

# **Diocese of Paterson Parish Finance Council Charter**

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(Parish)

(City)

- ARTICLE I: Name and Purpose**
- ARTICLE II: Structure, Membership, and Officers**
- ARTICLE III: Voting**
- ARTICLE IV: Meetings**
- ARTICLE V: Duties/Responsibilities**
- A. Budgets**
  - B. Financial Records and Reporting**
  - C. Strategic Planning**
  - D. Internal Controls**
  - E. Insurance Issues**
  - F. Other Considerations**
- ARTICLE VI: Communication**
- ARTICLE VII: Confidentiality**
- ARTICLE VIII: Charter Review and Change**

## **ARTICLE I: Name and Purpose**

The Parish Finance Council (hereinafter referred to as PFC) is established pursuant to the requirements of Canon 537 of the 1983 Code of Canon Law for the Roman Catholic Church and is subject to the provisions of that Law. It exists to assist the Pastor/Administrator by providing valuable insight and advice in parish financial matters. The PFC is directly accountable to the Pastor/Administrator. With him, the members also exercise appropriate accountability to their parish community and to Diocesan leadership.

The PFC is envisioned as a select group of parishioners known for their spiritual maturity, love of Christ, the Church and their parish. They understand and support the vision and goals of the Bishop of the Diocese of Paterson and the Diocesan mission. Members of the PFC shall have a broad range of competencies in business and financial management, as well as the capacity to make sound decisions. They offer their time and talents to assist the pastor/administrator/bishop with the development and management of the parish's financial resources so that the parish may effectively pursue its proper mission.

The PFC must serve in accord with Gospel principles. Efficient use of resources and money management, in this context, must be measured primarily by the ability to nurture and foster the mission and ministry of the parish community and diocese. A truly Catholic understanding of the mission of the Church necessarily includes good business practice.

## **ARTICLE II: Structure, Membership, and Officers.**

- A. PFC members shall be appointed by the Pastor/Administrator. They must be active parishioners in good standing and must understand and support the diocesan mission.
- B. Parish Trustees shall serve as ex-officio members of the PFC.
- C. When a pastorate changes, the new Pastor/Administrator is to meet with the current PFC. Within ninety (90) days, he is to decide whether to reappoint the current membership to complete the balance of their respective terms of office, or to appoint new members to replace them and complete the replaced members' respective terms.

Members should be skilled in business and have some expertise in management, finance, accounting, law, fundraising and related fields. Examples of professions with such background/skills include, but are not limited to accountants, bankers, business owners, computers/systems managers, construction project managers, engineers, financial managers, fundraisers, lawyers, marketing personnel and property managers.

D. Conflict of Interest:

The membership of the PFC is not to include anyone who could have a conflict of interest through a business relationship or any relationship to another finance council member, a paid parish staff member or any relative of the Pastor/Administrator up to the fourth degree of consanguinity (related by blood) or affinity (related by marriage) (Canon 492 §3, *by extension*). The names of the members are to be communicated to the parishioners (e.g. listed in the parish bulletin) at least annually.

- E. There shall be at least three (3) appointed members (Canon 492 §1, *by extension*). More members may be added, with a recommended maximum of eight (8). Appointed members shall serve for three (3) years and have the right to a consultative vote. The terms of the PFC members will be staggered to ensure continuity. Upon the initial formation of the Council, the Pastor/Administrator shall designate either a one, two, or three year term, in succession, for each appointed member. Thereafter, members who are appointed or re-appointed shall serve for three (3) years. Generally, and where practical, no member should serve for more than two (2) consecutive three (3) year terms without a one (1) year break. Staff resource persons, such as the parish business manager/bookkeeper, the school principal etc. can be included in meetings. Such individuals would be responsible for supplying additional information needed by the Council to function effectively. When present at meetings, staff resource persons do not vote.
- F. The Parochial Vicar(s) should be present at all PFC meetings.
- G. The Pastor/Administrator may remove a member from the PFC prior to the expiration of his/her term of office only with the approval of a majority of the members, and with cause. Cause is defined here as no longer being a member of the parish, physical or mental incapacitation, public non-support of Church teaching or participation in public scandal, non-support of diocesan directives or acting contrary to the Code of Canon Law or regulations of the Diocese of Paterson.
- H. An appointed member who misses two regularly scheduled Council meetings in any given year, without giving prior notice to the Pastor/Administrator or Chairperson, shall be removed from PFC membership.
- I. The Pastor/Administrator shall preside at all meetings. Any meeting held when the Pastor/Administrator is not present is to be considered null and void.
- J. The PFC should have the following officers: Chairperson, Vice Chairperson, and Secretary. Officers are re-appointed by January 1<sup>st</sup> of each year.

1. The Pastor/Administrator is the President of the Council and according to Canon 532, represents the Parish in all financial matters. The Chairperson assists the Pastor/Administrator, who presides at all meetings, and in consultation with the Pastor/Administrator, is responsible for selecting the hour and location of meetings, preparing the meeting agenda and effecting any other duties assigned to him. The Chairperson serves as an *ex officio* member of the Parish Pastoral Council if one exists (Canon 536).
2. The Vice-Chairperson, in the absence of the Chairperson, assists the Pastor/Administrator, who presides at all meetings, and performs any duties assigned by the Chairperson or the Pastor/Administrator.
3. The Secretary is responsible for the recording and distribution of the minutes, notifying members of upcoming meetings, maintaining a permanent record of business conducted by the PFC and each member's tenure. Also, any additional duties assigned by the Chairperson or the Pastor/Administrator. The Secretary serves as an *ex officio* member of the Parish Pastoral Council, if one exists.

K. The Council may establish committees, either standing (such as budget, maintenance, civil issues, inventory, school, parish organization) or ad hoc (such as building and renovations) to assist in fulfilling its responsibilities.

### **ARTICLE III: Voting**

- A. Consultative voting may be necessary for the Pastor/Administrator to get the sense of the Council's opinion. If the advice of the voting members is unanimous on a given matter, the Pastor/Administrator will give serious consideration to the recommendation and not lightly reject it.
- B. Although the Pastor/Administrator is not obliged to follow the recommendations of the Council, he should not act against such advice, unless there is an overriding reason. In that event, he should clearly communicate the reason to the Council (Canon 127, 2.2).

### **ARTICLE IV: Meetings**

- A. Regular meetings shall be held at least quarterly, and more frequently if necessary, at a time and place established by the Pastor/Administrator. Special meetings may be called by the Pastor/Administrator. The presence of a majority of the members shall constitute a quorum.

- B. Parish employees or vendors performing financial services to the parish may only attend the portion of the meeting related to their function.
- C. An annual calendar of meetings and an outline of major action items should be proposed and agreed upon at the first meeting of each fiscal year.
- D. The agenda and study materials should be provided to the members prior to the regular meetings.
- E. The Secretary is responsible for taking Minutes at each PFC meeting. These should be kept as a permanent record, and maintained at the parish office.

#### **ARTICLE V: Duties/Responsibilities**

The responsibilities of the PFC include the following areas:

##### **A. Internal Controls**

1. Fiduciary responsibility for oversight of the internal controls at the parish, including the diocesan mandated collections, cash receipts, counting, and handling procedures as outlined in the Diocesan Financial Policies and Procedures Manual, and directives from the Bishop and the Diocese for parishes or schools.
2. Review of Financial Review Report. Every three (3) years, each parish is required to have a parish financial review performed by Diocesan personnel. Parishes may choose to have a review more often than this. If so, the Pastor/Administrator should submit a written request to the Diocesan Finance Office.
3. When a change of Pastor/Administrator occurs, to assist with providing a complete report of the parish's financial condition and inventory of parish assets for the new Pastor /Administrator (Canon 1283, 2).

##### **B. Budgets**

1. Assist in establishing timelines for development and implementation of the annual capital and operating budgets for parish, school, and additional parish organizations. The Pastor/Administrator is responsible for the actual coordination/preparation of all parish budgets, but is to seek the advice of the PFC. The Pastor/Administrator is to elicit the assistance of the parish business manager, bookkeeper and/or PFC chairperson in preparing the parish budget.

Parish organizations include those with bank accounts and all those in the general operating budget (i.e., Men's Club, Women's Club, Altar Society, Bingo, Scrip, Boosters, etc.) should submit an organizational budget to the bookkeeper. Each

organization should present its plans and a summary of expected cash receipts and disbursements to the PFC during the budget cycle. All are an integral part of parish life and provide services to parishioners and/or general operations/special funding. Financial statements shall be submitted to the PFC at least quarterly.

The term of office for a treasurer for any such parish group or organization that has a separate checking or bank account shall be two years, and cannot be consecutively reappointed.

2. Determine if the parish and/or school budgets are prepared in accordance with the chart of accounts and reporting formats required by the Diocese of Paterson.
3. Review the proposed annual parish, school, and organizations' capital and operating budgets and make recommendations to the Pastor/Administrator for changes as appropriate.
4. Assist in presenting an annual budget report to the parish.

#### C. Financial Records and Reporting

1. Review financial statements, including annual reports, to assure that Diocesan policies regarding fiscal and accounting procedures are being followed.
2. Review monthly and/or quarterly income and expense reports for the parish and/or school. Regularly compare actual results to budget and prior year numbers. All significant variances should be explained with particular attention given to expenditures not included in the capital or operating budget.
3. Assist, annually, with recording detailed inventory of parish assets and update the inventory prepared in accordance with Canon 1283, 2.
4. Review the quarterly financial report, prior to submission to the Diocesan Finance Office, to help determine its accuracy and completeness; ensure that it is submitted by the prescribed due date.
5. Annually, after the end of the fiscal year, each Pastor/Administrator is asked to send a letter, together with the financial report, to the Bishop containing:
  - a. the names and professional titles of the members of his Parish Finance Council;
  - b. the dates on which the PFC has met during the preceding fiscal year and since the end of that fiscal year;
  - c. A statement signed by both the PFC members and the Pastor/Administrator verifying that they have met, reviewed, and discussed the financial report of

the parish, and that it includes all parish related matters, is accurate and complete.

6. Review, at least annually, the financial statements and verify the cash balances of all parish organizations with bank statements. Make sure all accounts for the parish and for each parish organization are included on the annual financial report.
  - a. Cemetery perpetual care and operating monies must be properly accounted for and cannot be used for any other purpose. Written permission of the Bishop is required to use the earnings for any other purpose than specifically for the cemetery.
7. Assist in preparing/presenting/communicating an annual comprehensive financial report (Balance Sheet and Profit and Loss) to all parishioners. Specific information pertaining to the parish, school, organizations and cemetery should be included.
8. Review accuracy and timeliness of payments for all parish bills and/or obligations, including diocesan loans and accounts payable.
9. Monitor parish contribution trends by studying sources of parish revenue. Make recommendations for maintaining and enhancing parish revenue. Assist in the development of programs and processes to that end and coordinate fundraising programs.
  - a. Support and review fundraising programs and expenditures for the parish, school, affiliated groups/organizations.
  - b. In conjunction with the Parish Pastoral Council, if one exists, educate parishioners about the nature of stewardship and consider parish based, increased offertory programs.

#### D. Strategic Planning

1. Assist the Pastor/Administrator in developing a long-term parish capital improvement plan, including implementation and funding sources.
2. Assist the Pastor/Administrator in developing a program for the care and maintenance of all parish facilities.
3. Assist in the development and maintenance of position descriptions for all parish employees. Consultation with the Diocesan Compliance and Human Resource Office is highly recommended.

4. Serve as a resource to advise the Pastor/Administrator on significant expenditures before making a purchase or lease commitment.
5. Assist the Pastor/Administrator in soliciting assistance and/or information from the Diocesan Finance Officer and members of the Finance Office staff as appropriate.

E. Concurrent Tasks:

1. Ascertain that required Diocesan policies are implemented and enforced.
2. Review property insurance invoices, including furnishings/contents, to be sure that all parish buildings are included on the insurance invoices.
3. Assist in completing a (safety) self-inspection or with any on-site inspection by a loss control representative. Also, with follow-up procedures.
4. Ascertain a) that background checks are completed for all church workers as defined by the Diocese of Paterson, b) that the requirement for child protection training is met, and 3) that the Code of Conduct is implemented. This includes those with access to parish funds.
5. Follow established Diocesan guidelines and participate in Diocesan training sessions and/or workshops.
6. Ascertain that independent contractors comply with Internal Revenue Service regulations; retain a copy of a signed statement stating they are independent contractors as defined by the IRS.
7. Ensure that all insurance incidents, accidents or potential claims are reported in a timely fashion to the diocesan insurance office.
8. Review all parish, school, parish organizations, banking and financial institution arrangements, including signature cards. The Pastor must be one of the signatories on all accounts as the primary authorized signatory. The Bishop must also be a signatory.
9. Participate in a mandatory annual review of all authorized accounts and signers on the accounts.
10. Be given complete access to all records and documents related to the financial status and operations of the parish.
11. Ensure that diocesan guidelines regarding spending and permissions be implemented:



- a. The Pastor/Administrator must consult the Finance Council concerning any major commitment of parish funds in excess of \$29,000 (or in excess of more than 5% of the total parish operational income as of the last complete fiscal year) for all construction, renovation, additions and/or building type projects or property transactions, or a series of small amounts for a single purpose that will exceed \$29,000 (or in excess of more than 5% of the total parish operational income). A project cannot be broken down to smaller components to avoid this requirement.
- b. The Finance Council shall assist, if needed, with obtaining the required authorization from the Bishop for amounts exceeding \$29,000 and with adherence to the Diocesan Financial Policies and Procedures.

#### **ARTICLE VI: Communication**

Recognizing that the Parish Finance Council and the Parish Pastoral Council are distinct consultative bodies, good communication between both entities is important for the well-being of the parish. It is to the Pastor/Administrator's benefit that the Chairperson and Secretary of the Finance Council are ex-officio members of the Parish Pastoral Council, if one exists.

If financial concerns exist within the parish, they should be resolved by contacting in this order: 1) Pastor/Administrator 2) Diocesan Finance Officer 3) Vicar General. In fidelity to the principle of subsidiarity, all attempts to resolve an issue should take place at the lowest possible level. In cases where this is concern about possible malfeasance, then the Vicar General should be contacted immediately if the issue cannot be resolved with the pastor/administrator.

#### **ARTICLE VII: Confidentiality**

Members of the PFC must observe strict confidentiality concerning all matters discussed at Finance Council meetings and provided to them in confidence. In general, the PFC should not have access to the records of individual parishioners which pertain to their financial contributions or other confidential information.

#### **ARTICLE VIII: Charter Review and Change**

This charter is to be reviewed annually by the PFC. Recommendations for changes may be submitted to the Diocesan Bishop for his review and written approval. Since this charter is particular law of the Diocese of Paterson, the Diocesan Bishop may amend it from time to time, as conditions warrant.