

## Parish Finance Councils: The Law

Canon 537 In each and every parish there should be had a council for economic affairs which, other than in cases set down in the general law, is regulated by norms issued by the bishop, and on which the believing faithful, chosen according to those same norms, help the pastor in the administration of the goods of the parish, keeping firm what is prescribed in canon 532.

Canon 532 In all juridical business matters the pastor acts as the (juridic) person of the parish according to the norm of the law; he should see to it that parochial goods are administered according to the norms laid down in canons 1281-1288.

### Comments

Canon 537 leaves much room for Parish Finance Councils to be governed by local law made by the bishop, usually in consultation with his own diocesan finance council. This is an example of the conciliar principle of subsidiarity (legislation should be made at the lowest and closest level to the matter at hand).

Canon 532 makes it very clear that no one other than the pastor may function as the agent for the legal person which is the parish. A pastor could delegate some of his less direct responsibilities to others (e.g. making out the payroll), but he alone may make a juridical transaction!

## **Parish Finance Council Responsibilities**

To accomplish its task of advising the pastor concerning economic affairs, each Parish Finance Council must be aware of the total financial situation of its parish. Each location could have a different set of affairs for its Finance Council to be involved with. The important point to remember is that the Diocese expects the Finance Council to be able to report on any and all aspects of the parish's financial affairs. Although not limited to these aspects, the Finance Council should be involved with, or provide oversight for, all the aspects of the parish economic situation described in this Finance Section of the Pastoral Handbook.

The Parish Finance Council is responsible to be involved with:

- **Approval of all financial accounts with financial institutions**  
This would include approving check signers and countersigning, dollar limitations and providing for monthly reconciliation.
- **Development of budget and approval of budget with Parish Council**  
Financial planning for multi-year periods should be provided as well as responsibility for production of financial statements and the Annual Report. To accomplish these tasks, each member should be familiar with Diocesan accounting guidelines and annual report guidelines. Budget comparisons should be evaluated monthly or quarterly and reporting provided to program operatives and parishioners. The cash status of the parish should be monitored and plans made to provide resources to cover cash encumbrances and

debt. All extraordinary expenditures must be dealt with by the Finance Council.

- **Establishment and review of all parish internal controls**

A very important aspect of this responsibility is approval of cash counting procedures and deposit accounting for all income. The system for handling and monitoring petty cash should be reviewed and approved. If any charitable gaming occurs by the parish, the council should know that all state regulations are being followed.

- **The process for the purchase or sale of property**

- **The parish's accounts with the Diocesan Deposit and Loan program**

The philosophy of the program should be understood. The Finance Council is responsible to meet the requirement that all savings, of any kind and for any program, be on deposit with this program. Applications for borrowing from the fund must be approved by the Finance Council.

- **The maintenance of a safe environment for everyone when on the premises**

All aspects of the insurance program should be understood by members of the Finance Council. This would include an annual review of property and coverages. All potential liabilities should be understood and managed to minimize their extent. The contract review policy should be understood and applied.

- **Ensuring that all Central Pay and personnel policies are complied with**

Compliance with Wage and Hour Regulations should be ensured by the Finance Council. The correct handling of any independent contractors should be ensured by the Finance Council.

- **The development of contingency plans for holding church services, school or office functions should any of the physical plant be rendered unusable**