

Diocese of Raleigh



Parish Finance Council
Roles and Expectations

Guidelines for Parish Finance Councils

In the 1983 Code of Canon Law each parish is required to have a Finance Council (Canon #537).

“Each parish is required to have a parish finance council which is regulated by universal law as well as 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...”



Features of Parish Finance Councils

- The Finance Council is an **advisory** body to the Pastor pertaining to the ordinary and extraordinary aspects of financial administration.
- The relationship between the Council and the Pastor should be **supportive and collaborative** (however it does not mean that the Council needs to always be in agreement with the Pastor – the Council has an obligation to provide the best advice, even if the Pastor does not agree).
- The Finance Council is responsible for ensuring that the parish operates with financial integrity and within its financial resources.



Features of Parish Finance Councils (cont'd)

The Pastor has responsibility for all decisions related to parish activities...however, he shall take into account the special responsibilities and skills of the Finance Council as it relates to financial matters:

- Disagreements on spending priorities that do not put the parish at risk should be addressed collaboratively but will ultimately be resolved by the Pastor.
- A Pastor may rightfully choose not to follow the advice of the Parish Finance Council. Parish Finance Council should seek understanding through a respectful, non-confrontational dialogue with the Pastor in these situations.



Features of Parish Finance Councils (cont'd)

- The Parish Finance Council has an obligation to respectfully provide the Pastor with its best advice, even if it happens to be somewhat different than what they may believe to be the Pastor's viewpoint.
- If Council has concerns about financial practices that could put the parish at serious financial risk, it is obligated to notify the Pastor.
- As a last resort, if the Council feels that the Pastor has not adequately addressed the serious concerns, the Council should notify the Diocese about the concerns (through the CFO/CAO office) after informing the Pastor of its intent to do so.
- **The Pastor has final decision-making authority at the Parish.**



Key Attributes of a Finance Council Member

Envisioned as a body of parishioners known for their...

- Spiritual maturity
- Love of Christ
- Endowed with special competencies in financial matters or prudent judgment
- Offer their time and talent as a Christian service
- Outstanding integrity
- Foremost priority is the development of a community of faith



General Functions of a Finance Council

- 1) Must offer its technical expertise to the parish on fiscal matters (financial systems, procedures, reports, financial budgets, plans and forecasts).
- 2) Is to aid and advise the Pastor concerning the administration of parish funds and other assets within the limits of the Code of Canon Law and the directives of the Bishop.
- 3) For acts of extraordinary administration (currently, capital expenditures greater than \$10,000) the Pastor must consult with the Finance Council and then obtain the consent of the Bishop via the Director of Financial Planning & Analysis.



Composition / Membership of a Finance Council

- 1) Council is to be comprised of no less than four parishioners.
- 2) The chair will be an ex-officio member of the Pastoral Council.
- 3) Pastor presides over the Finance Council and must be in attendance.
- 4) No paid parish employee may serve as voting member.
- 5) Members are to be appointed for a specific term of between two and four years.
- 6) Terms may be renewed at the discretion of the Pastor.
- 7) Members may not be removed solely for speaking their mind or voicing disagreement with the Pastor.



Specific Duties of a Finance Council

- 1) Council must meet no less than quarterly, or more frequently, if required (monthly meetings are the norm).
- 2) Agenda should be established by the chair in consultation with the Pastor.
- 3) Participates in preparation and sub-approval of the parish and school budgets (with School Principal). Pastor has final approval of the budgets. Budgets are due June 30th each year.
- 4) Review of parish and school on-going financial reports as frequently as necessary to maintain good financial oversight (at a minimum each calendar quarter). The School Principal attends parish finance council meetings and presents the financial status of the school and works in conjunction with the parish finance council to develop the annual budget.
- 5) Review of parish and school annual financial statements prior to Diocesan submission (due by July 31st of each year).



Specific Duties of a Finance Council (cont'd)

- 6) Assists in the preparation of annual financial report to the parishioners (issued within 90 days from end of fiscal year).
- 7) Responsible for developing project finance plans for loan requests and capital expenditures and is responsible for monitoring performance against plan.
- 8) Shall also assist the Pastor in assuring timely debt payments, vendor invoice payments, interest payments, investment of surplus funds into the Diocesan Deposit and Loan program, assure adequate revenue, actively manage finance plans to ensure they are on track with projections.
- 9) Finance Council must record and retain minutes of each meeting (see Parish Finance Council Meeting Checklist).



Specific Duties of a Finance Council (cont'd)

- 9) Members should have free access to all records that have financial implications.
- 10) Responsible for special fund-raising drives, coordination of Diocesan appeals and directives regarding fiscal policy.
- 11) Review of all leases and contracts to ensure 2 signatures on leases and contracts greater than \$10,000 (those must be approved by Pastor and the Parish Finance Council).
- 12) Sign off on all cash handling procedures.
- 13) Ensure financial record keeping is maintained on parish property and backup of financial and registration data is maintained.



Finance Council Summarized Obligations

The Parish Finance Council has the obligation of planning, providing for, and supervising the temporal affairs of the parish, making regular reports to the parishioners, the Pastor, and the Diocese, and recommending courses of action to the Pastor.

It oversees parish income and expenditures, oversees the development of an annual budget, and presents annual financial information to the parish and Diocese.

It is the first and most comprehensive line of defense for ensuring against financial impropriety and financial problems.



Practical Examples of Finance Council Activities

- 1) Review of monthly financial statements
- 2) Monitoring key financial indicators (offertory, expense)
- 3) Establishment and approval of annual budget
- 4) Review of loan covenants
- 5) Capital justification for construction projects
- 6) Internal controls review
- 7) Financial implications of strategic decisions
- 8) Review of school financials and enrollment stats
- 9) Other...

