SECTION 100 THE PARISH FINANCE COUNCIL

The following section explains the purpose, selection and responsibilities of the Parish Finance Council as defined by Canon Law, the norms of the Archdiocese of Baltimore and best practices in parish management.

In the administration of the temporal goods of the parish, Canon 532 defines the role of the pastor as the juridical representative of the parish. Canon 537 requires that a parish have a functioning Finance Council in an advisory and consultative role on behalf of the pastor.

An active, qualified and informed Parish Finance Council is essential to supporting the pastor's fulfillment of his duties of good stewardship, financial management and accountability to the parishioners and to the Archbishop of Baltimore.

202.1 Policy: All parishes are required to have an active, qualified Finance Council as mandated by the revised Code of Canon Law, Canon 537. The parish finance council is regulated by the requirements of both universal canon law and the laws and policies of the Archdiocese of Baltimore. The Finance Council supports the Pastor in establishing a parish budget, managing the temporal goods of the Parish and ensuring that adequate funds are available to maintain the parish and its programs. In the Archdiocese of Baltimore, the Finance Council works in collaboration with the Parish Pastoral Council (the Pastoral Council).

202.2 Policy: Functions of the Finance Council do not have decision-making authority; the Code of Canon Law places the responsibility of financial and temporal management of the parish with the Pastor. The Finance Council acts as a consultative body to the pastor and has the following duties which assist in the Pastor's decision-making process and for which the Pastor is obligated to consult:

202.2a: The Finance Council shall oversee the implementation and maintenance of a complete and accurate accounting and financial reporting system in accordance with Archdiocesan policies and guidelines.

202.2b: The Finance Council shall assist the pastor and staff in the development of an annual operating and capital budget (when necessary). Once the budget is complete, it should be presented to the Finance Council. Once deemed final, the Finance Council will then recommend

the pastor accept and approve the annual operating budget. The capital budget process will follow the same procedures for development, presentation and approval as the annual operating budget.

202.2c: The Finance Council is responsible for the establishment and monitoring of internal accounting controls over the parish's financial operations.

202.2d: The Finance Council is responsible for planning for the temporal (financial) needs of the parish.

202.2e: The Finance Council must be consulted by the Pastor for large anticipated financial commitments. Specifically, the Finance Council must be consulted for acts of Ordinary Administration and Major Importance, when an anticipated financial commitment is greater than $30,000 for parishes with offertory less than $400,000 and $50,000 for parishes with offertory greater than $400,000. The Pastor must also consult the Finance Council prior to seeking approval of the Archbishop of Baltimore for acts of Extraordinary Administration.

Procedures:

- The Finance Council will receive at least a quarterly reporting package which includes a comparative balance sheet and comparative income statement accompanied by variation explanations, as well as a bank reconciliation for each bank account.
- The Finance Council will review monthly comparisons of actual revenues and expenditures to budget with variation explanations, as well as the investment and endowment performance and the overall financial operations of the parish.
- The Finance Council will assist the pastor in compiling and/or reviewing the annual financial report due to the Archdiocese of Baltimore by August 15th, as well as the required quarterly reports due 30 days after quarter end.
- The Finance Council will provide the Pastoral Council with periodic financial reports (at least quarterly) showing summary of actuals compared to budget income and expense.
- The Finance Council will assist in the preparation and/or review of the annual financial report to the parish community, as well as recommend the format and frequency of interim financial results.
- The Finance Council will be a resource to the parish business manager and/or the parish bookkeeper in the performance of duties associated with those positions. The Finance Council may also assist the pastor in vetting of potential candidates for finance/accounting positions within the parish.

- The Finance Council will monitor all parish bank and investments accounts. The Financial Council will also assist the pastor in monitoring the adequacy of cash and investments to satisfy the short-term and long-term needs of the parish, including when appropriate the establishment of an endowment.
- The Finance Council will work closely with the Parish Facilities Committee and Safety and Security Committee, to understand the ongoing and future needs of the parish for facility repairs, maintenance, capital projects and security needs and assist in the development of a financial plan to define the funding sources of the facility's ongoing and future facility and security needs.
- The Finance Council will monitor all parish indebtedness and Archdiocesan assessments, assist the pastor in ensuring that the debt service and assessment payments are met in a complete and timely fashion.
- The Finance Council will monitor and review for effectiveness all fund-raising programs, including capital campaigns, approved by the pastor. The Finance Council will also ensure all fundraising activities are compliant with any applicable laws and regulations.
- The Finance Council will monitor with the pastor the internal control structure's adequacy and proper function, as defined by Archdiocese of Baltimore Fiscal Services Policies, as well as assist the pastor in documenting and monitoring the parish's own written internal control policies. The Finance Council has the responsibility to become familiar with all financial policies and assist in compliance. Therefore, the Finance Council will also assist in the implementation of the recommendations from the Archdiocesan Internal Audit. At times the Financial Council may be utilized to assist in the segregation of incompatible duties, such as reviewing bank reconciliations or being named as check signer. These situations should only arise when there are not enough individuals on staff to accomplish the segregating of duties needed for a sound internal control environment.
- The Finance Council will assist the Pastor in monitoring the Parish school and Parish organizations, operating in the name of the parish and/or using the Parish's federal and state tax exemption to ensure compliance with Archdiocesan policy, to understand financial impact to the parish and to ensure the parish's tax-exempt status is not being jeopardized.
- The Finance Council will assist the Pastor in the development of a long-term financial plans that supports the initiatives and programs envisioned in each Pastoral/Strategic Plan and Facilities Master Plan created by the Parish. This includes but is not limited to advising the Pastor on the need for a capital campaign and its case elements as well as contingency planning.

- The Finance Council will review, sign and submit the Archdiocese of Baltimore Financial Governance Annual Checklist Certification.

202.3 Policy: Membership of the Finance Council is composed of no less than three individuals and is made up of confirmed practicing Catholics who are active in their parish community and reflective of the parish's diversity. Each member is to be selected according to universal law and the norms issued by the Archbishop of Baltimore. Finance Council membership may also include outside experts who assist the Finance Council in understanding and carrying out their duties.

Procedures:

- Members are to be selected for their expertise and skills in general business management, accounting, banking, law and insurance. Members are to have prudence, uprightness and a knowledge of the Catholic faith that will enable them to put in to practice the message of the Gospel and should be in good standing in the Church. They should be active members of the parish community.
- There should be no fewer than three official members of the Finance Council. A typical effective Finance Council will have an odd number of members, between 5 - 9 voting members. The Finance Council should ensure a majority of members are present together, either in person or through electronic means, to be verified through attendance logs, when discussing matters of great importance.
- The pastor, lay corporators and parish staff (paid or volunteer) ***may not*** serve as official members of the Finance Council. Parish employees may serve as advisors or staff to assist the Finance Council in their role. The parish accountant or similar role should attend each meeting to review the financial reports and provide the necessary analysis or information to help answer any questions or concerns.
- The pastor shall appoint or reappoint a member to the Finance Council in writing stating clearly the term of office and the member is asked to accept in writing.
- Members should be appointed for an initial term of three years and have the option of two additional three-year term renewals. Members' terms should be staggered so as not to cause a disruption to the Finance Council's function. Members who have completed their terms and term renewals can be reconsidered for Finance Council membership after a three-year hiatus.
- The Finance Council will have a Chair, Vice-Chair and Secretary as officers. The Pastor will appoint each officer after the members have gone through a period of discernment.

- Membership of the Finance Council will be tracked in Ministry Platform, including the name, contact information (phone # and email address required), term, background (i.e. Employer, Board Memberships) and expertise. The Finance Council will be identified as a "Group" in Ministry Platform and will be regularly updated so as to provide the most current information on Finance Council membership.
- For just cause, the pastor may remove a member from office and the pastor should appoint another to complete the unexpired term.

202.4 Policy: Organization and Meetings: The Finance Council should select a chairperson, a vice chairperson and a secretary. The Finance Council should meet no less than quarterly and it is required to take written minutes of its discussions, actions and its recommendations. Minutes must be kept on file at the parish office.

Procedures:

- All Finance Council members will receive the appropriate training needed to fulfill their responsibilities. The pastor and officers of the Finance Council are responsible for assuring this education is received in a timely manner.
- The chairperson, vice chairperson, and the secretary, together with the pastor, shall plan the agenda for the Finance Council's meetings and shall provide for the ongoing spiritual formation of the members.
- Meetings should be scheduled and circulated in advance for an entire fiscal year.
- Meeting agendas should be prepared and circulated in advance of the meeting. Any materials needed to facilitate a meaningful discussion should also be provided in advance of the meeting.
- Finance Council members are expected to attend all meetings and be aware of all ministries and key personnel in the parish.
- The secretary shall be responsible for creating the written minutes of all meetings, documenting attendance and major discussions items as well as any recommendations. These minutes will be filed at the parish office.
- Confidentiality should be maintained for those matters deemed necessary by the pastor.
- Special meetings may be called by the pastor as needed according to the norms of law.
- The Finance Council meetings are not open to the parish community. The Finance Council will, however, make known a means with which members of the parish can share their concerns, questions or suggestions with the Finance Council members and receive a written

response. The Finance Council will advise the pastor on how to keep the parish community informed of key issues and major decisions.

- The names of the Finance Council members should be known to the parishioners and a means of contacting them should be publicized.
- The Finance Council may determine the need for sub-committees or ad hoc committees based on the priorities of the Finance Council. These groups should be led by current members of the Finance Council and should follow the same procedures as the Finance Council itself.

202.5 Policy: Relationships

202.5a: The Archbishop of Baltimore interacts with the Finance Council by entrusting the Finance Council with assisting the Pastor in the administration of the goods of the church and to work in communion with the Archbishop in stewarding those resources.

202.5b: The Pastor interacts with the Finance Council through consultation and counsel. As stated above, according to Canon 537, the Finance Council is a mandated component of parish governance and is advisory to the pastor in his role as secretary/treasurer of the parish corporation, who represents the parish in all legal matters and who is to administer the goods of the parish in accord with the norms of canon law.

- In major financial matters (see 202.2e above), the pastor may only act after having consulted the Finance Council.
- The pastor is not obliged to follow the Finance Council's recommendation but should give it great weight especially when there is consensus.
- The Pastor should in general not go against the Finance Council's recommendations unless there is an overwhelming reason to do so. It is recommended that the pastor document his justification if the Finance Council's recommendation is not followed.
- The pastor is responsible for ensuring the Finance Council members have access to training and enrichment, pertinent parish history and financial information.

202.5c: The Corporators, including the pastor, have the responsibility to oversee the actions of the Finance Council and ensure that the Finance Council is carrying out all required functions. See 202.4 for required functions.

202.5d: The Pastoral Council works in collaboration with the Finance Council to ensure the parish mission priorities are identified and defined and resources allocated to fulfill those priorities. The Finance Council does have the responsibility to regularly report major financial matters and trends to the Pastoral Council and advises the Pastoral Council on the adequacy of resources available to support the Parish mission.

202.5e: The Parish School interacts with the Finance Council when the school operates under the FEIN of the parish. The Finance Council has the responsibility of monitoring the summary financial results and summary budget of the school. The School Finance Council will assume the same responsibilities as the Finance Council does for the parish and the Chair of the School Finance Council will report summary operations to the Finance Council at each meeting.

202.5e: The Separately Incorporated School that shares a campus with the parish will collaboratively and collegially interact with the Finance Council. While the School and Parish may be separate civil entities, they share the same mission and purpose and should therefore work together to further that mission. The Pastor, Principal and chairs of both the Parish Finance Council and the School Finance Committee should meet regularly to discuss any major financial matters that will impact the campus. In addition, the Parish Finance Council and the School Finance Committee will review the adequacy of the shared expenses allocation on an annual basis as part of the budget preparation process.

202.6 Policy: Conflicts of Interest are to be disclosed and avoided by all members of the Finance Council. Finance Council members owe the parish a duty of loyalty. The duty of loyalty requires a Finance Council member to act in the best interest of the parish rather than in the personal interest of the member or in the interest of some other person or organization. In particular, the duty of loyalty requires a Finance Council member to avoid conflicts of interest that are detrimental to the parish. As such, any person who may have a conflict of interest because of services rendered to the parish, either paid or unpaid, by the person, their spouse or their business is required to disclose the conflict in writing. If the conflict is deemed to be of a singular occurrence or infrequent in nature the member may continue to serve but must abstain from discussions regarding the conflict. If the conflict is determined to be a permanent conflict or ongoing in nature, that person is then ineligible to serve on the Finance Council

Procedures

- Each Finance Council member will sign an annual declaration of no known conflicts of interest or disclose in writing a potential or existing business relation with the Parish for review by the Finance Council.
- Immediate family members may not serve on the Finance Council simultaneously.
- As stated above, employees ***may not*** serve as official members of the Finance Council. In addition, immediate family members of employees and the Pastor also may not serve on the Finance Council.
- An officer of the Pastoral Council and/or a parish corporator may serve as an ex officio member of the Finance Council. The Pastor will determine if Finance Council members may serve on other parish committees or ad hoc groups and sub-committees.
- Membership on a parish finance council will not cause a conflict of interest if the individual also is requested to serve on an Archdiocese of Baltimore Council or Committee. The member will disclose in writing to both the parish and the Archdiocese all the Catholic related organizations for which he/she serves and will recuse themselves from voting on any matter deemed to be related to the other entity.