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**Guide for Parish Finance Councils**

CCAS/Parish Financial Services

January 2024

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**Parish Finance Council**

**CL 10.** Each parish must have a finance council as stated in CIC, c. 537.

According to the Code of Canon Law, each parish must have a finance council (CIC, c. 537). The parish finance council is composed of Catholic faithful who offer advice to the pastor in the administration of the parish’s temporal goods.

# PURPOSE

The finance council is a consultative body that provides the pastor with advice concerning the stewardship of the parish’s fiscal resources. It assists the pastor by:

* Conducting long-range financial planning regarding funding operational and capital needs in the parish.
* Developing and overseeing a parish budget process which results in an annual parish budget. This process should involve the participation of those responsible for parish programs. It should be so designed that it addresses the parish’s priorities and goals as determined by the pastor and parish pastoral council.
* Providing financial analysis of current fiscal status reports.
* Providing fiscal analysis of proposed goals, strategies, programs, and administrative aspects of parish life.

While the finance council has significant responsibility for the stewardship of parish financial resources, it is not the role of the finance council to recommend directions, priorities, or programs other than those related to its delegation: namely, fiscal stewardship. For this reason, the other consultative structures must be in place for the finance council to fulfill its role responsibly and effectively.

# CRITERIA FOR MEMBERSHIP

The purpose of the finance council is to provide the pastor, the parish pastoral council, and other leadership bodies with professional financial analysis. For this reason, it is important that the finance council membership should be as balanced as possible (e.g., by gender, age, race, and ethnicity) and composed of people CLPM 22 Many Gifts: Consultative Leadership Revised edition, 1008 who have had experience in the areas of business, finance, administration, and accounting. Staff members appointed by the pastor to the council are ex officio members of the council.

Members of the finance council must be: (CL11)

* Baptized and confirmed Roman Catholics in good standing with the Church.
* Registered and supporting members of the parish.
* Grounded in and committed to an understanding of the Church in accord with the principles of Vatican II.
* Committed to prayer, study, listening, and dialogue.
* Committed to stewardship of time, talent, and treasure.
* Not currently employed by the parish or parish school or a close relative or in-law of or living in the same household as a parish or school employee.
* Not simultaneously a member of the parish pastoral council.

# SIZE

The council should be large enough to include a broad representation of expertise, but not so large as to inhibit planning and the development of recommendations. Membership can vary depending on size of parish but should have a minimum of three members.

# SELECTION

Council members should be solicited through an open search process that begins with an identification of membership needs, followed by recruitment, an application process, interviews, and a selection or discernment process. The pastor makes the final decision concerning the method of selection. If the parish has a Mission and there is no separate finance council for the Mission (which is not required), care should be made to make sure that some finance council member(s) who attend the Mission regularly are included.

# TERM OF OFFICE (CL 12)

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Terms of office should be three years, renewable once. It is advisable that members are not eligible for selection to the council until after one year after the completion of their terms. Pastoral considerations such as an ongoing building project may benefit from the stability of having some members renew for additional terms.

# MEETING PROTOCOLS

1. During the initial year as pastor, the Finance Council should meet monthly or close to monthly.
2. Meetings should occur in the latter half of the month to give the bookkeeper sufficient time to have the monthly financial reports prepared and disseminated to the finance council members at least a few days ahead of the meeting.
3. The Finance Council chair should contact the PAA two weeks ahead of the meeting and suggest an agenda. The PAA should connect with the pastor and should reply within a week of receiving the agenda and confirm that the agenda is agreeable or tell the chair what he wants changed.
4. The pastor, PAA and Finance council members must have copies of the agenda, financial statements, and other documents at least two days before the scheduled meeting.
5. The finance council should never meet without the pastor, or begin the meeting without the pastor, without his explicit approval.
6. The bookkeeper and PAA should normally be in attendance and should be aware of the agenda items.
7. Minutes of the meeting must be recorded by the Finance Council secretary and retained as part of the parish permanent records.
8. The parish should retain meeting minutes, agendas, handouts, reports, and materials reviewed during the meeting for future reference by either internal or external parties in accordance with Archdiocesan record retention policies.

# ROLE OF THE FINANCE COUNCIL IN THE BUDGET PROCESS

The role of the Parish Finance Council is to recommend priorities to the Pastor and Pastoral Coordinator.

## Preliminary Budget Development

1. Revenue Projections

Project revenue independently. Do not start with costs and then plug in revenue to balance.

1. Determine Essential Costs

 Determine the amount necessary to fund Insurance, Utilities, Assessments and other “must fund” costs. Deduct this amount prior to establishing the Guidelines below.

1. Develop Guidelines for Budget Development

 Note: In a school parish, the school subsidy must be established early in the program - preferably January.

1. Provide departments with salary increase levels (set centrally by committee with pastor’s approval - not by department heads).
2. Provide departments with levels for inflation increase.
3. Provide direction in developing budget options based on the ideal situation and reality.
4. Direct departments to submit new program areas based on parish priorities. (Keep these programs separate so their impacts can be assessed individually.)
5. Capital Budget Development

The capital budget should be developed by the Facilities Committee, which may or may not be a subcommittee of the Finance Council, but which should always work through the Finance Council. Keep capital items as a line item in the operating budget (e.g., Reserve for Capital Expenditures).

## Communication and Consultation

1. Collect Budgets and Review with Individuals or Committees

Review budget submissions with department and committee leaders. This step does not result in budget approval. The purpose is to familiarize the Finance Council with the details of the department/ committee budget.

1. Total All Budgets
2. Include Pastor’s Discretionary Fund as a line item.
3. Develop optional balanced budgets based on parish priorities.
4. Meet with the Pastor/Pastoral Coordinator and the PAA to review options for a balanced budget based on identified priorities.
5. Make sure the Pastor/Pastoral Coordinator Can Live with All Proposed Budget Options

 The Pastor should see at least two, and not more than four, options.

## Budget Approval Process

1. Present Budget Options to Pastoral Council
2. Pastoral Council Recommends Final Option(s) to Pastor / Pastoral Coordinator

## Monitoring Actual vs. Budgeted Results

1. Monitor Actual Results vs. Budget on a Monthly or Quarterly Basis depending on need.

## Timeline for Budget Development

1. By Jan 1, the pastor should communicate to the PAA his budget priorities and guidelines. The amount of direct school support should be known at this time. This information should also be communicated to other professional staff such as the principal and other pastoral assistants. It is expected that the pastor has consulted with the Pastoral Council as to their goals and priorities for the parish.
2. By March 1, the PAA should communicate to the pastor his/her draft of the budget, including any concerns s/he and other professional staff may have about how the pastor’s priorities and guidelines affect the budget.
3. The pastor should respond to any concerns raised by the PAA no later than a week before the April Finance Council meeting.
4. The PAA should deliver the first external (?) budget draft to the pastor and Finance Council no later than two days before April Finance Council meeting.
5. Considering the consultative comments and discussion at the April Finance Council meeting, the pastor should give the PAA direction as to any changes to the first external budget draft.
6. The PAA should develop the final draft of the budget and circulate it to the professional staff and Finance Council in time for them to discuss it at the May Finance Council Meeting. The budget is expected to be approved at this time.
7. The PAA and pastor should present the budget to the Pastoral Council at the June meeting for their consultative advice.

# Role of the Finance Council in the Parish Financial Operations Review (PFOR)

1. The finance council chair must sign off on the completed PFOR questionnaire that is submitted to PFS. The finance council members should indicate any concerns or issues that they want the review to look at and raise them directly with PFS or the reviewer.
2. The Parish Finance Council should review the results of the most recent parish financial operations review and discuss that at a meeting (perhaps a special meeting just for this purpose), with the pastor, PAA, and bookkeeper present. The Finance Council should receive an update about ninety days later as to how the parish has implemented the recommendations of the review.

# DEVELOPMENT OF DISASTER RECOVERY PLAN

Establishing a sound backup plan for financial operations during an emergency can be especially critical for a parish as parishioners turn to the church during these times. Parish staff and the Finance Council should address the financial aspects of a disaster and prepare a business recovery plan to ensure minimal disruption in business operations in the event of a disaster. A sample plan is available at the Archdiocese’s website: [9632\_BusinessDisaster.pdf (seattlearchdiocese.org)](http://www.seattlearchdiocese.org/Assets/PFS/9632_BusinessDisaster.pdf).

# DEVELOPMENT OF THREE TO FIVE YEAR PLAN OF OPERATIONS

Pastor changes, staff turnover, and changes in understanding how the mission can best be carried out, all have an impact on how the parish continues operations.  Having a medium or long term plan for operations for both the parish and school will provide a roadmap for the parish that will enable it to maintain its focus and priorities in order to achieve its goals and maintain viable operations. The plan should address capital expenditures and deferred maintenance for fixed assets. A sample plan is available at the Archdiocese’s website: [9633\_3to5yearplan.pdf (seattlearchdiocese.org)](http://www.seattlearchdiocese.org/Assets/PFS/9633_3to5yearplan.pdf).

# WORK SCHEDULE

The Finance Council meets monthly/bi-monthly/quarterly on the fourth \_\_\_\_\_\_\_\_\_day. The Council shall be composed of \_\_\_\_\_ (three/six/nine/twelve) members with staggered terms. The Finance Council should meet no less than quarterly.

A suggested work schedule is as follows:

Winter – approve housing allowance for calendar year, review parish financials. If parish has a school, review proposed tuition rates for next school year (including any budget assumptions that go with that), discuss capital projects for the summer.

Spring – review parish financials, review first draft of budget. If parish has a school, review projected enrollment for next school year (including any budget assumptions that go with that).

Summer – recommend approval of budget to the pastor or pastoral leader, review end of year financial statements, discuss capital needs and plant maintenance. If parish has a cemetery review parish cemetery financials for past year. Look at most recent parish financial operations review and discuss if parish is still implementing all recommendations and has maintained conforming to the other required procedures.

Fall – review parish financials, review stewardship commitment renewal plan. If parish has a school, review how enrollment ended up and what budget impact that might have. **Also complete a parish and school financial self-assessment (Appendix A).**

# Other Resources

Video resources are available at the Archdiocese of Seattle’s website.

[Financial Council Basics - YouTube](https://www.youtube.com/watch?v=XyUCzKO3g40)

(copy to web browser: https://www.youtube.com/watch?v=XyUCzKO3g40)

[Finance Council Budgeting Basics - YouTube](https://www.youtube.com/watch?v=t1ps2OWBCCI)

(copy to web browser: https://www.youtube.com/watch?v=t1ps2OWBCCI)

[Other Financial Council Topics - YouTube](https://www.youtube.com/watch?v=xyYX0oDXGI4)

(copy to web browser: https://www.youtube.com/watch?v=xyYX0oDXGI4)

**Parish ID#:** \_\_\_\_\_\_ **Parish:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ **City:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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| --- | --- |
| 1. Has the most recent parish financial review been shared with the Finance Council? Have the recommendations been implemented?
 | [ ]  Yes [ ]  No |
| 1. Does the parish prepare an annual budget and present it to the Finance Council for review?
 | [ ]  Yes [ ]  No |
| 1. Are the financial statements being prepared and presented to the Finance Council in a timely fashion (preferably monthly)?
 | [ ]  Yes [ ]  No |
| 1. Does the Pastor question information on financial reports that appear unusual or inconsistent?
 | [ ]  Yes [ ]  No |
| 1. Are significant variations in budget to actual investigated and addressed?
 | [ ]  Yes [ ]  No |
| 1. Are the qualifications and competency of parish/school staff performing accounting functions adequate?
 | [ ]  Yes [ ]  No |
| 1. Do the parish/school staff performing accounting functions have a good understanding of the Archdiocese Financial Policies?
 | [ ]  Yes [ ]  No |
| 1. Do the parish/school accounting staff maintain open and honest communication with the Pastor?
 | [ ]  Yes [ ]  No |
| Are the internal and financial control procedures of the parish/school being followed in accordance with the Parish Financial Policies for the following: |
| 1. Are financial duties divided among different people (responsibilities for authorizing transactions, recording them, and managing assets are separated)?
 | [ ]  Yes [ ]  No |
| 1. Is confidential data such as social security numbers, parishioner credit card numbers and passwords stored in a secure location or safe or in a computer that has adequate safeguards and access controls?
 | [ ]  Yes [ ]  No |
| 1. Are bank statements reconciled monthly?
 | [ ]  Yes [ ]  No |
| 1. Are bank statements and canceled check images reviewed monthly by someone who is not involved in the daily accounting?
 | [ ]  Yes [ ]  No |
| 1. Are collection count procedures documented, including count teams of 2 or more people, count sheets documented in ink, etc. followed?
 | [ ]  Yes [ ]  No |
| 1. Are bank deposits made on the same day as collection? If not, are deposits stored securely?
 | [ ]  Yes [ ]  No |
| 1. Are invoices and reimbursement requests reviewed and approved by someone who is not involved in the check writing process prior to payment?
 | [ ]  Yes [ ]  No |

EXPLANATIONS/RECOMMENDATIONS

(In response to any question answered “NO”)

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Prepared by: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Printed Name and Signature