

NORMS FOR PARISH FINANCE COUNCILS

I. ROLE

In the Church, a parish, which is a stably constituted community of the Christian faithful whose pastoral care is entrusted to a pastor under the authority of a diocesan bishop, is by its establishment a “juridic person” (canons 515 and 113, §2). The pastor/administrator has the primary responsibility to represent the juridic person of the parish and administer its goods in accord with the norms of canon law (canons 532 and 540).

As set forth in canon law, the Archdiocese requires that every parish have a Finance Council to assist the pastor in the administration of the goods of the parish (canon 537). The Archbishop exercises vigilance over the administration of all juridic persons subject to him and has the authority to issue norms governing that administration, including norms for parish finance councils (canons 537, 1276).

Catholic schools are not independent juridic persons unless specifically established as such by the bishop. Thus, the finances of a parish school are also within the purview of the parish Finance Council. If it is deemed advisable for a parish school to have a separate group of experts to assist in financial matters, that group does not replace the role of the parish Finance Council and must work in collaboration with the parish Finance Council.

The parish Finance Council is accountable to the pastor who has the responsibility for final decisions. When, after consultation and discussion with the pastor, the advice or recommendation of the parish Finance Council is unanimous on a given matter, it would be extraordinary for a pastor not to act in accord with such advice or recommendation. In these norms references to pastor include an administrator where the parish is overseen by an administrator.

II. STRUCTURE OF THE FINANCE COUNCIL

- A. Members of the Finance Council shall be appointed by the pastor and if necessary are not required to be members of the parish community. Members are to represent the parish at large. No member will represent a specific group or ministry within the parish or school community. When a pastorate becomes vacant, the Finance Council members submit their resignations to the new pastor who may or may not accept the resignations. The pastor can accept the resignation of the entire Finance Council only in conjunction with his appointment of a successor Finance Council.
- B. Members should be skilled in business and have some expertise in management, financial, accounting, legal, fund raising or some related field. A pastor is encouraged to seek members for the Finance Council from outside the parish to supplement expertise available in his parish.

- C. The membership of the Finance Council may not include anyone who could have a conflict of interest. For example, anyone who is or becomes, at any time, a vendor to the parish or has or undertakes a business relationship with the parish shall not be a member, and if then a member, shall so advise the Finance Council and resign. No member of the parish or school staff and no relative of the pastor is to be a member of the Finance Council. The parish bookkeeper, lay administrator, or business manager of the parish attend all meetings as non-voting participants, since their activities are an integral part of the scope of a Finance Council. The school principal should be included as a non-voting participant in all meetings at which school finance matters are considered.
- D. The Finance Council shall have a minimum of three members and a maximum of ten members. Members shall serve for three years. The terms of the Finance Council will be staggered to ensure continuity. Upon the initial formation of a Finance Council the pastor shall designate either a one-, two-, or three-year term, in succession, for each member the pastor has appointed. Thereafter, members who are appointed or re-appointed shall serve for three years. In the event a member resigns or is removed by the pastor for just cause, the replacement will assume the remainder of the term of the person being replaced. Ideally, members will serve no more than two consecutive terms. The pastor, in consultation with the Finance Council, shall designate a chairperson from among the members. A member of the Finance Council or a parish or school staff person who is not a member may be designated as secretary.

III. CONFIDENTIALITY

Members of the Finance Council must exercise prudent judgment concerning the confidentiality of any parish or school financial records or information to which they have access. Except for the pastor, no member of the Finance Council shall have access to records of individual parishioner financial contributions or any other confidential information concerning individual parishioners. Compensation to employees shall be reported in a manner that assures confidentiality for the individuals. In addition, the subject matter and discussions of the meetings shall be treated as confidential until a consensus decision has been reached and the Finance Council or pastor have concluded that the matter may be disclosed to the parish community or interested parishioners, as appropriate.

IV. FUNCTIONS OF THE FINANCE COUNCIL

The pastor is responsible for all financial decisions and will establish annual operating budgets for the parish and school in consultation with the Finance Council. The pastor should also develop an annual capital expenditures budget, including sources of funds, in consultation with the Finance Council. Actual income and expenses for the parish and the school should be reported monthly and reviewed by the Finance Council at least quarterly. As applicable, current year results should always be compared with the budget and prior year results. Variances should be discussed and resolved by the Finance Council and the pastor.

The members of the Finance Council shall have full and complete access to all records and documents relating to the financial status and operations of the parish and school except for those specific items that are of a confidential nature such as individual contributions and individual employee compensation. Those matters shall be reported in a manner that preserves confidentiality but allows the Finance Council to have a full understanding of parish and school financial matters. Requests to the staff of the school or parish for particular information or records should be overseen by the chairperson, and staff should be given reasonable time to provide the information requested.

In conjunction with these responsibilities the Finance Council shall do the following:

A. BUDGET

1. Establish a timeline for the development of a balanced annual budget and for its implementation by the parish and school staff.
2. Ensure that the parish and school follow the Chart of Accounts provided by the Archdiocese to facilitate budgeting and reporting conformity.
3. Review proposed operating and capital budgets.
4. Review significant budget variances, whether positive or negative, and develop a plan of action to address any issues resulting from those variances, including recommending amendments to the budget.
5. Review all proposed expenditures that were not originally included in the approved budget.
6. Review the proposed budgets for all parish and school organizations handling significant sums of money. Financial reports from these organizations should be submitted monthly to the Finance Council.

B. OTHER FINANCIAL AND REPORTING ACTIVITIES

1. Coordinate with parish and school staff to review and understand the archdiocesan reporting procedures and to establish a reporting timeline that assures all reports requested by the Archdiocese are prepared by the school and parish and are reviewed by the Finance Council prior to submission, and that the reports are submitted in a timely manner to the Archdiocesan Catholic Center in compliance with the relevant reports and reporting procedures. All reports should include a comparison of budget and previous year results.
2. If there is a school at the parish and the school has a separate group of financial advisors, the pastor and the chairperson of the parish Finance Council shall

coordinate with the principal and the school's financial advisors to assure that there is common understanding and approach to school and parish financial matters and equivalent standards for budgeting reporting and confidentiality. The pastor shall participate and may designate persons, as appropriate, to participate in both groups, to ensure coordination and a common approach to financial matters concerning the parish and the school.

3. Ensure that the parish and school follow the Chart of Accounts provided by the Archdiocese to facilitate budgeting and reporting conformity.
4. Designate the chair or another member of Finance Council to review bank statements and bank reconciliation for each account on a quarterly basis.
5. Oversee annual self-audits of the parish and school to determine that proper accounting procedures are being followed.
6. Evaluate and make recommendations for maintaining and enhancing parish and school revenue, including investments, fund raising and stewardship programs.
7. Review all banking and financial institution relationships and make recommendations for improvements if needed.
8. Provide parishioners with periodic financial reports, at least annually, as contemplated by canons 1284, §1, 8° and 1287, §2.
9. Review monthly financial statements, including annual reports, prior to submission to the Archdiocesan Catholic Center and compare all reports to budget and previous year results.
10. Review the finances of organizations for which the parish or school has oversight responsibility. Financial reports from these organizations should be submitted quarterly to the Finance Council.
11. Ensure all Archdiocesan policies and procedures are being followed at all times with regard to fiscal and accounting activities. (See the Archdiocese of Los Angeles Administrative Handbook <https://handbook.la-archdiocese.org>).
12. Advise the pastor in developing a program for the care and maintenance of all parish and school facilities.
13. Assist the pastor in developing a long-range plan for funding and implementing a long-term capital improvement campaign.
14. Plan and oversee the execution of an offertory increase campaign at least once every three years.

C. FINANCIAL RESPONSIBILITY

The Pastor may appoint a member of the Finance Council to be an additional authorized signatory for the Parish checking accounts. The appointed member would be authorized to sign checks in emergency situations or during extended absences of the pastor in an amount up to \$5,000 each.

D. MEETINGS

The Finance Council will meet at least quarterly, but monthly meetings are recommended and, in all events, the Finance Council shall have sufficient meetings to allow it to fully discharge the listed responsibilities. Special meetings of the Finance Council may be called at any time by the pastor. A quorum of the Finance Council at any regular or special meeting shall consist of two-thirds of the membership. To accommodate the needs of the Finance Council or other health or social concerns, meetings may be held through teleconference, virtual modes or a combination of means so long as all members can participate fully in the meeting at all times.

V. **EXPECTATIONS FOR MEMBERS OF FINANCE COUNCILS**

Each member of a parish Finance Council has the obligation to participate actively in council meetings and other activities to help assure that the Finance Council fulfills its obligations under canon law and Archdiocesan norms. These obligations include:

- A. Assuring that the parish and school budgets were developed and approved, and are being implemented, that items not included in the approved budget have been reviewed and approved, and that all significant variances have been addressed.
- B. Assuring that all Archdiocesan policies and procedures are being followed at all times with regard to fiscal and accounting activities.
- C. Assuring that the annual self-audit procedures of the parish and school are conducted.
- D. Assuring that the pastor and Finance Council present financial reports to the parish community and the Archdiocese.
- E. Participating in in-service training and workshops and in an Annual Regional Finance Presentation, as requested.

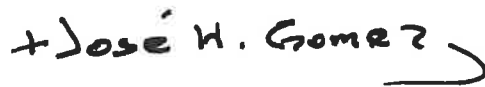
Approved by
Council of Priests
March 21, 2022

APPROVAL AND IMPLEMENTATION:

I, the undersigned Most Reverend José H. Gomez, Archbishop of Los Angeles, decree that these *Norms for Parish Finance Councils* are to be promulgated by distribution to each parish in such manner as the Moderator of the Curia may determine and will acquire full binding force in the Archdiocese of Los Angeles effective June 1, 2022.

Given this 18th day of May, 2022

At the offices of the Archdiocese of Los Angeles

A handwritten signature in black ink that reads "José H. Gomez" with a stylized flourish at the end.

Most Reverend José H. Gomez,
Archbishop of Los Angeles

A handwritten signature in black ink that reads "Sister AnnCarla Costello, SND" in a cursive style.

Sister AnnCarla Costello, SND
Chancellor