

# Parish Finance Council Guidelines



2022



## Table of Contents

|  |           |
|--|-----------|
| <b>Purpose.....</b>                              | <b>4</b>  |
| <b>Definitions.....</b>                          | <b>4</b>  |
| <b>Introduction.....</b>                         | <b>4</b>  |
| <b>Canon Law.....</b>                            | <b>5</b>  |
| <b>Civil Law.....</b>                            | <b>5</b>  |
| <b>Membership.....</b>                           | <b>5</b>  |
| <b>Meeting Minutes and Agenda.....</b>           | <b>7</b>  |
| <b>Consultative Body to Pastor.....</b>          | <b>7</b>  |
| <b>Responsibilities.....</b>                     | <b>7</b>  |
| <b>Subcommittees.....</b>                        | <b>9</b>  |
| <b>Relationship to the Pastoral Council.....</b> | <b>9</b>  |
| <b>Relationship to the Trustees.....</b>         | <b>9</b>  |
| <b>Relationship to the School Board.....</b>     | <b>10</b> |
| <b>Checklist of Major Activities.....</b>        | <b>10</b> |

## PARISH FINANCE COUNCIL

### **PURPOSE OF THIS DOCUMENT**

To provide guidance regarding the role, duties, and responsibilities of members of the Finance Councils of Parishes within the Diocese of Des Moines.

### **DEFINITIONS**

**“Bishop”** means the sitting Bishop of Des Moines (or the appointed Apostolic Administrator). *Ex-officio* President of the Parish Corporation.

**“Diocese”** means that certain corporate entity formed, maintained, and existing under Iowa Code 504.141 with the Iowa Business Name: “The Roman Catholic Diocese of Des Moines.”

**“Household”** means person or persons of the same family living together in the same dwelling.

**“Parish”** means a Catholic parish within the Diocese.

**“Parish Corporate Board of Directors”** (Board) means the Bishop, the Vicar General, the Pastor, and the two appointed lay Trustees of the Parish corporation authorized under the parish corporation’s articles of incorporation to transact business of the corporation.

**“Parish Finance Council”** means the canonical consultative body established in a Parish in accordance with canon 537 of the 1983 Code of Canon Law and the policy of the Diocese, which provides consultation to the Pastor from a cross-section of parishioners to share their thoughts and insights on financial topics in service to the mission of a specific Parish.

**“Parish Pastoral Council”** means the canonical consultative body established in a Parish in accordance with canon 536 of the 1983 Code of Canon Law and the policy of the Diocese, which provides consultation to the Pastor from a cross-section of parishioners to share thoughts and insights in service to the mission of a specific Parish.

**“Pastor”** means a Parish Pastor or a parochial administrator, as the case may be. *Ex-officio* Treasurer of the Parish Corporation.

**“Trustees”** means the two lay members of the Parish appointed to serve as members and officers of the Parish corporation pursuant to its articles of incorporation.

**“Vicar General”** means the priest appointed by the Bishop as Vicar General. *Ex-officio* Vice-President of the Parish Corporation.

### **INTRODUCTION**

Members of the Parish Finance Council serve an important ministry of the church as they advise and assist the Pastor in financial and administrative matters. In recognition of this vital role, the Diocese of Des Moines provides this resource to parishes in order to provide greater clarity and understanding throughout this local Church.

## **CANON LAW**

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.

*“Each parish is to have a Finance Council which is regulated by universal law as well as by norms issued by the diocesan bishop; this Council of Christian faithful, selected according to the same norms, aide the pastor in the administration of parish goods with due regard for the prescription of can. 537.”*

In keeping with the directives of the revised Code of Canon Law, the Diocese of Des Moines presents the following guidelines for the organization and operation of a parish Finance Council.

## **CIVIL LAW**

Nonprofit corporations, organization.

The governing statutes for religious corporations are set forth in Chapter 504 of the Iowa Code. The parish corporations in the Diocese of Des Moines constitute “religious corporations” as defined under Iowa Code § 504.141. After a parish corporation is initially formed through the filing of articles of incorporation by the Bishop, the parish corporation is organized through an organizational meeting of the initial directors of the parish corporation whereby officers are appointed, bylaws adopted and any other business is conducted. Iowa Code § 504.205.

## **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. The Pastor shall appoint members to the Finance Council, and has the authority to remove members. As in other matters, the Pastor may use his discretion in the selection of qualified members from the parish community and the number of members.

1. **Representation** - Members should be drawn from the parish community and reflect its diversity. The Pastor may waive this requirement of parish membership if special expertise is needed. Where appropriate, outside advice and counsel can be engaged when specific expertise is needed.

The Finance Council should draw upon the skills of parishioners who are 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, management, home finance, planning, 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.

2. **Number of Members** - Membership should consist of no less than five members to actively engage in review, discussion, and resolution of matters. 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.
3. **Preclusion to Membership** - Any person related to the priests currently assigned to the parish are ineligible to serve as a member of the Parish Finance Council. No parish employee or his or her immediate family member may serve on the Finance Council.

Members of the Parish Finance Council may serve on other parish consultative bodies as a non-voting member at the request of the Pastor.

Two members of the same Household cannot both serve on the Finance Council at the same time, or serve on the Finance Council while another member of the Household serves on another parish consultative body (i.e. Parish Council, Finance Council, or Board of Education). Exceptions may be granted upon written application by the pastor to the diocesan Director of Finance. If allowed, such dual service roles shall not be allowed for more than one year, with strict confidentiality between such members.

4. **Appointment of Members** – Pastors appoint members to the Council after consultation with parish leadership. This appointment should be recorded in the minutes of the next meeting and the term dates should be tracked by the parish.
5. **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 Council review.

The parish Business Manager or Bookkeeper should attend meetings in a consultative, non-voting capacity.

6. **Acknowledgement of Members** - Acknowledge members' contributions to the Finance Council and subcommittees at meetings, in the minutes, and in the bulletin.
7. **Confidentiality** - Members should maintain confidentiality on those matters designated as confidential. Materials such as agendas, meeting minutes, and review materials should not be disclosed if designated as confidential. They should sign a form annually attesting to this. The Parish Finance Council may choose to go into an executive session if conducting business deemed to be of a sensitive nature. Written minutes are not to be taken during an executive session. Otherwise, the meetings should be considered open in nature.
8. **Conflict of Interest** - Each member is to sign a Conflict of Interest form annually that certifies that they comply with the diocesan policy and discloses each organization that they are an employee or a board member.  
Before the parish enters into a related party transaction, it must ensure that the following are true:
  - a. All parties with a conflict of interest were excluded from the discussion and vote related to approval of the transaction.
  - b. The parish obtained comparable information regarding terms of the transaction from independent sources through bids, appraisals, or expert opinions.
  - c. The Finance Council has determined that entering into this transaction is in the best interest of the parish.
  - d. These steps are appropriately documented.
9. **Terms** - Members of the Parish Finance Council (excluding ex-officio members) are to be appointed for 3-year staggering terms. Following these initial appointments, succeeding members would be named to 3-year terms. Members may be re-appointed to a second 3-year term. After a member has been off the Council for two terms, they could be appointed as a new member.
10. **Officers** - By virtue of his office, the Pastor presides over the Parish Finance Council as a non-voting member. He will appoint or through some process select, on an annual basis, a chairperson and a recording secretary.

## **MEETING MINUTES AND AGENDA**

In striving for openness and accountability in its practices, meeting minutes summarizing the items discussed and the decisions reached should be recorded. Prepared agendas, distributed in advance, will keep meetings focused.

The Finance Council should plan meetings in advance by developing an annual schedule of meeting dates and times. This will increase participation by members.

1. **Recording of Meeting Minutes** - Minutes must 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. A non-voting staff member could also be asked to take minutes in the course of their job.
2. **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.
3. **Schedule Meetings** - Meetings should be scheduled at least once a quarter, or more frequently if required. Some parishes use a format of the Finance Council meeting every other month with subcommittees meeting on the off months. Meeting times and dates should be predictable, such as a day and week of each month.

Formulate a communication method among officers to deal with Finance Council matters between meetings. The Parish Finance Council does not meet in the absence of the Pastor.

4. **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.

## **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. The Finance Council does not have any authority to act without the knowledge or agreement of the Pastor.

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.

## **RESPONSIBILITIES**

After studying matters of financial concern, the Finance Council recommends policy. It is not the function of the Parish 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. The following are recommended areas for consultation.

1. Extra-ordinary acts of administration should be reviewed by the Parish Pastoral Council and require approval by the parish Finance Council before seeking the approval of the Bishop as required by Canon 1281. These acts are defined by the Bishop and would include the acquisition and alienation of real property, collateralization or mortgaging of real property, the sale of religious artifacts that

would be considered as part of a parish's patrimony and a commitment of parish resources over \$25,000. When these Acts reach the threshold of \$250,000, they require the Bishop to seek consent from the College of Consultors and the Diocesan Finance Council.

2. Provide guidance for parish accounting systems, including the diocesan required computer systems with at least one member with read only access to the accounting software.
3. The Finance Council has oversight responsibility of the internal controls in place at the parish. Periodically review controls in place around cash receipts and disbursements to identify irregularities. The areas reviewed should include the administration of bank and investment accounts, Mass collection procedures, cash receipts, cash disbursements, petty cash, and assisting in the development and maintenance of job descriptions.
4. Review financial reports at least quarterly:
  - a. Statement of Financial Position - balance sheet
    - i. Funds Held For Others
    - ii. Dedicated Accounts
  - b. Statement of Revenue and Expenditures - income statement comparison to budget - regularly reviewed to determine that the parish is operating within its budget. This includes the school and religious education programs if applicable.
  - c. Trend reports: contributions, school revenue, program results (e.g. religious education), and revenue and capital campaign results.
  - d. Review the payments of any loans and diocesan assessments for propriety.
5. The Parish Finance Council shall assist in the preparation each year of an operating budget. This can be done either through a budget subcommittee of the Finance Council or through the entire Finance Council. This annual budget should be reviewed by the Pastoral Council and approved by the Finance Council with Pastor having the final approval.
6. The Parish Finance Council shall create and monitor the parish investment policy for surplus and restricted funds.
7. The Parish Finance Council shall assist in assuring that the following fiscal functions are performed:
  - a. Timely payment of debt and interest payments.
  - b. Timely payment of vendor invoices.
  - c. Investment of surplus funds.
  - d. Assure adequate revenue through various means such as tithing, parish fundraisers, and planned giving programs.
  - e. Review donations received with a restriction placed on it. Establish a written policy on contributions, the Diocesan Stewardship Office can provide assistance.
  - f. Establish and promote a system of online giving with options for parishioners to give tithes and to special collections in a recurring manner on a weekly and/or monthly basis.
8. The Parish Finance Council should assist in the formulation of a financial report to the parish community, as required by Canon 1287.
9. Many parishes and schools have groups using the parish name and/or parish tax identification number. Examples include Altar and Rosary Society and Home and School. Review the activities of the parish auxiliary groups and verify cash balances of bank accounts. Annually meet with auxiliary groups to review the reporting of past year's activities and a review of the budget for the coming year. Assess the accounting practices and internal control procedures in use, consolidate



bank accounts as much as possible and verify there are no activities that might jeopardize the tax-exempt status of the church.

10. Complete and submit the Annual Financial Report to the Bishop by September 30<sup>th</sup>.
11. Consult on the construction or renovation of parish facilities, the sale or purchase of parish property, and lease agreements. To ensure that the parish buildings and property are adequately maintained, the Finance Council assists the Pastor in planning for repair, replacement, or service of property and equipment. The use of a sub-committee could be very helpful.
12. Establish and maintain a safety committee to develop emergency plans, review transportation activities and general risk management programs and recommendations.
13. Oversee the use and maintenance of computer hardware and software. The use of a sub-committee could be very helpful.
14. Review fundraising activities, such as raffles, bingo, and concession sales for acquisition of required licenses, support documentation for tax filings, and actual tax filings.
15. The Finance Council shall review the long range planning objectives of the Parish as they relate to the ability of the Parish to fund those goals and maintain fiscal integrity.

### **SUBCOMMITTEES**

It often makes sense to divide the Finance Council into committees to deal with responsibilities and duties. The magnitude and complexity of the different subcommittee responsibilities depends upon the size, resources, obligations, and needs of each particular parish.

Possible committees of the Parish Finance Council are:

1. Budget
2. Facilities and Maintenance
3. Safety and Security
4. Financial Planning and Development
5. Technology
6. Investment

### **RELATIONSHIP TO THE PASTORAL COUNCIL**

Since the Parish Finance Council relates to the administrative responsibilities of the Pastor, it should not be a part of the Parish Pastoral Council structure. However, an officer from the Parish Finance Council may serve as an ex-officio member of the Parish 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 Parish Pastoral Council. An appropriate means of communication should be developed between the Parish Finance Council and the Parish Pastoral Council. This should be done to ensure that the Parish Finance Council does not enter into areas of policy and mission, which are the prerogative of the Parish Pastoral Council. The Parish 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.

### **RELATIONSHIP TO THE TRUSTEES**

The Trustees are the Directors of the civil corporation registered with the state. Their role fulfills civil statute requirements. Trustees are not required to serve on pastoral or Finance Councils. However, it is encouraged that one Trustee serve the parish Finance Council as a non-voting participant.

At the Pastor's discretion, and particularly in smaller parish contexts, a lay Trustee may serve on the parish Finance Council as a voting participant.

### **RELATIONSHIP TO THE SCHOOL BOARD**

The School Board is an advisory group that works closely with the Pastor and School Administrator to assist with a well-run school. This is a separate group from the Finance Council but occasional meetings with representatives from both groups may be called together to discuss topics such as the operating budget, tuition rates and pay increases. Regular, routine financial reports of the school should be provided to the Board by the parish office.

### **CHECKLIST OF MAJOR ACTIVITIES**

1. Annual Budget Process: (*Expected time period: January – June*)
  - a. Project and plan resources for coming fiscal year.
  - b. Review program budgets: Church, School, Religious Ed etc.
2. Financial Review: (*at least quarterly*)
  - a. Review all financial reports and compare to annual budget.
3. Accounting/Internal Control Procedures: (*ongoing*)
  - a. Review internal control and accounting procedures to verify that best practices are being followed.
4. Auxiliary Groups (*at least quarterly*)
  - a. Review revenue and expenses for all auxiliary groups.
5. Compliance Oversight (*Expected time period: November – December*)
  - a. Confirm that the following forms are filed on time:
    - i. W-2's, 941's, and ACA letters for any employees
    - ii. 1099's for services provided to parish/school by appropriate entities
    - iii. Bingo, pull tabs, raffles, and other events that may be subject to taxes
    - iv. Annual housing letter to priests on staff
6. Parish Annual Report to Parishioners etc. (*Expected time period: after fiscal year end*)
  - a. Review report before it is presented to the parish community.
7. Complete and return the Annual Financial Review/Report (AFR) to the Diocese by September 30<sup>th</sup>.

Guidelines established in 2011  
Guidelines updated in 2014  
Guidelines updated in 2015  
Guidelines updated in 2022