

PARISH OFFICE MANUAL

Section 9

Finance Council Policy

Finance Councils are to be established for every parish and incorporated ministry in the Diocese of St. Augustine, FL.

THE PARISH FINANCE COUNCIL

Each parish in the Latin rite is required by universal law to have a finance council (c.537). The single canon, which addresses this particular structure, has two emphases.

First, although making reference to universal law, the canon invites the establishment of more particular norms at the diocesan level: “(it) is regulated...by norms issued by the diocesan bishop.” In particular, such diocesan norms should establish the procedure for choosing council members.

Second, the canon makes it clear that the council does not substitute for the pastor as the chief administrator and legal representative of the parish’s goods. In fact, this canon makes specific reference to canon 532, which charges the pastor to care for the parish’s goods and to represent the parish in all juridic affairs.

Our diocesan policy, at least for parishes, has come down on the side of separate Finance Councils and Parish Councils.

PARISH FINANCE COUNCIL POLICY:

A parish finance council is required by canon law.

Canon 537: In each parish there is to be a finance committee to help the parish priest in the administration of the goods of the parish, without prejudice to can.532. It is ruled by the universal law and by the norms laid down by the diocesan Bishop, and it is comprised of members of Christ’s faithful selected according to these norms.

The establishment of the parochial finance committee is not optional. The Code refers to the norms of common law and particular law, which are obviously necessary, since this matter is, to a great extent, subject to so many different conditions in regions, areas, and even individual parishes. The canon makes the indirect determination that the administrator of the goods in question is the pastor, and the finance council is there to provide him with the necessary assistance.

Canon 532: In all juridical matters, the pastor acts in the person of the parish, in accordance with the law. He is to ensure that the parish goods are administered in accordance with can. 1281-1288.

Only the pastor is the legal representative of the parish as a juridical person. In c. 543, this unique title for juridical affairs is also granted to the moderator when the pastoral care of the parish has been entrusted to a group of priests. Thus, is reinforced the status of the parish as an organizational hierarchical institution rather than as a social group or association.

MEMBERSHIP:

- All members should be appointed by the Pastor (“Pastor” includes the President of a school or director of other incorporated entities) from among the members of that parish/ministry, to terms of office for at least three (3) years, preferably, but no longer than five (5) years. Such terms of office may be staggered with at least one full cycle between appointments. A member may serve a maximum of two consecutive terms.
- Members must be practicing Catholics with a sense of the larger vision of the church, a commitment to stewardship and regard their work on the council as a ministry.
- Members should include persons knowledgeable in business, management, planning and budgeting.
- There should be no less than three (3) or more than eight (8) members. Since the council is advisory to the pastor, the pastor is not a member, however, the council never functions separate from the pastor, who must be present at all meetings, or specifically authorize a meeting in his absence, additionally, the pastor must approve the agenda for each meeting.
- The members of the Parish Pastoral Council fulfill a different role and cannot be considered to be the Finance Council. A Pastoral Council member may be on the Finance Council if he or she meets the above guidelines.
- A member of the council may not be a close relative of the pastor, or someone who may have a conflict of interest. Staff members, such as the bookkeeper or office manager may attend the meetings to review reports, but may not be members of the finance council.
- The finance council should elect a chairperson. This person will be responsible for ensuring the council meets on a regular basis. The chairperson will be responsible for signing the annual financial report submitted to the diocese.
- If the parish has a school finance board, or school board of directors, it is highly recommended (although not required) that one member of the parish finance council attends the school finance board meetings. The school finance board is required to submit all financial records on a regular basis to the parish finance council. Ultimately, the school finances are the responsibility of the parish finance council and the pastor.

REMOVAL OF MEMBERS:

A finance council member may be removed if:

- Elected term of office has expired
- Member voluntarily submits his/her resignation
- Member has three (3) unexcused absences from meetings of the council

- For cause (conflicts of interest, ethical violations, misconduct, lifestyle inconsistency with the moral teachings of the church), in which case the pastor must notify the Diocesan Fiscal Officer of the removal
- Pastor asks for a member's resignation, stating the reasons for the request. The member may be removed with the concurrence of a majority of the remaining members and the approval of the bishop

MEETINGS:

The finance council must meet on a regular basis. Meetings are to be held at least two (2) times per fiscal year, preferably four (4). The pastor may require monthly meetings.

ANNUAL REPORT REQUIREMENT:

Per the recommendation of the Practices Committee of the USCCB, the Diocese has adopted the requirement of all parishes to submit the Finance Council Annual Report. Report is due to the Fiscal Office on January 31st.

FUNCTIONS OF THE FINANCE COUNCIL

The functions of the Finance Council are to include:

- Adhering to the policy for approval of parish/entity expenditures (see appendix A). This includes advising the pastor/director on any major commitment of funds or parish/ministry resources in excess of \$10,000.00 before permission is requested of the Diocese. This also includes the consultation of the finance council on new employment positions and salary ranges (see appendix A)
- Fulfilling an active role in the preparation of the parish budget and its execution.
- Assisting to establish cash management and internal control procedures for all funds. Policy on financial internal control must be followed (see appendix B and Guidelines for the Parish Council).
- The finance council is responsible for informing the pastor and/or diocese directly of its knowledge of any allegations of fraud or suspected fraud affecting the parish/entity (see appendix B).
- The finance council is responsible for ensuring that the parish/entity complies with applicable laws and regulations. This includes all payroll, employee HR, and tax-exempt compliance.
- Assisting and advising the pastor regarding any capital expansions and renovations. This will include assisting in complying with the diocesan building fund policy.

- Approval of the finance council is required for the year-end financial report submitted to the diocese. In addition to the pastor, the finance council chairperson is required to sign the report.
- Submitting the Annual Finance Council Report.
- Complying with any fiscal matters set forth in the canonical statutes of the parish/entity when/if they become effective.
- Complying with any fiscal matters set forth in the corporate bylaws of the parish/entity when/if the parish/entity is civilly incorporated.

GUIDELINES AND SUGGESTED PROCEDURES FOR THE FINANCE COUNCIL

Note: A complete Diocesan Office Manual is available through your parish/entity office or by contacting the fiscal office of the Diocese of St. Augustine fiscal@dosafli.com (904) 262-3200. This manual will provide all procedures and documents required by the diocese.

INTERNAL CONTROL SYSTEM:

Cash receipts

1. Periodically check the count sheets and review lists of count teams
2. Periodically check other deposit slips with bank statements
3. Bequests, property gifts and stock donations
 - a. Bequests – advise on expenditure
 - b. Property gifts – the Chancellor’s office will investigate before acceptance
 - c. Stocks – the diocesan fiscal office will process the sale. Proceeds will be returned to the parish to acknowledge the donor.

Cash disbursements

1. Periodically review documentation for proper check request forms and approval.
2. Priest is required to sign all checks. No exceptions.
 - a. No signature stamps

Bank statements

1. Both the cash reconciliations and bank statements should be reviewed on a regular basis.

Payroll

1. Payroll documentation should be provided to the finance council for
 - a. Employee verification
 - b. Timely reporting with state regulations
 - c. Reasonableness in salary grades

INTERNAL CONTROL RESPONSIBILITIES:

Monthly financial reports

1. Verify the monthly reports have been submitted timely to the diocese.
2. Verify the monthly reports tie to cash and review budget variances

Annual Reports

1. Assist in preparing the financial statements published to the parishioners
2. Review, approve and chairperson sign-off on the annual financial report submitted to the diocese
3. Review year-end payroll documents – W-2, 1099 forms

Audit Responsibilities:

Independent audits are performed for each parish/school every four (4) years, or change of pastor, or bishop's request. Diocesan entities will be audited every fiscal year. Finance council must hold a meeting to review the audited financial statements – the independent auditor, diocesan chief fiscal officer and pastor must be present at this meeting

Appendix A

POLICY FOR APPROVAL OF EXPENDITURES

Diocesan policy for approval of expenditures from, or debits and transfers from parish/mission/school or incorporated entity account is as follows:

Expenditures, Debits or Transfers under \$10,000

: The pastor/director may approve expenditures, debits or transfers from financial accounts, which are, in the aggregate, under \$10,000 in value. Soliciting input from the Finance Council or at least from the Chair of the Council, especially for expenditures, debits or transfers in excess of \$7,000, is encouraged as a means of strengthening internal controls.

Expenditures, Debits or Transfers between \$10,000 & \$20,000

: Expenditures, debits or transfers from financial accounts, which are, in the aggregate, between \$10,000 and \$20,000 must receive approval from either the Vicar General or the Chancellor of the diocese. Approval should be requested in writing with a description of the expenditure. All such requests must include a statement that at least the Chair of the Finance Council has been consulted. The statement must indicate whether the Chair of the Finance Council concurs or not-concurs with the requested expenditure. If the Chair does not concur, a brief statement of the reasons for non-concurrence must be included.

Expenditures, Debits or Transfers Over \$20,000

: The Bishop must approve any expenditure, debit or transfer from parish or mission financial accounts, which is, in the aggregate, over \$20,000. All such requests submitted must include a statement that the Finance Council has been consulted. The statement must indicate whether the Finance Council concurs or not-concurs with the requested expenditure. If the Finance Council does not concur, a brief statement of the reasons for non-concurrence must be included.

Aggregate Cost or Value

: The above spending limits apply to the total aggregate cost or value of a project, purchase or transfer of funds. Thus, projects, purchases or transfers may not be artificially segmented into smaller units to avoid a spending limit. Questions about the aggregate cost or value in a particular case should be addressed to the Fiscal Officer or the Chancellor.

Purpose & Effect of Concurrence

: In neither case above does the approval of the expenditure, debit or transfer request depend upon the concurrence of the Chair or the full Finance Council, but good financial management requires that a record of consultation be established. If the requested transaction is approved, any resulting contracts must be submitted to the Bishop for his signature.

Contracts should be submitted through the chancellor's office.

Appendix B

Parish Internal Control Policy

The pastor/director and finance council are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing the pastor and/or diocese about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. The finance council is also responsible for informing the pastor and/or diocese of your knowledge of any allegations of fraud or suspected fraud affecting the regulators, or others. In addition, the finance council is responsible for identifying ensuring that the Organization complies with applicable laws and regulations.

Although the new Statement on Auditing Standard No. 99, "Consideration of Fraud in a Financial Statement Audit" requires the independent auditor to make more inquiries, identify and respond to fraud risk and perform additional procedures, ultimately management is responsible for preventing and detecting fraud