

**ROMAN CATHOLIC
ARCHDIOCESE OF ATLANTA
PARISH FINANCE COUNCIL
GUIDELINES**

**ISSUED February 4, 2009
Last Revision: October 18, 2010**

TABLE OF CONTENTS

PAGE

INTRODUCTION AND BACKGROUND	3
COMPETENCE	3
MEMBERSHIP	4
MEETING PROTOCOLS	6
RESPONSIBILITIES	7
RELATIONSHIP TO PASTORAL AND OTHER COUNCILS	10
 <u>APPENDIX</u>	
APPENDIX 1 – CANONS 1281-1288 FOR REFERENCE	11
APPENDIX 2 – YEAR END PARISH CERTIFICATION LETTER	14

INTRODUCTION AND BACKGROUND

These guidelines are designed to aid Pastors and Finance Council members in the effective functioning of a Parish Finance Council, which is to support the Pastor in his stewardship of parish resources while being accountable to the parish and the Archbishop. 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 responsibility for the temporal affairs of the parish

In the administration of temporal goods of the parish, Canon 532 defines the role of the Pastor as the authoritative representative of the parish:

“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 establishes the Parish Finance Council as a mandated body having an advisory and consultative role with the Pastor:

“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.”

So, every parish is required to have a Parish Finance Council. In addition, the decree of the Synod of the Archdiocese of Atlanta, 1966, mandates as particular law a Finance Council in each parish. Also, the Archbishop issues norms and policies from time to time which state the expectations he has for temporal administration so that Pastors and parishes can comply with his wishes. The current document is an attempt to furnish the “norms” references in Canon 537.

COMPETENCE

Under Canon Law the Pastor has the responsibility for parish financial and temporal management,¹ and is required to make an annual report to the Archbishop [can. 1287, #1] The Parish Finance Council is a consultative body that assists the Pastor in meeting these obligations. It does not have decision making authority. Consultation, however, is at the heart of the decision-making process – sharing information, listening, contributing to the discussion, and promoting consensus.

The Pastor is not obliged to follow the recommendations of the Finance Council, but it would be unwise to act against such advice, especially when there is consensus, unless there is an overriding reason. Common sense would say that, when acting contrary to its recommendations, the Pastor should provide an explanation of the reasons for his decision.

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

¹ See canons 528 through 535 for a fuller listing of the Pastor’s responsibilities.

In order to be effective in their responsibilities as members of the Parish Finance Council, members should have a love for the Church as well as a thorough understanding and working knowledge of the parish's mission, goals, structure, demographics, and other resources.

MEMBERSHIP

The Parish Finance Council is about the life of a community of faith so its members ordinarily should be practicing Catholics. The Pastor uses his discretion in the selecting reputable, qualified members from the parish community. Since the Finance Council is advisory to the Pastor, it is inappropriate for him to be listed as a "member." He may choose to preside over the Parish Finance Council personally or elect another means of establishing a presiding officer. In the ideal, members shall have a limited term both to provide for continuity and rotation.

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.

Members should be chosen based on 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 banking, computer systems, fundraisers, marketing, property management, 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. Prospective members should have demonstrated financial and business management backgrounds. 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

The Council should have at least three members and it would be wise to have no more than nine members to prevent its operations from becoming unwieldy. Since it is an advisory body, a quorum is not an issue. However, for matters of greater importance, it is wise to ensure that there is an actual majority of the members present.

3. Officers

The person who chairs the meeting should do so 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 and providing the meeting agenda in advance of the meeting, and any other duties so assigned by the Pastor or the committee.

A Secretary should be appointed to keep accurate records, and minutes of the proceedings of the Council, including a record of attendance by members.

4. Conflicts of Interest

No parish employee or family member of an employee or relative of the Pastor or any parochial vicars may serve on the Finance Council. Such people, however, may assist in an advisory capacity. To the extent possible, Parochial Vicars should be invited to attend meetings as a way of exposing them to the administration of the temporalities of the parish.

Members of the Finance Council should not serve in other capacities in the parish which would conflict with their duties as members of the Council. Likewise, no person should serve on Finance Council at the same time as a closely related person (e.g. husband and wife, parent and child, etc).

5. Role of Parish Employee

Parish employees should not be considered members of the Parish Finance Council; however, they may serve as staff to support the Finance Council and 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, 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.

6. Terms

Members should be appointed for fixed terms. It is helpful to stagger the terms so that there is continuity of service and no disruption to the function of the Finance Council. Vacancies by reason of death, resignation or inability to serve on the Finance Council for other cause should be filled through appointment by the Pastor for the remainder of the original term. Terms should be limited, but not so limited as to impede the effectiveness of the members, for example, about three years.

If the Pastor is incapacitated, or reassigned, the Parish Finance Council should continue working for the benefit of the parish and to provide continuity throughout the transition. The newly assigned pastor has the option of confirming the members of the Council, or may elect to recreate it. Ordinarily, however, it would be unwise simply to dismiss the members without having worked with them for a period of at least some months.

Since it is consultative to the Pastor, ordinarily the Council should not meet in the absence of the Pastor. If it becomes evident that the Pastor is missing meetings unduly and without what appears to be a valid cause, the members of the Council have a duty to notify the Archdiocese or a Vicar General about that fact.

The Pastor would always retain the right to remove a member of the finance council prior to the expiration of his or her term of appointment. In the ideal, removal should always be for cause, e.g. missing a majority of the meetings.

MEETING PROTOCOLS

1. Scheduled Meetings

Meetings should be scheduled in advance for a specified period, typically a year. Meetings should be held no less frequently than once a quarter. More frequent meetings are an option, especially if local circumstances dictate it. 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.

2. Use of Agendas and Review Materials

An agenda should be prepared in advance of the meeting by consultation between the Pastor and Parish Finance Council Chairperson. 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 permanently retained in the parish archives.

4. Confidentiality

Members are obliged to 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. Violation of this confidentiality would be a cause for dismissal of a member.

5. Communications

It is appropriate to keep the entire parish community informed of major issues. In fact, it is a requirement of Canon Law [can. 1287, #2] that the Pastor “render an account to the faithful concerning the goods offered by the faithful to the Church.” This could be accomplished via letters, bulletin articles, pulpit announcements, and/or publication of meeting minutes. The Finance Council can 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 in accordance with Archdiocesan guidelines.

RESPONSIBILITIES OF THE PARISH FINANCE COUNCIL

Extraordinary Administration

The advice of the Finance Council is to be sought for all acts of extraordinary administration. It is an archdiocesan norm that the pastor must consult with his Finance Council prior to applying for approval of the Archbishop.

Extraordinary acts taken without approval of the Archbishop are invalid in canon law. The problem is that they may not be invalid according to the law of Georgia since the pastor is acting under the “color of authority” so that others have a right to depending on his representations. That fact leaves the pastor open to a claim in canon law, if not in civil law, for any damage that may be caused to the parish. Examples of extraordinary acts of administration include but are not necessarily limited to: the acquisition or alienation of real property, the entering of a real estate lease, the collateralization or mortgaging of real property, the signing of certain contracts, the sale of religious artifacts that would be considered part of the parish’s patrimony (e.g. stained glass windows). Below is an attempt to compile the norms of the archdiocese established in accordance with Canon 532.

COMPILED NORMS OF THE ARCHDIOCESE OF ATLANTA

§20.11.1 Expenditures above a certain limit require prior approval from the Archdiocesan Finance Office. Effective January 6, 1994 the limits shall be:

1. If the annual offertory income of the parish exceed \$1,000,000, the limit will be \$50,000;
2. If the annual offertory income of the parish is between \$500,000 and \$1,000,000, the limit will be \$20,000;
3. If the annual offertory income of the parish is below \$500,000, the limit will be \$10,000.

The authorization to spend up to the above limits for extraordinary items does not negate the need for contract review and approval by the Chancery and Catholic mutual.

Ordinary Administration

1. The advice of the Finance Council should 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, while the purchase of ordinary amounts of office supplies is a routine activity, the Finance Council may provide useful advice on strategies to reduce the cost of such recurring purchases.

2. The Finance Council should ensure that a detailed inventory of assets is maintained.

3. The Finance Council should advise the Pastor on the management of parish operating accounts and D&L savings accounts and recommend the appropriate amount of funds to be on deposit in those accounts.

4. The Finance Council should review the parish internal controls and accounting procedures, including bank account reconciliations, bank statements and cancelled checks as necessary, depending on the availability and competence of parish staff, assist in the development of a sound system of internal controls, and ensure financial policies are implemented. In smaller parishes where these functions may be provided by a volunteer or volunteers, such persons should not be designated as member of the Finance Council.

5. Members should become knowledgeable of The Roman Catholic Archdiocese of Atlanta Best Practices for Parishes. The Pastor should ensure Finance Council members are provided a copy of the Best Practices and all internal audit reports.

6. The Finance Council should assist the Pastor in developing a parish long term, strategic plan for capital improvements and funding sources for capital reserves and savings accounts. They should ensure a plan is in place for the care and maintenance of all parish facilities.

7. 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.

Annual Budget

The Finance Council should participate in developing and implementing the parish annual budget. They should assist in establishing timelines for the operating and capital budget for parish operations, ministries, and organizations. Parish ministries and organizations should present their plans and a summary of expected receipts and disbursements to the Council during the planning process. They should ensure the budget is prepared in accord with Archdiocesan chart of accounts and reporting formats. Additionally, they should recommend any budget changes to the Pastor, recommend the final budget for approval, and participate in the communication of the annual budget to the parish community including parish ministries and organizations.

The Finance Council 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 preschool, and religious education program. Significant variances from budgeted amounts should be investigated and explained.

Income

The Finance Council should monitor offertory trends and assess offertory giving levels and the effectiveness of existing fundraising programs and recommend new programs, changes to, or the abrogation of existing programs. It should avoid becoming involved in actual administrative activities but should coordinate with the Stewardship Committee.

The Finance Council should gain an understanding of unrelated business income tax. The Finance Council should periodically review fundraising activities for compliance with Archdiocesan policies, including cash receipt and remittance procedures, obtaining required licenses, required documentation for tax filings, and the actual tax filings.

Debt

The Finance Council should review any indebtedness of the parish and assist the Pastor in fulfilling his obligations under Canon 1284, §2, 5°. 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.

Parish Finance Employees

The Finance Council should provide advice on hiring and evaluating a Business Manager, Bookkeeper, or Accountant or similar position. Note: Archdiocesan Finance Office is required to interview the prospective candidate for a parish financial position prior to hiring or volunteering.

Reports

Parish

The Finance Council should review the complete parish monthly financial reports to the Archdiocese ensuring that all reports have been accurately and completely prepared and submitted timely to the Archdiocesan Finance Office

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. Understandable, regular and complete communication to parishioners is a key responsibility of the Pastor and the Finance Council can assist as it pertains to temporalities. Communication keeps parishioners informed of the parish's condition, its priorities, its needs, and progress on previously announced initiatives.

Archdiocesan

The Finance Council should assist in the timely submission of the Year End Parish Certification Letter to the Archbishop. The form of the letter is included in Appendix 2 and is due within 90 days of the end of the fiscal year. The letter includes certification by the Pastor, Business Manager and Finance Council Members that:

- a. Year-end financial statements were made available to the parishioners.
- b. To the best of your knowledge, the financial reports accurately reflect the financial condition of the parish.
- c. The parish Finance Council reviewed and approved the financial statements.
- d. None of you know of any credible reports, which have not been reported to the Archbishop or his staff, of financial fraud, abuse or misappropriation.
- e. None of you, or any members of your families, have engaged in any activity with the parish from which you could personally benefit and be considered a conflict of interest without fully disclosing the conflict to the pastor or the full Finance Council.

Additionally, the letter should contain:

1. The names and occupations of the members of the Parish Finance Council.
2. The dates on which the Parish Finance Council met during the year.
3. Copies of the most recent fiscal year end published financial statements and the current fiscal year annual budget.
4. The signatures of the Pastor and Parish Finance Council members attesting to the above items.

RELATIONSHIP TO PASTORAL AND OTHER COUNCILS

The development of the parish pastoral plan is the ideal time for the Pastoral and Finance Councils to collaborate in outlining the goals of the parish. 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 prioritize 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 advise on 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 short-fall, the Finance and Pastoral Councils should collaborate to resolve 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. The Pastoral Council provides its plan and meeting minutes to the Finance Council and the Finance Council provides periodic financial reports 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.

APPENDIX

APPENDIX 1 – CANONS 1281-1288 FOR REFERENCE

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.

APPENDIX 2 YEAR END PARISH CERTIFICATION LETTER

Annual Report of Fiscal Year 200X-200Y

Parish Name

Archbishop Gregory,

As Pastor of YYY Catholic Church, and in accordance with the provision of Canon 1287, #1, C.I.C., I am pleased to submit this annual financial report to you. Also, I am pleased to inform you that, in accordance with the same Canon, #2, I have published to the faithful of this parish a report on the finances of the parish.

I am assisted in the temporal administration of the parish by my Finance Council and my Administrative Staff.

In submitting this report, each of the undersigned joins me in affirming that:

- To the best of our knowledge, the financial reports accurately reflect the financial condition of the parish.
- The parish Finance Council reviewed and approved the financial statements.
- None of us know of any credible reports, which have not been reported to the Archbishop or his staff, of financial fraud, abuse or misappropriation.
- No one of the individuals named and signing below, nor any member of their families, has engaged in any activity with the parish from which we could personally benefit and be considered a conflict of interest without fully disclosing the conflict to the pastor and Finance Council.

Sincerely Yours in Christ,

Pastor

Finance Council Member #1 _____
Finance Council Member #2 _____
Finance Council Member #3 _____

Parish Staff Member _____
Dates of the Finance Council Meetings

- Date #1
- Date #2
- Date #3
- Date #4