the Finance Council at their next meeting. This can be accomplished by the Parish Finance Council reviewing the check register in identifying such items. The review and finance council's response should be documented in the meeting minutes.

5. Annually (within 45 days of year end) each parish is required to send a letter to the Diocesan Bishop and chief financial officer containing: See Exhibit 6.

- a. The date on which the previous fiscal period-end financial report was made available to parishioners,
- b. The date on which the budget for the current fiscal year was made available to parishioners,
- c. The date(s) on which interim financial statements were made available to parishioners during the previous twelve-month period,
- d. The dates on which the Parish Finance Council met during the previous twelve-month period,
- e. The names, occupations and contact information of the members of the Parish Finance Council,
- f. A statement that the previous fiscal year-end financial report to parishioners represents, to the best of the Parish Finance Council's knowledge and belief, an accurate and complete accounting of parish finances,
- g. A statement that the Parish Finance Council regularly reviews and discusses the budget and quarterly financial statements of the parish submitted to the Office of Finance,

- h. A statement that the Parish Finance Council members have read the Diocese of Charleston Parish Finance Council Handbook, acknowledging their role in the administration of the guidelines and to contact the diocesan Finance Office with concerns about any aspect of parish finances that are not being appropriately addressed,
- i. The signatures of the pastor and Parish Finance Council members attesting to the above items.

Copies of the most recent fiscal period-end published financial statements and the current fiscal year annual budget are to be submitted with the letter.

6. The Finance Council should provide assistance in the formulation and communication of the Annual Financial Report to the parish community, as required by Canon 1287, §2. The Annual Financial Report to the parish community often includes more than just financial information (e.g. description of key issues, programs and events, statistics related to church attendance, sacraments, school and religious education enrollment, etc.) Additionally, the Finance Council is to participate in the preparation of the Mid-year Financial Report to the parish community. Understandable, regular and complete communication to parishioners is a key responsibility of the pastor and an important area for the Parish Finance Council to assist. Communication keeps parishioners informed of the parish's condition, its priorities, its needs, and progress on previously announced initiatives.

7. The Finance Council should assess offertory giving levels and the effectiveness of existing fund-raising programs and recommend new programs, changes to, or the abrogation of, existing programs. They should coordinate all fund-raising programs through the diocesan Office of Stewardship, the Office of Finance and support parish and diocesan stewardship programs.

8. The Finance Council is to provide advice on the use of undesignated bequests or other unbudgeted revenue, and ensure compliance with diocesan policy that at least 50% of undesignated bequests of \$10,000 and above be invested in a parish endowment account or with the diocesan Deposit & Loan in an account in the name of the parish. As the gift is not specific in its use, this will allow for future needs and ministries of the parish to be addressed.

9. The Finance Council should review fundraising activities, such as silent auctions, dances/dinners, and concession sales for compliance with diocesan policies, including cash deposit procedures, the obtaining of required licenses, required documentation for tax filings, and the actual tax filings. Information is available at the SC Department of Revenue website: www.sctax.org.

Specifically, in the Diocese of Charleston bingo and raffles are not allowed. The College of Consultors decided at a meeting on December 18, 2007, that bingo will not be allowed as fund-raisers in the Diocese of Charleston. As for raffles, the State of South Carolina considers raffles to be a form of gambling, and the only gambling allowed in the state is the official South Carolina Education Lottery. While there has been proposed legislation that would allow various nonprofit groups - including Churches - to conduct raffles, such legislation has yet to be approved and accepted as law. Therefore within the Diocese of Charleston, no raffles are to be conducted.

If at any time during any fund-raising event, more than \$25,000 is expected to be on hand, you may wish to contact our insurer, Catholic Mutual Group, to extend the limits of theft coverage for the event. Catholic Mutual Group 843-884-9696.

A report of the financial results of the special event (i.e. revenues less expenditures equals net proceeds) should be prepared in a timely manner after the event and its financial activity has been completed. This report should be reviewed and approved at the next meeting of the finance council.

10. The Finance Council should assist the pastor in the administration of parish funds and banking arrangements. Each parish is limited in the number of bank accounts that may be established. The Finance Council should review the circumstances associated with a request for a new bank account and approve said request before it is submitted to the Chancery. This also applies to bank accounts for auxiliary groups. The Finance Council should recommend the appropriate amount of funds to be on deposit in the checking account, and in savings and investment accounts.

Parishes are not to maintain accounts outside the state of South Carolina.

The Diocese of Charleston strongly encourages parishes to deposit excess funds in the Diocesan D&L fund. As the Church of Charleston, we collectively have a mission to support the needy parishes within the State of SC.

If the parish chooses to invest outside the Diocesan D&L, each parish should utilize government-insured, interest-bearing accounts/instruments to maximize the earning power of available cash balances. The following is a list of allowable investment instruments:

- Certificates of Deposit
- US Government Instruments
- State/Municipal Government Instruments
- Money Market Funds
- Government Agency Instruments

Interest earned on a diocesan deposit account is non-assessable, whereas, interest earned on the funds in a bank is assessable revenue. Funds held in a bank are insured by the FDIC up to a maximum of \$250,000 through December 31, 2009.

11. At least one appointed member of the Finance Council is to review the bank reconciliation, bank statements and canceled checks for all parish bank accounts at least four times per year. The following observations should be made or confirmed:

- The pastor must open the bank statements and review the cancelled checks and deposit receipts for any irregularities
- The ending balance of the bank reconciliation should equal the cash balance on the balance sheet and the checkbook at the end of each month
- The pastor's initials should be noted on the reconciliation indicating he has reviewed it and is in agreement
- The outstanding checks, deposit activity and canceled checks should be reviewed for obvious inconsistencies
- Scan the deposit and charges to the bank account as reflected on the monthly bank statements for any inconsistent or unusual deposits or charges.

12. The Finance Council should assist the pastor in establishing and managing a parish endowment program, insuring that the purposes of endowments are well-defined and consistent with the long-term needs and life of the parish. The pastor and Finance Council must obtain approval from the Bishop of Charleston to accept a gift or bequest with any defined restrictions of use. As restricted gifts are approved for acceptance by the Bishop of Charleston, the pastor and Finance Council must ensure that the parish formally accepts the funds from the donor, and the restricted funds are spent consistent with the donor restriction(s).

13. The Finance Council should review any indebtedness of the parish and assist the pastor in fulfilling his obligations under canon 1284, §2, 5°, i.e. to "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." Planning for debt repayment should be an integral part of the budget process. The Finance Council should review the circumstances associated with, and the plan for repayment of, any plan to incur additional debt. The Finance Council must approve the request before it is submitted to the Diocese.

14. The Finance Council assists the pastor in planning for repair, replacement, or service of property and equipment to ensure that the parish buildings and property are adequately maintained. 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.

15. The Finance Council should review the parish's internal controls and accounting procedures utilized by the parish. To do so they should become knowledgeable of the financial policies and procedures contained in The Diocese of Charleston Financial Policies and Procedures Manuals for Parishes and Schools (the Manual), as appropriate. The Finance Council should review procedures for parish operations, the parish school and other parish organizations or programs, as well as auxiliary associations, to determine compliance with the Manual and whether proper accounting practices and internal control procedures are in place, and whether the parish is in compliance with all statutory requirements. They should also advise and assist parish staff in the implementation of policies and procedures. If written procedures do not exist at the parish, the Finance Council should participate in the development of written procedures for cash receipts, cash disbursements, administration of cash activity (including offertory procedures), and payroll.

16. Diocesan policy stipulates that two adult members of the parish who are active in parish life, in good standing, and having prudence and upright character and skilled in business affairs and in accounting shall be chosen each year by the pastor or administrator of the parish to act as auditors of the parish to examine and approve the annual financial report. Ideally, parish auditors should not be members of the finance council, the parish council, or relatives of members of these councils in order to avoid any question of conflict of interest in the deliberations of the council. **See Exhibit 3** (find on diocesan website). This is a guideline to review key areas of the parish's financial activity.

The pastor and Parish Finance Council have the option of a more extensive review to be performed by the parish auditors by following the Parish Financial Services office audit plan; or the parish may elect to contact an external accounting firm for an audit to be conducted. The Office of Finance can assist in providing guidance in this area.

17. The Finance Council should review the activities and financial reports of all parish auxiliary groups. Each auxiliary group is required to submit a quarterly financial statement to the pastor, consisting of all revenues and expenses, and a reconciliation of the quarterly activity to the beginning and ending cash balances. The Finance Council is to assess the accounting practices and internal control procedures in use to insure compliance with diocesan policies and is to review the activities of the auxiliary groups to ensure that they are not jeopardizing the tax-exempt status of the parish.

18. The Pastor and Finance Council will be notified by the Finance Office of the Diocese of Charleston of any complaints received with regard to the Conflict of Interest, Whistleblower or Fraud policies of the Diocese of Charleston, and provide recommendations on what the parish needs to do to comply with said diocesan policies with respect to reporting and prevention.

19. The Finance Council should provide advice on hiring and evaluating a business manager, accountant or similar position. Every parish according to its needs should consider employing a lay Business Administrator. The qualifications and credentials for the consideration of this position might be:

- Four-year degree in business management, financial management or accounting
- Experience in managing a business office or financial department, particularly with regards to personnel matters of employment, corrective action, termination, benefits, etc.
- Knowledge and expertise of accounting practices
- Oversight of maintenance and upgrading of facilities, grounds, vehicles
- Coordination of parish staff and volunteers
- Oversight of implementation and compliance of risk management practices for parish campus

The determination to staff the position of the lay Business Administrator should be considered on a parish by parish basis for financial viability and benefit. It is strongly encouraged that each parish performs a thoughtful review and discussion of the merits of employing a lay Business Administrator whether on a full-time, part-time or volunteer basis.

MEMBERSHIP

The Parish Finance Council is about the life of a community of faith and, as such, its members should be practicing members of that community of faith. The Pastor may use his discretion in the selection of reputable, qualified members from the parish community. The Pastor is an ex officio member of the Parish Finance Council.

1. Representation

Members should be selected from the parish community and reflect its diversity. Where appropriate, outside advice and counsel may also be engaged to obtain needed specific expertise. A membership application form should be completed and submitted confidentially to the pastor for review and selection. **See Exhibit 4.**

Members of the Parish Finance Council should be chosen based on demonstrable skills or expertise in management and/or finance. Skill sets to consider include business, law, accounting, and communications. Additionally, persons with professional knowledge and experience in engineering, construction, maintenance, and purchasing could also make a significant contribution and should be recruited when available. 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. A parish "Time, Talent, and Treasure" survey may be helpful in identifying parishioners having the desired skills and willingness to serve.

2. Number of Members

Membership should consist of no less than three members. A quorum shall consist of the majority of members. It is recommended that the Parish Finance Council have an odd number of members and that, except for unusual circumstances, membership be capped at nine voting members.

3. Officers

The officers of the Parish Finance Council shall be a Chairperson and a Secretary. The pastor shall appoint the Chairperson after the members have gone through a period of discernment.

The Chairperson will preside in a parliamentary manner at all meetings and, in consultation with the pastor, will be responsible for selecting the time and location of meetings, preparing the meeting agenda, and any other duties so assigned by the pastor.

The Secretary will be responsible for the recording and distribution of minutes, notifying members of upcoming meetings, maintaining a permanent record of

each member's tenure and of business conducted by the Parish Finance Council, and any other duties so assigned by the Chairperson or pastor.

4. Conflicts of Interest / Preclusion to Membership

Parish Finance Council members owe the parish a duty of loyalty. The duty of loyalty requires a Parish Finance Council member to act in the interest of the parish rather than in the personal interest of the member or any other person or organization. In particular, the duty of loyalty requires a Parish Finance Council member to avoid conflicts of interest that are detrimental to the parish.

A person is ineligible to serve as a member of the Parish Finance Council if they, a family member or related business render other services to the parish whether paid or unpaid.

On an annual basis Parish Finance Council members should confirm, in writing, that there are no known conflicts of interest, or disclose any potential conflict of interest, such as a financial interest that the individual, or a member of the individual's family, has in an entity that transacts business with the parish. **See Exhibit 5.** In the event a change in circumstances gives rise to a real or potential conflict of interest, the situation should be disclosed in writing and submitted to the pastor on a timely basis. See Policy.

No parish employee or family member of an employee or relative of the pastor or any parochial vicars may serve on the 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. The role of the Parish Finance Council should not be vitiated.

No person may serve on the Parish Finance Council at the same time as a closely related person (e.g. husband and wife, mother and son, etc.).

5. Role of Parish Employee

Parish employees are not members of the Parish Finance Council; however, they may serve as staff to 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 and timely information including financial reports (balance sheet, income statement, check register, budget to actual comparisons, debt service schedules, investment schedules, and status reports on fundraising activities) to review. The parish accountant (or Business Manager or bookkeeper) should normally attend meetings in a consultative, nonvoting capacity. Likewise, when parish buildings and grounds are to be discussed, it is appropriate for staff responsible for these functions to attend the meeting.

6. Terms

Members are to be appointed by the pastor for fixed terms of three years, and may be reappointed to a second term after which the member should rotate off the Parish Finance Council for at least one year. The pastor may assign or remove a parish finance council member at his discretion. 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.

When a pastorate becomes vacant, a Parish Finance Council should remain in place to assist the administrator and to provide continuity throughout the transition. After a period of discernment, the Parish Finance Council should offer their resignations. The pastor/administrator would then enlist a new Parish Finance Council membership through a selection process of the pastor's choosing. Membership in the Parish Finance Council is subject to the discretion of the pastor/administrator.

MEETING PROTOCOLS

1. Scheduled Meetings

Meetings should be scheduled in advance for a specified period, typically a year. Meetings must be held no less frequently than once a quarter, but preferably monthly. As the purpose of the Parish Finance Council is to provide advice and support to the pastor, the pastor should be present at all Parish Finance Council meetings.

The Finance Council and pastor should formulate a communication method among members to address Parish Finance Council matters between meetings.

2. Use of Agendas and Review Materials

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

3. Recording of Meeting Minutes

Minutes should be recorded by the Parish Finance Council Secretary, circulated among the members for their review and officially accepted by majority vote. They should be archived as part of the parish permanent record.

4. Confidentiality

Members should maintain confidentiality on those matters designated as confidential, including employee salaries and parishioner contributions. Materials such as agendas, meeting minutes, and review materials should not be disclosed to others if designated as confidential.

5. Visitors/Communications

Parish Finance Council meetings are typically open to the parish community. If there are sensitive or confidential matters to address, a special session can be scheduled that is not open to the parish community. It is appropriate to keep the entire parish community informed of major issues. This could be accomplished via letters, bulletin articles, pulpit announcements, and/or publication of meeting minutes. The Finance Council should advise the pastor on the best ways to keep the parish informed and involved in key issues and decisions facing the parish.

6. Record Retention

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

SUBCOMMITTEES

It may be appropriate to establish subcommittees to deal with specific responsibilities and duties. The magnitude and complexity of the different subcommittees depends upon the size, resources, obligations, and needs of each particular parish. The subcommittees may be composed of either, or both, Finance Council members and non-Finance Council members. The subcommittees may be permanent or limited in duration to the accomplishment of a specific assignment. The Finance Council coordinates the work of these subcommittees.

The work of the subcommittees may encompass the following:

1. 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. The approved budget should be published and made available to parishioners.

To assist other programs and ministries in preparing and submitting their annual budgets to the parish.

To study parish revenue and make recommendations for maintaining and increasing revenues in order to meet parish objectives and priorities; and to monitor contribution trends.

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 (at least twice a year), comprehensive reports on the parish's financial position, including a statement of activity and balance sheet.

To review internal controls and offertory procedures, and prepare recommendations for improved procedures.

To ensure that bank reconciliations are regularly completed within 10 days after each bank statement is received; and to review the bank statements, returned checks (or check facsimiles), and reconciliations at least four times per year.

To educate parishioners about stewardship and the need for parish involvement and support. If a parish has a separate stewardship committee this responsibility would fall to that committee.

To identify cost-cutting measures when necessary.

2. Facilities and Maintenance Subcommittee

To advise the Pastor regarding the results of quarterly inspection of all parish facilities.

To recommend repairs or replacements based on priorities established by these inspections.

To develop a detailed inventory of all parish assets in accordance with Canon 1283, §2 and update the inventory on an annual basis.

To assist in the development of guidelines concerning the use of parish facilities.

To assist in the development of parish energy conservation programs. develop teams of parishioners who will donate time and talent for parish maintenance tasks, taking note of the extent to which such work is allowed to be performed by volunteers under the guidelines of the diocesan risk management and insurance programs.

To review the parish's risk management and loss prevention reports in order to ensure corrective action is taken where necessary.

To ensure that the safety and security of the parish campus is addressed and reviewed regularly.

3. Financial Planning and Development Subcommittee

To provide long-range planning for both the financial and physical needs of the parish, by working closely with the budget and maintenance subcommittees, the Parish Pastoral Council, and other parish organizations.

RELATIONSHIP TO PASTORAL AND OTHER COUNCILS

The development of the parish pastoral plan is the work of the pastor with the assistance of the pastoral and parish finance councils. Communication between the two councils is essential to share information regarding the parish finances in order to implement the pastoral plans and priorities.

It is the role of the pastoral council to assist the pastor in prioritizing the goals of each commission as part of the pastoral planning process. Based on these goals, the various commissions prepare budgets for review by the parish finance council.

It is the responsibility of the parish finance council to determine the adequacy of resources to fund the activities of the commissions, specific parish ministries and operating expenses of the parish. If there is a budget shortfall, the finance and pastoral councils should collaborate to offer the pastor solutions to the matter.

Ultimately, it is the role of the parish finance council to recommend the final budget to the pastor for his approval.

To maintain open communication, it is recommended that a person from the pastoral council serve as an ex-officio member on the finance council. The finance council, likewise, should appoint an ex-officio member to the pastoral council.

An appropriate means of communication should be developed between the Parish Finance Council and other parish groups and 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.

PARISH FINANCE COUNCIL HANDBOOK GLOSSARY

ADMINISTRATION

To administer – to protect temporal goods, to help them bear fruit (e.g., revenue), and to use them for their proper ends

- 1) Ordinary administration – actions which are considered to be necessary for the daily operation and maintenance of the property and work of a juridic person.
- 2) Acts of major importance – A category of acts of administration pertaining to the juridic person of a diocese. Such acts are the more significant ones and are determined by the Diocesan Bishop in light of the economic condition of the diocese. (See Canon 1277).
- 3) Extraordinary – Actions which because of their nature, importance, or financial value, exceed the limits of the routine administration of the goods and activity of a juridic person. Such acts often require the permission of a higher authority.
- 4) Alienation of temporal goods – The juridical transfer, with or without compensation, of the ownership or interest in real estate or other property to another.

CHURCH

“In the following canons (of Book V), the term Church signifies not only the universal Church or the Apostolic See, but also any public juridic person in the Church unless it is otherwise apparent from the context or the nature of the matter.” (Canon 1258)

COLLEGE OF CONSULTORS – This small group of priests is appointed by the Diocesan Bishop from among the members of the presbyteral council for a narrow range of specific responsibilities (Canon 502). The college plays a key role when the diocesan see is impeded or vacant (Canons 421, 272, 413, 419, 422, 485, 501) and in major decisions related to finances (Canons 494, 1277, 1292). The college of consultors has from six to twelve members and serves for a five-year term. The bishop presides over meeting of the consultors (Canon 502).

ECCLESIASTICAL GOODS

“All temporal goods which belong to the universal Church, the Apostolic See or other public juridic persons in the Church are ecclesiastical goods and are governed by the following Canons (of Book V) and their own statutes.” (Canon 1257 s 2)

Classification of Ecclesiastical Goods – The 1917 Code and canonical tradition distinguished a number of categories to classify temporal goods, many of which are also found in the 1983 Code:

- 1) Corporeal goods – goods which are palpable or that can be perceived by the senses; i.e. a church, hospital, automobile
Incorporeal goods – goods which are not palpable and cannot be perceived by the sense but only by the mind; i.e. legal rights, patents, stocks
- 2) Immovable goods – corporeal goods which cannot be transferred from place to place naturally; i.e. land, buildings, or legally; i.e. doors, plumbing, windows
Movable goods – corporeal goods which can be transferred from place to place; i.e. merchandise, livestock, automobiles; these are further distinguished as:
 - a. fungible movable goods – movable goods which may be replaced in kind and which are consumed when used; i.e. grain, vegetables, fruit

- b. non-fungible movable goods – movable goods which are not consumed by their first use; i.e. automobiles, furniture, computers
- 3) Sacred goods – goods designated for divine worship by dedication or blessing (see Canons 1171, 1205)
Profane goods – goods which are not sacred
- 4) Precious goods – goods distinguished by age, art, material, or veneration (see Canon 1189)
Non-precious goods – goods which are not precious

PERSONS: MORAL, PHYSICAL, JURIDIC

Persons are subjects of rights and obligations. The Latin Code distinguishes three kinds of persons:

- 1) Moral persons – these come into existence without the intervention of any legal authority. The code recognizes two such moral persons: the Catholic Church, and the Apostolic See (Canon 113 s1).
- 2) Physical persons – Individuals who have, through baptism, acquired a number of rights (and corresponding obligations) in the Church (Canon 96). These rights and obligations of physical persons may be exercised according to their status; for instance, depending on whether or not they are infants, minors, or adults; whether they are subject to ecclesiastical penalties; whether they have, through religious profession or some other type of commitment, renounced the exercise of certain rights.
- 3) Juridic persons – “artificial” persons who, in canon law, are subjects of rights and obligations, which are in accord with their nature (Canon 113, s2). Like a corporation in the secular world, a juridic person is a fiction of law. It is established to carry out works which transcend the purposes and capacities of individuals (Canon 114, s1), and, by its nature is perpetual (Canon 120, s1). The competent legislator intervenes to bring it into existence, and, if necessary, to modify or even to suppress it.

PRESBYTERAL COUNCIL – A body of priest, like a senate of the bishop, representing the presbyterate who aids the bishop in the governance of the diocese according to the norm of law in order that the pastoral welfare of the portion of the people of God entrusted to him may be promoted as effectively as possible.

STEWARDSHIP - the careful and responsible management of something entrusted to one's care

TEMPORAL GOODS

According to Canon 1254 s.1,2 (of Book V), To pursue its proper purposes, the Catholic Church by innate right is able to acquire, retain, administer, and alienate temporal (lay or secular) goods independently from civil power. The proper purposes are principally: to order divine worship, to care for the decent support of the clergy and other ministers, and to exercise works of the sacred apostolate and of charity, especially toward the needy.

Appendix

References – Canons 1281-1288

Canon 1281

§1 – With due regard for the prescriptions of their statutes, administrators invalidly posit acts which go beyond the limits and procedures of ordinary administration unless they first obtain written authority from the ordinary.

§2 – The acts which go beyond the limits and procedures of ordinary administration are to be defined in the statutes; if, however, the statutes do not mention such acts, it is within the competence of the Diocesan Bishop to determine such acts for persons subject to him after he has heard the finance council.

§3 – Unless and to the extent that it is to its own advantage, a juridic person is not held to answer for acts invalidly posited by its administrators. A juridic person, however, is responsible for acts illegitimately but validly posited by its administrators with due regard for the right to sue or to have recourse against administrators who have damaged it.

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.

Canon 1283 – Before administrators take office:

- 1° – they must take an oath before the ordinary or his delegate that they will be efficient and faithful administrators;
- 2° – they are to prepare, sign and subsequently renew an accurate and detailed inventory of immovable goods, movable goods, either precious or of significant cultural value, or other goods along with a description and appraisal of them;
- 3° – one copy of this inventory is to be kept in the archives of the administration; the other, in the curial archives; any change whatever which the patrimony may undergo is to be noted on each copy.

Canon 1284

§1 – All administrators are bound to fulfill their office with the diligence of a good housekeeper.

§2 – For this reason they must:

- 1° – take care that none of the goods entrusted to their care is in any way lost or damaged and take out insurance policies for this purpose, insofar as such is necessary;
- 2° – take care that the ownership of ecclesiastical goods is safeguarded through civilly valid methods;
- 3° – observe the prescriptions of both canon and civil law or those imposed by the founder, donor or legitimate authority; they must especially be on guard lest the Church be harmed through the non-observance of civil laws;
- 4° – 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;
- 5° – 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;
- 6° – with the consent of the ordinary invest the money which is left over after expenses and which can be profitably allocated for the goals of the juridic person;
- 7° – keep well ordered books of receipts and expenditures;
- 8° – draw up a report on their administration at the end of each year;
- 9° – duly arrange and keep in a suitable and safe archive the documents and deeds upon which are based the rights of the Church or the institution to its goods; deposit authentic copies of them in the archive of the curia when it can be done conveniently.

§3 – 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 more precisely how they are to be presented.

Canon 1285 – Within the limits of ordinary administration only, it is permissible for administrators to make donations for purposes of piety or Christian charity from movable goods which do not pertain to the stable patrimony.

Canon 1286 – Administrators of goods:

- 1° – are to observe meticulously the civil laws pertaining to labor and social policy according to Church principles in the employment of workers;
- 2° – are to pay employees a just and decent wage so that they may provide appropriately for their needs and those of their family.

Canon 1287

§1 – Both clerical and lay administrators of any ecclesiastical goods whatsoever which have not been legitimately exempted from the governing power of the Diocesan Bishop are bound by their office to present the local ordinary with an annual report, which in turn he is to present to the finance council for its consideration; any contrary custom is reprobated.

§2 – Administrators are to render an account to the faithful concerning the goods offered by the faithful to the Church, according to norms to be determined by particular law.

Canon 1288 – Administrators are neither to initiate nor to contest a lawsuit on behalf of a public juridic person in civil court unless they obtain the written permission of their own ordinary.

Definition: A juridic person is an artificial person constituted by competent ecclesiastical authority for an apostolic purpose, with a capacity for continuous existence and with canonical rights and duties like those of a natural person. Like a civil-law corporation, it is a legal construct which can and must be conceived of apart from the natural persons who constitute it, administer it, or for whose benefit it exists. Of its nature, a juridic person is perpetual and, once established, it can outlast all natural persons or material goods which formed it.

Canon Law - The Administration of Temporal Goods presentation, DFMC October 2008, Rev. Francis G. Morrissey, OMI, St. Paul University, Ottawa, Ontario, Canada

Recommended Reference Materials:

Church Finance Handbook edited by Kevin E. McKenna, Laurence A. DiNardo, Joseph W. Pokusa; published by Canon Law Society of America

Income Taxes for Priests Only by Wayne Martin Lenell, CPA, Ph.D. Contact information: www.nfpc.org; phone: 312-442-9700; fax 312-442-9709

Votum Concerning Extraordinary Acts

Of

[PARISH NAME]

[DATE]

I, _____, a member of the Parish
Finance Council of the parish of _____ having
heard the pastor of noted parish concerning the important factors about the
extraordinary act of _____
for the noted expenditure of \$ _____. During the discussion, I
expressed my opinion _____ in favor **OR** _____ not in favor (check
one) of the extraordinary act.

Signature _____

Exhibit 2

CHANGE IN CASH POSITION AND NET ASSETS

Click on the embedded spreadsheet below. Save on your parish hard drive and rename with the Parish Name and Period ending date. For example: St. John_033108.



H:\Parish Policy &
Procedure\Change in

Exhibit 3

PARISH AUDITOR CHECKLIST

Click on the embedded spreadsheet below. Save on your parish hard drive and rename with the Parish Name and Period ending date.
For example: Parish Auditor Checklist St. John_033108.



H:\Parish Policy &
Procedure\Parish Auc

**PARISH FINANCE COUNCIL
MEMBERSHIP APPLICATION FORM**

Name: _____

Address: _____

Telephone: daytime: _____ evening/weekend: _____

E-mail address:

1. At which parish are you a registered member? _____

How many years have you been a registered parishioner in this parish? _____

2. What is your occupation? _____

3. List any parish ministries and the dates of service in which you serve, or have served, at this parish or any service in parish or in the diocese:

4. List any secular community service:

5. Please indicate any of your education or formation experience you think would be helpful to this particular ministry.

6. What gifts or skills would you offer as a member of the finance council?

7. In a few sentences, please state why you are interested in serving on the parish finance council.

8. What is your age range: (please check)

18-25 26-35 36-50 51-65 65 and over

9. Marital Status: (please check)

Single Married Divorced Widowed

If presently married, spouse's name and religion:

If divorced and remarried, status of annulment:

Thank you for taking the time to respond to these questions and to offer your service to the pastor. Your responses are confidential and will be reviewed by the pastor only. Please seal your application in an envelope, marked confidential, to the attention of the pastor. You may mail it to the parish or put it in the collection basket.

**DIOCESE OF CHARLESTON
CONFLICT OF INTEREST INFORMATION FORM**

Parish Name: _____

Name: _____

Date: _____

Please describe below any relationships, positions, or circumstances in which you are involved that you believe could contribute to a Conflict of Interest (as defined in the Parish Finance Council Guidelines policy on Conflicts of Interest) arising.

I hereby certify that the information set forth above is true and complete to the best of my knowledge. I have reviewed, and agree to abide by, the Policy of Conflict of Interest of [Parish Name] that is currently in effect.

Signature _____ **Date:** _____

(Insert date)

Rev. Msgr. Martin T. Laughlin
c/o Parish/School Accounting
1662 Ingram Road
Charleston, SC 29407

Re: Annual Report for (insert parish name)

Dear Msgr. Laughlin,

Enclosed please find the annual financial report of (insert parish name) for the year ended June 30, 20xx.

The Finance Council of our parish is comprised of the following individuals:

Name	Occupation/Title	Phone Number	Mailing Address	E-Mail Address

The Finance Council met on the following dates in 20xx:

The parish budget for the year ending June 30, 20xx was approved by the Finance Council at its (insert date) meeting. A summary of this budget will be presented to the parish (insert date) by use of (insert method of communication i.e., insert in bulletin, brief oral report at each mass etc.) by the Chairman of the Finance Council. A summary of the annual report will be given to the parish at the same time.

The annual Internal Control Questionnaire was completed for and forwarded to the Department of Parish/School Accounting on (insert date).

Attached is a statement signed by me and members of the Finance Council confirming that we have met, developed and discussed the financial statements and budget of the parish.

We submit this information as faithful members of (insert name) parish and diligent stewards of the faith.

(Signature of pastor/administrator)
(Printed name of pastor/administrator)

(Name of parish)
Annual Statement
June 30, 20xx

We the Pastor/Parish Administrator and Finance Council of (insert name) parish have met, developed and discussed the financial statements of the parish for the year ending June 30, 20xx and the budget for the year ending June 30, 20xx.

Signature of Finance Council Member #1

Signature of Finance Council Member #2

Signature of Finance Council Member #3

Signature of Finance Council Member #4

Signature of Finance Council Member #5

Signature of Finance Council Member #6

Signature of Finance Council Member #7

Signature of Finance Council Member #8

Signature of Pastor/Administrator