



POLICY for **PARISH FINANCE COUNCILS**

ARCHDIOCESE OF WASHINGTON



OFFICE OF THE ARCHBISHOP

ARCHDIOCESE OF WASHINGTON

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May 23, 2016

Dear Brother Priests,

It is a pleasure to present the recently promulgated *Policy for Parish Finance Councils* for the Archdiocese of Washington. The Parish Finance Council is a canonically required consultative body of laypersons established to advise the Pastor or Administrator, in his role as canonical representative of the parish, in matters pertaining to the financial affairs of the parish (and school).

This revised policy is the result of a review conducted by a committee of eight experienced pastors and four current or former lay finance council members from archdiocesan parishes. Beginning in early January 2016, this committee met weekly to review the former policy document and to offer updated or new language. The revised document was also reviewed and received support from the Priest Council in their April 2016 meeting.

New in this document is an addendum listing sample meeting topics, as well as requirements that Finance Council members complete a Conflict of Interest Disclosure and a Confidentiality Agreement.

The *Policy for Parish Finance Councils* becomes effective on July 1, 2016. It is my hope that it assists you in the stewardship of the parish. If you have any questions, please contact Mr. Terence Farrell, Executive Director of Parish/School Financial Operations at farrellt@adw.org or 301-853-4511. (1)

Particularly during this Year of Mercy, I am grateful for your priestly ministry and for all that you do in service to Our Lord and to his Church.

With every good wish, I am

Faithfully in Christ,

Archbishop of Washington

(1) Effective March 2018, the Executive Director of Parish and School Financial Operations is Mrs. Adrienne Willich who can be reached at WillichA@adw.org.



DONALD CARDINAL WUERL
BY THE GRACE OF GOD AND THE APOSTOLIC SEE
ARCHBISHOP OF WASHINGTON

DECREE

To the Pastors, Parish Finance Council Members and all those responsible for Parish Finances and Stewardship in the Archdiocese of Washington:

It is my pleasure to approve and promulgate the Policy for Parish Finance Councils within the Archdiocese of Washington. The policy governs the creation and operation of parish finance councils.

The policy reflects the efforts of the Finance Office of the Archdiocese of Washington together with a committee of pastors and lay faithful who have experience with parish financial matters to update and integrate existing archdiocesan policies regarding parish finance councils and the provisions of canon law.

This Policy for Parish Finance Councils becomes effective on July 1, 2016. The policy replaces any prior policies and guidelines concerning parish finance councils in the Archdiocese of Washington.

It is my hope that this policy will assist all involved in the financial matters of our parishes as they advise the Pastor or Administrator in his role as canonical representative of the parish.

Given this twenty-third day of May, two thousand and sixteen, in the Archdiocese of Washington.


Archbishop of Washington



Chancellor

DEFINITION

The Parish Finance Council (Finance Council) is a consultative body of lay persons established to advise the Pastor in matters pertaining to the financial affairs of the parish (and school).

The Finance Council is required by Canon 537:

“Each parish is to have a Finance Council which is regulated by universal law as well as by 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 the parish goods with due regard for the prescription of Canon 532.”

RELATIONSHIPS

The relationship between the Pastor (or Administrator) and the Finance Council is one of support and collaboration. The authority of the Pastor, as defined in Canon 532, to act and decide on behalf of the parish, is not lessened by the establishment of the Finance Council. The Finance Council provides advice and counsel to the Pastor; the Pastor alone is the decision maker regarding administration of the parish.

The Finance Council provides support and encouragement to the Pastor by sharing the voice of the parish and being a sounding board for the Pastor's plans and ideas. Discussions between the Pastor and the Finance Council reduce risk and uncertainty by identifying potential issues and concerns in advance of decisions and actions.

The 1983 Revised Code of Canon Law, which requires the creation of a Finance Council, clearly places in it the competence to assist the Pastor in the administration of parish temporalities. The Revised Code also allows the establishment of Parish Pastoral Councils (Pastoral Council)

to assist the Pastor in planning, coordinating, guiding and directing of all aspects of parish life (Canon 536). It has been the consistent policy of the Archdiocese of Washington that a Pastoral Council be established in each parish. While the two councils are separate and each has a different and specific role in the life and operation of the parish, they must work together for the good of the parish.

Therefore, for the purpose of good planning, cooperation and accountability, the person chosen to be the Vice Chairperson of the Parish Finance Council might be an ex-officio a member of the Pastoral Council. He/she shall act as liaison between the two councils and shall provide the Pastoral Council regular and timely reports (at least three times a year) on the financial status of the parish and the work activity of the Finance Council. Additionally, it is recommended that a member of the Finance Council be an ex-officio member of the School Board.

The relationship between the Finance Council and the Pastoral Council is one of working together for the good of the parish. The mission of the Pastoral Council as defined in Canon 536 is to assist the Pastor in the planning, coordinating, guiding and directing of all aspects of parish life. The Pastoral Council assists the Pastor with discerning and achieving the overall good of the parish/school and its mission. The Pastor and Pastoral Council will look to the Finance Council for the advice and planned resources to implement the parish's vision; the Pastor and the Finance Council looks to the Pastoral Council for the development of that vision.

In fulfilling its responsibilities, the Finance Council must be directed by the values of the Gospel as well as by good business practices. Efficient and effective use and management of parish resources must be measured as much by their contribution to parish mission and ministry as by commonly accepted business standards.

MEMBERSHIP

The Finance Council shall be composed of the Pastor (or Administrator) and at least three but no more than nine practicing lay (or clergy) members of the parish who are knowledgeable and skilled in financial, business, and/or legal matters and are known for their prudent judgement. Membership shall be by appointment of the Pastor who shall consult with the Pastoral Council in making appointments to the Finance Council.

If the Pastor anticipates any of the following or similar significant events at the parish, the Pastor should consider appointing to the Finance Council on at least, a temporary basis, additional persons (consultants) with relevant business expertise: major fundraising, major construction projects, real estate transactions, information technology implementations or personnel reorganizations.

The Pastor (Administrator) by virtue of his position is the principal member and Chairperson of the Finance Council. Parochial Vicars should be encouraged by the Pastor to attend the meetings of the Finance Council as observers in order for them to gain valuable experience in parish administration.

The parish bookkeeper, accountant, or staff person, or Parochial Vicar shall not be a member of the Finance Council. However, their attendance at Finance Council meetings may be helpful and at times required.

Members of the Finance Council may not be related to the Pastor or the priests assigned to, or in residence, at the parish, nor to any staff member employed by the parish.

Each member of the Finance Council must complete an Annual Conflict of Interest form which should be reviewed and discussed at a meeting of the Finance Council. In addition, members are to sign a Confidentiality Agreement. These signed forms should be retained by the Pastor.

TERMS OF OFFICE

Members of the Finance Council shall serve one three year term. Extensions of terms may be for up to three years.

CHANGE OF PASTOR

When there is a change of Pastor in the parish and the current pastor is replaced by a new Pastor, the Finance Council is dissolved. Within three months, the new Pastor may choose to continue the former Finance Council with current terms, or proceed with the process of forming a new council by appointing new members. When the current Pastor is replaced with an administrator, the Finance Council remains a functioning council and is not dissolved.

OFFICERS

The Pastor, by virtue of his position, is the principal member and Chairperson of the Finance Council. He presides over the meeting and receives the Finance Council's advice and counsel. No meetings of the Finance Council shall take place without the Pastor being present.

Vice Chairperson:

There shall be a Vice Chairperson appointed by the Pastor. The Vice Chairperson assists the Pastor in coordinating the work of the Council, in preparing for meetings and in implementing those recommendations of the Council which have been accepted and ratified by the Pastor. The Vice

Chairperson performs other tasks as may be delegated by Pastor, such as chairing and conducting the regular meetings of the Council. The Vice Chairperson is appointed for a term of one year and may be reappointed.

Secretary:

The Secretary shall prepare written minutes (in English) of the meetings of the Finance Council and shall perform other duties assigned by the Pastor or the Vice Chairperson. The Secretary is appointed for a term of one year and may be reappointed.

MEETINGS

The Finance Council shall meet at least four times each year. Meetings and agendas shall be arranged by the Vice Chairperson in consultation and with the approval of the Pastor. The Pastor and members are expected to attend all meetings. If deemed appropriate, the Pastor may call an executive session during which only Finance Council members are present (e.g., no staff, no observers). Written minutes shall be documented (in English) from each meeting and retained by the pastor in the parish records.

COMPETENCE

The Pastor has authority from the Bishop and the universal law of the Church to decide and act on behalf of the parish as defined in Canon 532. The Finance Council is advisory to the Pastor and its recommendations are valid only when accepted and ratified by the Pastor. It is important, therefore, that the Pastor be central to the deliberations and the functioning of the Finance Council. The relationship between the Finance Council and the Pastor is supportive and by no means adversarial.

In order for the Finance Council to fulfill its mission, it must have access to certain financial information. The monthly financial statements produced from the parish's accounting systems should be forwarded to the Finance Council each month. Similarly, activity reports of all parish/school organizations should be made available to the Finance Council on a regular basis. Such information must be received and given in a spirit of confidentiality and prudence.

If the Pastor in good conscience feels he cannot accept the recommendations of the Finance Council, he shall fully and frankly communicate his reservations to the Finance Council.

RESPONSIBILITIES

Pastors and Administrators are obliged to administer parish goods, according to the Church Law as found in Canon 1281-1288. The Finance Council has the responsibility to assist the Pastor by performing the following:

1. Ensure that the parish/school budget is prepared/ approved in a timely manner taking into account the goals of the Pastor and the Pastoral Council for the upcoming year.
2. Review as needed the internal control procedures for parish/school to ensure policies and procedures are followed in accordance with archdiocesan policies and best business practices. Review audit recommendation letters and Pastor response.
3. Ensure that the Annual Financial Report is prepared and submitted to the Archdiocese.
4. Ensure the distribution of the required Annual Financial Report to the Pastoral Council and to the parish community.
5. Ensure the parish uses federally insured bank accounts and financial investments that are consistent with the USCCB guidelines on investing.
6. Evaluate and report on trends in offertory and other giving and make recommendations regarding offertory enhancement programs and other fundraising initiatives consistent with parish's goals and mission.
7. Develop a plan for the financing and prioritizing of necessary repairs, renovations and purchase of equipment.
8. Develop a plan for systematic payment of all parish debt.
9. Review and make recommendations to the Pastor for all fundraising for parish/school.

10. Provide the Pastoral Council with periodic reports (at least three times a year) on the Financial Status of the parish/school.
11. Ensure parish meets all requirements of federal and state tax laws and maintains an accurate record of payments.
12. Ensure proper submission of necessary tax exempt forms to appropriate civil authorities as required by law and to maintain records of same for all Church owned properties.
13. Ensure the safeguarding of assets through proper review of contracts, review of appropriate insurance coverage of vendors and proper care and replacement of parish/school equipment.
14. Ensure proper implementation of all archdiocesan policies relating to financial administration.
15. Assist, as requested by the Pastor, in the hiring and evaluation of accounting personnel.

ADDENDUM

Sample Meeting Topics (not exclusive)

A. Financial reporting

1. Review the annual budget for the parish/school, ask questions regarding parish and school plans, budget assumptions and variances from the prior year and be satisfied that the budget is reasonable, accurate, conservative and balanced. A balanced budget shows no net loss and demonstrates that the parish plans to live within its means.
2. Review monthly the financial statements of the parish and school and discuss variances between actual and budget.
3. Review trends in offertory collection and other income and make recommendations regarding offertory growth programs and other fundraising, consistent with the parish's mission and character.
4. Review trends in expenses and staffing.
5. Review the parish assets and investments and determine that the assets are properly invested to achieve a fair return at an appropriate level of risk.
6. Review and sign the parish Annual Report to the Archdiocese representing that the report accurately reflects the financial condition of the parish. Similarly, review the Annual Report made to the parishioners.

B. Financial and accounting operations

1. Review the report of the parish internal audit (external audit if completed) and understand the plans of the parish staff to respond to issues raised.
2. Inquire as to whether the parish has complied with all laws and regulations to which it is subject including laws relating to payroll taxes and real estate.

3. Inquire as to whether the parish is in compliance with the terms and conditions of bank loans and notes payable to the Archdiocese. Understand the parish's plan for the repayment of significant debt.
4. Review internal control procedures regarding the delegation of authority to the parish staff for the commitment and disbursement of parish funds including purchasing, investing, contracting, use of credit cards, etc.
5. Understand key terms of significant contracts to which the parish is committed.

C. Parish operations

1. Inquire as to the existence and oversight of insurance, maintenance, repair and replacement of the parish buildings and equipment.
2. Review and update IT security and access.
3. Review and monitor physical plant program to ensure people safety and physical security of the parish buildings and equipment.
4. Ensure that Federal and State Employment Practices posters and Ethics Point Hotline posters are prominently displayed and staff and parishioners are aware of how to report suspicious activity.
5. Review Ethics Point Hotline cases pertaining to parish.

