

Assumption Catholic Church Corporation

Finance Council Guidelines

INTRODUCTION

These guidelines are designed to aid the parish Pastor and Finance Council members in the establishment and productive functioning of the parish Finance Council and assist in the administration of parish temporal matters. Also contained in these guidelines is the basic framework of a system that will provide information to assist members in fulfilling their responsibilities.

GENERAL

In the administration of the temporal goods of the parish, Canon 532 defines the role of the Pastor as the authoritative representative of the parish. Canon 537 introduces the element of the parish Finance Council as a mandated body having an advisory and consultative role with the Pastor.

Every parish therefore is required, both by adherence to the Code of Canon Law and Diocesan regulation, to have a parish Finance Council. To be effective, the parish Finance Council should meet monthly (4th Tuesday of each month at 6 p.m.) with specific agendas and should have access to all the relevant financial information and policies of the parish.

MEMBERSHIP

The parish Finance Council is about the life of a community of faith and, as such, its members should be members of that community of faith. As in other matters, the Pastor may use his discretion in the selection of qualified members from the parish community.

Representation

Members should be drawn from the parish community and reflect its diversity. This requirement may be waived if special expertise is sought, provided all other conditions of membership are met. Where appropriate, outside advice and counsel can be engaged when specific expertise is needed.

The Finance Council should draw upon the skills of parishioners knowledgeable in business, law, accounting and communication. Persons with professional knowledge and experience in engineering, construction, maintenance and purchasing could also make a significant contribution and should be recruited when available. Members should be chosen based on demonstrable skills or expertise in business, planning, home finance, management, administration and law. 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.

Number of Members

Membership should consist of no less than five (5) members to actively engage in review, discussion, and resolution of matters. A quorum shall consist of the majority of members. It may be helpful to increase the membership to share the tasks, form subcommittees, and to provide the ability to hold a meeting and vote on issues in the absence of a member.

Preclusion to Membership

Any person who may have a conflict of interest in view of other services, either paid or unpaid, rendered to the parish and any person related to the Pastor is ineligible to serve as a member of the parish 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.

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No parish employee or member of the family of an employee may serve on the parish Finance Council.

Role of Parish Employee

Parish employees are not members of the parish Finance Council; they are staff and 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 information including financial reports (balance sheet, income statement, detailed general ledger, budget to actual comparisons, loan balance payments and interest payments, investment of surplus funds, and status of fundraising drives) for Finance Council review.

The parish Business Manager should attend meetings in a consultative, non-voting capacity. When parish buildings and grounds are to be discussed, inviting staff responsible can enhance the discussion.

Confidentiality

Members should maintain confidentiality on all Finance Council matters unless designated as non-confidential.

Parish Finance Council meetings are not open to the parish community. Reports to the community will be shared once decisions are finalized. Communication with the parish may also occur at the onset of studying an issue to solicit needs and concerns, gifts and resources of the parish community.

Terms

Members are to be appointed by the Pastor for fixed terms of five (5) years, and may be reappointed or terminated in this role by the Pastor. It is suggested that reappointments be limited to a specific period of one (1) year. Terms will be staggered so that there is continuity of service and no disruption to the function of the Finance Council.

MEETING MINUTES & AGENDAS

In striving for openness and accountability in its practices, meeting minutes summarizing the items discussed and the decisions reached shall be recorded.

Recording of Meeting Minutes

Minutes should be recorded and archived as part of the parish permanent record. One member of the finance council is to act as secretary in keeping minutes of the meeting.

Use of Agendas and Review Materials

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

Record Retention

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

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CONSULTATIVE BODY TO PASTOR

The Finance Council works closely with the Pastor, who is accountable to the Bishop for the administration and stewardship of the temporal goods of the parish. Consultation is at the heart of the decision-making process – sharing information, listening, contributing to the discussion and promoting consensus.

Canon Law states that the Pastor is obligated to consult the Finance Council on certain matters. 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. When acting contrary to its recommendations, the Pastor should provide an explanation.

Consultation Topics:

1. The advice of the Finance Council should be sought for any commitment of parish or school resources in excess of \$5,000, even if the item was approved in the budget process.
2. The advice of the Finance Council should be sought in matters of construction, maintenance or renovation of parish facilities, the sale or purchase of parish property, and lease agreements. 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.
3. The advice of the Finance Council should be sought in the management of parish funds and banking arrangements.
4. The Finance Council reviews the Parish Annual Budget and Annual Financial Report. To the extent practical, they should be involved in the preparation of both reports, particularly the Budget report.
5. The Finance Council should have a regular review of periodic (at least quarterly) financial reports, specifically the balance sheet (Statement of Financial Position), income statements (Statement of Activities), comparisons to budget and prior year results (Budget Worksheets) and cash flow analysis reports.
6. On a quarterly basis, the Finance Council will analyze details of budgeted to actual results by individual programs, such as the school and religious education. Significant departures from budgeted amounts (determined to be amounts in excess of \$1,000 and a 10% variance from approved budgeted figures) should be investigated and explained as soon as possible.
7. The Finance Council will conduct a review of internal controls and procedures. If written procedures do not exist, they will participate in the development of written procedures for cash receipts, cash disbursements, administration of bank accounts, petty cash, and payroll.
8. The Finance Council will review and evaluate the effectiveness of fund-raising events and development programs.

RESPONSIBILITIES

After studying matters of financial concern, the Finance Council recommends policy. It is not the function of the Finance Council to implement policies. The Pastor and parish staff carries out implementation of policies. The Finance Council offers financial advice, planning, and direction. It helps to find and manage the resources to fund parish projects and programs under the Pastor's leadership.

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1. Provide guidance for parish accounting systems, including the diocesan required computer systems.
2. Periodically review internal controls and the policies and procedures of the parish accounting and financial functions to identify correct procedures and irregularities. The areas reviewed should include the administration of bank accounts, Mass collection procedures, cash receipts, cash disbursements, petty cash, and assisting in the development and maintenance of job descriptions.
3. Review financial reports:
 - Statement of Financial Position – balance sheet;
 - Statement of Activities – income statement;
 - Statement of Activities by program/department;
 - Budget Worksheet – regularly reviewed to determine that the parish & school are operating within their budget. This includes the school and religious education programs;
 - Trend reports: contributions, school revenue, program results (e.g. religious education), and revenue and capital campaign results;
 - Review the payments of any loans and Diocesan assessments to determine payment history.
4. The Parish Finance Council should provide assistance in the formulation of the Parish Annual Financial Report to the parish community as required by Canon 1287. This is to be completed and available to all parishioners by September 15th of each year.
5. The Finance Council will review the activities of the parish auxiliary groups and verify cash balances of bank accounts.
6. The Finance Council will annually meet with auxiliary groups to review the reporting of past year's activities and a review of their budget for the coming year. The Finance Council will also assess the accounting practices and internal control procedures in use.
7. The Finance Council will conduct a review of fundraising activities (such as raffles, bingo, and concession sales) for acquisition of required licenses, support documentation for tax filings, and actual tax filings.

SUBCOMMITTEES

It sometimes makes sense to create subcommittees within the Finance Council to deal with certain responsibilities and duties. The magnitude and complexity of the different subcommittee responsibilities depends upon the size, resources, obligations and needs of our parish.

Some possible needs for formation of a subcommittee are as follows:

1. Review reports from any financial audit of the parish and advise on how to address identified weaknesses;
2. Conduct self-audits of internal controls, guidelines and procedures;
3. Work with the Stewardship Committee to educate parishioners about stewardship and the need for generous parish support;

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4. Review cost cutting measures when necessary;
5. Provide long range planning for the financial needs of the parish. This subcommittee could be advised to work with the Parish Pastoral Council along with other parish organizations.

RELATIONSHIP TO PASTORAL COUNCIL

Since the Finance Council relates to the administrative responsibilities of the Pastor, it should not be a part of the Pastoral Council structure. A member from the Finance Council shall serve as an ex-officio member of the Pastoral Council. Communication between the two councils is essential to share information regarding the parish finances and to implement the pastoral plans.

The Finance Council is distinct from the Pastoral Council. An appropriate means of communication should be through reports to the Finance Council from the ex-officio member assigned to the Pastoral Council. This should be done so as to ensure that the Finance Council does not enter into areas of policy and mission, which is the prerogative of the Pastoral Council. The Finance Council advises on the adequacy of resources to accomplish the mission of the parish, and on the financial policies and procedures, such as internal controls.

PLANNING IN RELATION TO THE BUDGET

Step 1: The role of the Pastoral Council is to work with the Pastor and recommend to him pastoral priorities, goals and objectives for the parish. This is more easily done when long and short range planning is part of the ongoing work of the Pastoral Council. Goals and objectives from the Board of Education and Liturgy are given to the Pastoral Council for their review and approval. Once approved, all goals and objectives are presented to the Pastor for his approval.

Step 2: If budget monies will be inadequate for all the goals and objectives, the Finance Council will suggest financial alternatives for the Pastoral Council's consideration. If there will be excess monies, the Finance Council will recommend the use of that money (e.g. payment on a long term bond or debt, investment for the future, or share with persons or parishes who are less fortunate).

Step 3: The Pastor, as administrator of the parish, takes the budget recommendation of the Finance Council to the Pastoral Council for their review. Once the Pastoral Council reviews the budget in light of their stated goals and objectives, they may recommend implementation by the Pastor or they may recommend the Finance Council reconsider the allocation of resources in a different manner in light of the priorities of the Pastoral Council. In cases of the latter recommendation, the Pastor consults the Finance Council, adjustments are made or rationale is sufficiently articulated to the Pastoral Council so that the Pastoral Council can then recommend the budget for implementation.

The Pastoral Council annually (usually in November) begins to plan priorities, goals and objective for the coming fiscal year (in accordance with their long-range plan). At this time they review and evaluate implementation prior to establishing new priorities.

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RELATIONSHIP TO OTHER PARISH GROUPS/COUNCILS

An appropriate means of communication should be developed between the Finance Council and other parish boards and parish 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. Appointment of a member from the Finance Council may serve as an ex-officio member to various boards and parish councils.

Approved by the Assumption Finance Council, November, 2011
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