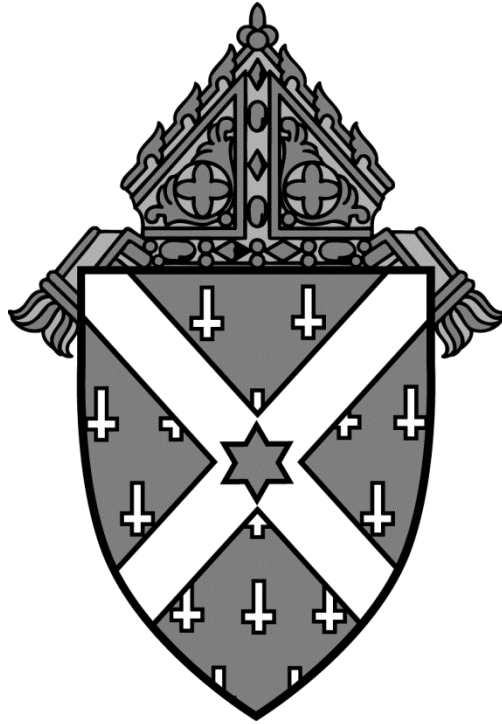


Diocesan Policies for Parish Finance Councils



DIOCESE OF LITTLE ROCK

2017

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1. REQUIREMENT, PURPOSE, RESPONSIBILITIES AND OBJECTIVES

- 1.1 **Requirement:** The Code of Canon Law requires that every parish have a Finance Council (c. 537). Thus, choosing not to have a Finance Council is not an option for either a parish or for a Pastor/Administrator.
- 1.2 **Purpose:** The Finance Council is a consultative body. It assists the Pastor/Administrator—who represents and governs the parish in its juridic affairs (c. 532)—in his making administrative and financial decisions for the parish, specifically with respect to acts of both ordinary and extraordinary administration (see Appendix I).
- 1.3 **Responsibilities and Objectives:**
 - 1.3.a To advise the Pastor/Administrator on decisions regarding acts of ordinary and extraordinary administration (see Appendix I). Although decisions on personnel matters may be considered acts of ordinary administration, the Council is not to be consulted on matters directly pertaining to specific personnel decisions, which are the proper purview solely of the Pastor/Administrator.
 - 1.3.b To assist the Pastor/Administrator in the administration of parish goods in accordance with the norms of Canons 1281 to 1288 (see Appendix II).
 - 1.3.c To assist the Pastor/Administrator in the preparation of an annual budget of income and expenditures, which the Pastor/Administrator also shares with the Pastoral Council.
 - 1.3.d To assist the Pastor/Administrator in the preparation of an annual parish financial report of income and expenditures.
 - 1.3.e To review the parish income and expense report at least quarterly.
 - 1.3.f To assist parish staff, boards, and organizations in preparing and submitting annual budgets, as requested by the Pastor/Administrator.
 - 1.3.g To recommend means of increasing revenue for the parish/mission to meet the goals and obligations of both the parish/mission and the Diocese.
 - 1.3.h To help ensure compliance with all diocesan financial policies, and to assist the Pastor/Administrator in achieving compliance.
 - 1.3.i To promote and foster support at the parish/mission level for stewardship efforts of both the parish/mission and the Diocese.

2. MEMBERSHIP

- 2.1 The Finance Council shall consist of at least three (3) and no more than five (5) members. The Pastor/Administrator is not a member of the Council but presides over it, and thus he does not count towards the number of members in a Council.
- 2.2 Members are selected by appointment of the Pastor/Administrator.
- 2.3 Any registered, active member of the parish/mission who is at least eighteen (18) years of age and is in full communion with the Catholic Church is eligible to be appointed a member of the Council. Council members must have the ability to: consider the needs of

the entire parish; listen to and consider the ideas of others; be committed to attending meetings; and maintain a respectful attitude towards the teachings and beliefs of the Catholic Church.

- 2.4 To the extent possible, members should possess experience or expertise in accounting, business, finance, or law.
- 2.5 Any persons who could have a real or perceived conflict of interest are not eligible to be members of the Council. Also ineligible are paid staff of the parish (or school, if there is one), as well as any close relatives of the Pastor/Administrator (e.g., brother, sister, nephew, niece, in-law, etc.).

3. TERMS

- 3.1 Members shall be appointed for staggered terms of three (3) years.
- 3.2 A member's term shall be renewable by the Pastor/Administrator at the end of his/her respective term, and there shall be no term limits for members of the Finance Council.
- 3.3 For a just cause, a Pastor/Administrator may remove a member of the Council prior to the expiration of his/her term.

4. OFFICERS

- 4.1 The Chair of the Council may be either the Pastor/Administrator or a member of the Council as decided by the Pastor/Administrator.
- 4.2 If a member serves as the Chair, he/she works with the Pastor/Administrator to schedule meetings, prepare agendas, send out notices and minutes, and perform other duties as designated by the Pastor/Administrator.
- 4.3 The Council is to have a recording Secretary, as selected by the Pastor/Administrator. If the taking of minutes inhibits a member from full participation in the consultation process, the Pastor/Administrator may appoint a non-member to record minutes.

5. MEETINGS

- 5.1 The Finance Council shall meet at least quarterly.
- 5.2 Regular meetings of the Council may not occur without the presence of the Pastor/Administrator or his delegate. Only the Pastor/Administrator may call a special meeting.

- 5.3 As a general rule, meetings of the Council are to be in-person. However, in extraordinary circumstances (e.g., required consultation on an emergency extraordinary act of administration), a Pastor/Administrator may consult with the Council via telephone, email, or other electronic means.
- 5.4 A well-planned agenda for each meeting is advisable. The method of preparing the agenda is up to the discretion of the Pastor/Administrator.
- 5.5 By-Laws are not necessary or required for the Council; however, at its discretion and subject to approval by the Pastor/Administrator, the Council may adopt by-laws to help facilitate its meetings and fulfill its purpose and objectives, insofar as such by-laws are consistent with and not contradictory to these Diocesan policies. The Council is not to adopt separate “Constitutions.”
- 5.6 As a general rule Council meetings are open to parishioners, unless due to the nature of the matters under consideration the Council decides to meet in executive session. At his discretion, the Pastor/Administrator may permit non-members to speak at an open meeting on specific agenda items, and it is for the Pastor/Administrator to determine the manner in which non-members may speak.
- 5.7 As a consultative body, the Council does not necessarily need to vote on all matters in order to fulfill its function. When the Council does vote, its vote is non-binding and merely consultative.
- 5.8 For those acts defined as extraordinary acts of administration (see Appendix I), the Pastor/Administrator is required to hear and obtain a consultative vote from the Finance Council. Additionally, diocesan policy requires that the Pastor/Administrator obtain the approval or permission of the Bishop for certain extraordinary acts. For all other ordinary acts of administration, the Pastor/Administrator may consult with the Finance Council and is encouraged to do so where prudent, but such consultation is not required for ordinary administrative acts.
- 5.9 The detailed minutes of the meetings are to be retained permanently in a file at the parish office. The detailed minutes are to be made available only to the Pastor/Administrator and to the current members of the Council.
- 5.10 Each meeting should open and close with a prayer.

6. PASTOR/ADMINISTRATOR

- 6.1 As chief governing officer of the juridic person of the parish/mission, the Pastor/Administrator is to convene and preside at all Council meetings and participate in its activities.

- 6.2 When a Pastor/Administrator leaves a parish through transfer, retirement, or death, all formal activity of the Council ceases until the new Pastor/Administrator reconvenes the Council. The new Pastor/Administrator may amend any procedures in these policies that are “at the discretion of the Pastor/Administrator.”
- 6.3 Those processes/procedures mentioned in these policies that are “at the discretion of the Pastor/Administrator” are to be established in writing and communicated to the Council. Copies of those processes/procedures are to be maintained in a “Procedures Manual,” which is to be distributed along with this Policy to the Council members.
- 6.4 In exceptional circumstances, after consultation with and consent from the Bishop or Diocesan Administrator, a newly-appointed Pastor/Administrator may dissolve the Finance Council. In the event of a Council dissolution, the newly-appointed Pastor/Administrator is to reconstitute a new Council within four (4) months of his appointment.
- 6.5 The Pastor/Administrator may publish a summary of the Council minutes in the parish bulletin or in another publicly-available electronic or physical location shortly after each meeting.
- 6.6 The Pastor/Administrator is to communicate an income and expense report to the Pastoral Council at least annually.
- 6.7 The Pastor/Administrator is to send a copy of the annual parish financial report to the Diocesan Finance Office. The Pastor/Administrator is also to publish a summary version of the annual parish financial report in the parish bulletin or in another publicly-available electronic or physical location for review by parishioners.

7. RELATIONSHIP WITH THE PASTORAL COUNCIL AND OTHER BOARDS

- 7.1 The Finance Council is distinct from the Pastoral Council. Under Church law, there is no such entity as a “Parish Council.” Rather, there is a “Pastoral Council” (c. 536) and a “Finance Council” (c. 537), both of which are councils of the Parish, and both of which have their own distinct roles and responsibilities.
- 7.2 The Finance Council should endeavor to maintain a quality of communication with the Pastoral Council which would enable each to share a common awareness of the finances of the parish/mission, specifically insofar as they relate to the overall mission and pastoral vision of the parish/mission.
- 7.3 Where there is a School Board or other special board, care should be taken to allow these boards to operate according to diocesan norms and in harmony with the Finance Council. The Finance Council has no oversight or authority over a School Board or a school. However, the Pastor must consult with the Finance Council prior to any of the following school-related actions: (a) recommending to the Bishop that a school be opened or

closed; (b) requesting permission from the Bishop to initiate construction projects pertaining to the school; or (c) determining the amount of parish subsidy to be allocated to the school.

- 7.4 The Pastor/Administrator may appoint a representative of the Finance Council as an *ex officio* member of the Pastoral Council should he deem it productive. Such a representative does not count towards the total number of members of the Pastoral Council. The Pastor/Administrator may also, on occasion, invite a member of the Pastoral Council, the School Board, or other advisory bodies to a Finance Council meeting to discuss a specific agenda item.

APPENDIX I

	Parish Administration (includes Assoc. Pastor & parish staff)	Pastoral Council	Finance Council
Pastor's Role	Oversees daily parish operations and staff	Convenes and presides over	Convenes and presides over
Membership	Hired or appointed by Pastor	Selected by election, appointment or some combination thereof; excludes parish staff	Appointed by Pastor; excludes parish staff, except as consultants; excludes close relatives of Pastor and those with conflicts of interest
Terms	N/A	3 years; eligible to serve a second consecutive 3-year term, then must go off the Council for one full term	3 years, renewable until change in Pastor
Focus	Day-to-day ministry and administration of the parish	Long-range pastoral planning for the common good of the parish; foster unity and a sense of community	Annual budget; long-range financial planning; assist with effective management of parish assets
Areas of Responsibility	Matters pertaining to a job description or specific area of parish life	Assists the Pastor in his leadership role of planning, organizing, promoting, coordinating, and reviewing the evangelization, worship, religious education, and service objectives	Matters pertaining to budget, facilities, or development; financial reports to the parish; studies revenues/expenses of the parish and makes recommendations
Relationship to Pastoral Plan	Assists as a resource	Develops, monitors, and evaluates plan	Assists as a resource
Relationship to Pastor	Accountable to Pastor	Consultative to Pastor	Consultative to Pastor
Method of Decision-Making	By consensus when appropriate	By consensus	By consensus when appropriate
Meetings	As deemed necessary	Regularly, with at least 2 meetings each fiscal year	At least quarterly

APPENDIX II

The following are defined as acts of ordinary and extraordinary administration within the Diocese of Little Rock.

Acts of Ordinary Administration

Acts of ordinary administration are the normal business dealings that are done routinely or regularly in order to maintain ecclesiastical goods (e.g., parish accounts, tangible property, real property, and buildings). Ordinary acts include, but are not limited to, the following:

1. Reviewing, planning, tracking, and preparing the budget
2. Preparing routine financial reports
3. Overseeing proper maintenance and upkeep of parish buildings and property
4. Evaluating insurance coverage needs
5. Evaluating overall financial needs
6. Collecting and accounting for regular income, debt, rent, and interest
7. Paying routine invoices and bills
8. Maintaining and overseeing the financial accounts of the parish/mission
9. Making routine purchases
10. Accepting gifts and bequests
11. Carrying out other routine acts of finance and administration that a Pastor/Administrator performs in the regular course and scope of his day-to-day responsibilities.

Acts of Extraordinary Administration

Acts of extraordinary administration are those that do not routinely occur in the normal course and scope of the business dealings of the parish/mission. Within the Diocese of Little Rock, acts of extraordinary administration include only the following:

1. Leasing or renting parish/mission property in such a way as to subject the parish/mission to a permanent or long-term financial or regulatory burden.
2. Purchasing or selling real property or real estate.
3. Capital expenditures that exceed \$5,000 or 1% of the annual parish revenue, whichever is greater.
4. All renovation, repair, and construction of any church property exceeding the dollar amount established by the Diocesan Building Commission.
5. Accepting gifts, bequests, or donations to the parish/mission that entail a restriction, such as the imposition on the parish/mission of any legal, financial, or modal obligation (c. 1267 §2).
6. Entering into a financial transaction (including donating money to a third party) which could worsen the patrimonial condition of the parish/mission (see c. 1295).
7. Initiating or contesting a civil lawsuit (see c. 1288).
8. Instituting financial campaigns, drives, special collections, or major fund raising events other than those already approved and required by the Diocese.
9. Alienating (i.e., transferring ownership of) parish/mission property which: (i) exceeds \$5,000 in value (c. 1291); (ii) was given to the parish/mission by vow (c. 1292 §2); or (iii) is precious for artistic or historical reasons (c. 1292 §2).
10. Applying for a loan from the Diocese or any other lending institution.
11. Establishing a school or a cemetery.

APPENDIX III

Relevant Canons from the Code of Canon Law

Canon 532. In all juridic affairs the pastor represents the parish according to the norm of law. He is to take care that the goods of the parish are administered according to the norm of cann. 1281-1288.

Canon 536 §1. If the diocesan bishop judges it opportune after he has heard the presbyteral council, a pastoral council is to be established in each parish, over which the pastor presides and in which the Christian faithful, together with those who share in pastoral care by virtue of their office in the parish, assist in fostering pastoral activity.

§2. A pastoral council possesses a consultative vote only and is governed by the norms established by the diocesan bishop.

Canon 537. In each parish there is to be a finance council which is governed, in addition to universal law, by norms issued by the diocesan bishop and in which the Christian faithful, selected according to these same norms, are to assist the pastor in the administration of the goods of the parish, without prejudice to the prescript of can. 532.

Canon 1281 §1. Without prejudice to the prescripts of the statutes, administrators invalidly place acts which exceed the limits and manner of ordinary administration unless they have first obtained a written faculty from the ordinary.

§2. The statutes are to define the acts which exceed the limit and manner of ordinary administration; if the statutes are silent in this regard, however, the diocesan bishop is competent to determine such acts for the persons subject to him, after having heard the finance council.

§3. Unless and to the extent that it is to its own advantage, a juridic person is not bound to answer for acts invalidly placed by its administrators. A juridic person itself, however, will answer for acts illegitimately but validly placed by its administrators, without prejudice to its right of action or recourse against the administrators who have damaged it.

Canon 1282. All clerics or lay persons who take part in the administration of ecclesiastical goods by a legitimate title are bound to fulfill their functions in the name of the Church according to the norm of law.

Canon 1283. Before administrators begin their function:

1° they must take an oath before the ordinary or his delegate that they will administer well and faithfully;

2° they are to prepare and sign an accurate and clear inventory of immovable property, movable objects, whether precious or of some cultural value, or other goods, with their description and appraisal; any inventory already done is to be reviewed;

3° one copy of this inventory is to be preserved in the archive of the administration and another in the archive of the curia; any change which the patrimony happens to undergo is to be noted in each copy.

Canon 1284 §1. All administrators are bound to fulfill their function with the diligence of a good householder.

§2. Consequently, they must:

1° exercise vigilance so that the goods entrusted to their care are in no way lost or damaged, taking out insurance policies for this purpose insofar as necessary;

2° take care that the ownership of ecclesiastical goods is protected by civilly valid methods;

3° observe the prescripts of both canon and civil law or those imposed by a founder, a donor, or legitimate authority, and especially be on guard so that no damage comes to the Church from the non-observance of civil laws;

4° collect the return of goods and the income accurately and on time, protect what is collected, and use them according to the intention of the founder or legitimate norms;

5° pay at the stated time the interest due on a loan or mortgage and take care that the capital debt itself is repaid in a timely manner;

6° with the consent of the ordinary, invest the money which is left over after expenses and can be usefully set aside for the purposes of the juridic person;

7° keep well organized books of receipts and expenditures;

8° draw up a report of the administration at the end of each year;

9° organize correctly and protect in a suitable and proper archive the documents and records on which the property rights of the Church or the institute are based, and deposit authentic copies of them in the archive of the curia when it can be done conveniently.

§3 It is strongly recommended that administrators prepare budgets of incomes and expenditures each year; it is left to particular law, however, to require them and to determine more precisely the ways in which they are to be presented.

Canon 1285. Within the limits of ordinary administration only, administrators are permitted to make donations for purposes of piety or Christian charity from movable goods which do not belong to the stable patrimony.

Canon 1286. Administration of goods:

1° in the employment of workers are to observe meticulously also the civil laws concerning labor and social policy, according to the principles handed on by the Church;

2° are to pay a just and decent wage to employees so that they are able to provide fittingly for their own needs and those of their dependents.

Canon 1287 §1. Both clerical and lay administrators of any ecclesiastical goods whatever which have not been legitimately exempted from the power of governance of the diocesan bishop are bound by their office to present an annual report to the local ordinary who is to present it for examination by the finance council; any contrary custom is reprobated.

§2. According to norms to be determined by particular law, administrators are to render an account to the faithful concerning the goods offered by the faithful to the Church.

Canon 1288. Administrators are neither to initiate nor to contest litigation in a civil forum in the name of a public juridic person unless they have obtained the written permission of their own ordinary.

Canon 1291. The permission of the authority competent according to the norm of law is required for the valid alienation of goods which constitute by legitimate designation the stable patrimony of a public juridic person and whose value exceeds the sum defined by law.

Canon 1292 §1. Without prejudice to the prescript of can. 638 §3, when the value of the goods whose alienation is proposed falls within the minimum and maximum amounts to be defined by the conference of bishops for its own region, the competent authority is determined by the statutes of juridic persons if they are not subject to the diocesan bishop; otherwise, the competent authority is the diocesan bishop with the consent of the [diocesan] finance council, the college of consultors, and those concerned. The diocesan bishop himself also needs their consent to alienate the goods of the diocese.

§2. The permission of the Holy See is also required for the valid alienation of goods whose value exceeds the maximum amount, goods given to the Church by vow, or goods precious for artistic or historical reasons.

§3. If the asset to be alienated is divisible, the parts already alienated must be mentioned when seeking permission for the alienation; otherwise the permission is invalid.

§4. Those who by advice or consent must take part in alienating goods are not to offer advice or consent unless they have first been thoroughly informed both of the economic state of the juridic person whose goods are proposed for alienation and of previous alienations.

Canon 1295. The requirements of cann. 1291-1294, to which the statutes of juridic persons must also conform, must be observed not only in alienation but in any transaction which can worsen the patrimonial condition of a juridic person.