



THE ARCHDIOCESE OF KANSAS CITY IN KANSAS

Parish Finance Council Guide
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OF KANSAS CITY IN KANSAS

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I. INTRODUCTION AND BACKGROUND

An active Parish Finance Council is critical to the sound management of a parish. For this reason, every parish is required by the Code of Canon Law (Canon 537) to establish a Finance Council, which acts as a consultative body of the faithful to assist the pastor/administrator in the administration of the goods of the parish and to ensure accountability to the archdiocesan bishop and parishioners.

In addition, Canon 537 indicates that the archdiocesan bishop may issue local norms to fit the needs and circumstances of his diocese. Under the Archdiocese of Kansas City in Kansas norms, every parish is required to have a Finance Council that meets regularly to: 1) review and discuss the budget and management of income and expenditures; 2) review actual results compared to budgets; 3) consider and consult on operating and capital requirements; and 4) monitor the overall financial wellbeing of the parish.

The following outline suggests ways to organize and operate your Parish Finance Council.

II. CONSULTATIVE BODY TO THE PASTOR

The pastor, according to canon law, has responsibility for parish financial and temporal management. The Parish Finance Council is a consultative body that assists the pastor in meeting these obligations. While the Parish Finance Council does not have decision-making authority, consultation is at the heart of the decision-making process: sharing information, listening, contributing to the discussion, and promoting consensus.

In order to be effective in their responsibilities as members of the Parish Finance Council, members should develop a thorough understanding of the parish's mission, goals, people, and material resources. The members should have knowledge of archdiocesan statutes and policies regarding temporal issues and other financial matters. It is the pastor's responsibility to provide the members with appropriate background and information to enable them to carry out their duties.

Canon law also envisions that the pastor will consult the Finance Council on important financial matters. Although the pastor is not obligated to follow the recommendations of the Finance Council, the pastor should not generally act against such advice, especially when there is consensus, unless there is a compelling reason. When acting contrary to a Finance Council recommendation, the pastor should provide to the Council an explanation of the reasons for his decision. If a pastor appears to be acting irrationally on financial matters, the Finance Council should contact the Archdiocesan Chancellor as soon as practical.

RECOMMENDED AREAS FOR FINANCE COUNCIL CONSULTATION



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1. The advice of the Finance Council should be sought for acts both of ordinary administration and extraordinary administration. However, the degree of consultation varies. For certain actions of day-to-day administration, the pastor does not need to consult in order to carry out such acts, but may find it helpful to seek the advice of the Parish Finance Council even in these matters. For example, while the purchase of ordinary amounts of office supplies is within the pastor's authority, the Finance Council may provide useful advice on strategies that reduce the cost of such recurring purchases.
2. It would be prudent for the pastor to consult with the Parish Finance Council for financial matters he may not be comfortable handling independently.
3. The advice of the Finance Council may be sought in regard to the following issues and circumstances:
 - The management of parish funds and banking arrangements. A *limited* number of bank accounts should be established and procedures for approving new accounts should be in place.
 - Review and preparation of the annual parish budget. Review of the Annual Report to the Archdiocese. The Finance Council chairperson should co-sign the report before it is submitted to the archdiocesan bishop.
 - Formulation and communication of the Annual Financial Report to the parish community (required by Canon 1287.2). This report often includes a description of key issues, programs, events, income and expense information, cash balances and school and religious education enrollment if applicable.
 - Review of fundraising programs including the effectiveness of existing programs and recommendations for new programs and changes. On a regular basis, it would include the review of parish offertory practices (envelopes and electronic giving), annual campaigns, parish capital and major gift campaigns and parish planned giving efforts. It might also include ensuring compliance of other income producing vehicles, such as raffles, bingos, and bazaars with state and regulatory requirements.
 - Indebtedness of the parish and assistance to the pastor in fulfilling parish debt repayment obligations (Canon 1284.5).
 - Periodic (at least quarterly) review of financial reports: balance sheets, income statements, comparisons to budget, and prior year results and cash flow analyses for each parish entity.



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- Regular review of parish related bank statements and corresponding bank reconciliations.
- Regular review of transactions and expenses related to parish property; including construction, renovation, purchase, sale, and lease.
- Review of internal audit report findings and assistance to the pastor on the implementation of recommendations.
- Use of undesignated bequests or other unbudgeted revenue.
- Hiring, evaluating, and training business managers or other parish employees providing business services.

III. MEMBERSHIP

The Parish Finance Council members should be active members of that community of faith. The members should understand and support Catholic teachings and possess the highest integrity. As in other matters, the pastor may use his discretion in the appointment of qualified members from within the parish community. The pastor may remove a member of the Finance Council for a just cause.

When the office of pastor of a parish becomes vacant and a new pastor is appointed, *the Finance Council ceases*. The new pastor may choose to re-appoint some or all of the members of his predecessor's Finance Council but is not obligated to do so. When an administrator is appointed for a parish, the Finance Council does not cease. However, the administrator may remove a member of the Finance Council for a just cause and may appoint a replacement member.

A. REPRESENTATION

1. Members should be drawn from the parish community and reflect its diversity. This requirement may be waived if special expertise is required.
2. Members of the Parish Finance Council should be chosen based on demonstrable skills or expertise in management, finance, and/or fundraising. Skill sets to consider include business, law, accounting, communications, and development. Additionally, persons with professional knowledge and experience in engineering, construction, maintenance, and purchasing could also make a significant contribution and should be recruited where available. A parish "Time, Talent, and Treasure" survey may be



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helpful in identifying parishioners having the desired skills and willingness to serve.

B. NUMBER OF MEMBERS

1. The Finance Council is to be appointed by the pastor and membership should generally consist of six to nine members. Parishes with three hundred families or less should retain no fewer than three members. An administrator may appoint members to existing vacancies in membership and may appoint new members should a Finance Council not be in place when he is appointed.
2. A quorum shall consist of the majority of members.

C. OFFICERS

1. The officers of the Parish Finance Council shall be a Chairperson and a Secretary.
2. The pastor shall appoint the Chairperson.

D. CONFLICTS OF INTEREST / PRECLUSION TO MEMBERSHIP

1. Any person who may have a conflict of interest in view of other services, either paid or unpaid, rendered to the parish by the Parish Finance Council member, the member's family or the member's business, is ineligible to serve as a member of the Parish Finance Council.
2. On an annual basis, the Parish Finance Council members should disclose in writing any known financial interest that the individual, or a member of the individual's family, has in any business entity that transacts business with the parish.
3. No parish employee or member of the family of an employee or relative of the pastor may serve on the Finance Council.
4. Members of the Parish Finance Council may serve in other volunteer service roles in the parish such as other committees or boards if, in the judgment of the pastor, such dual service will not create conflict of interest situations.
5. It is recommended that no member serve on the Parish Financial Council at the same time as a closely related person; e.g., husband and wife, mother and son.

E. ROLE OF EMPLOYEES



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Parish employees are not members of the Parish Finance Council. Therefore, they should participate in meetings in an ex-officio capacity. They support the Parish Finance Council by being available to answer questions regarding parish programs, accounting, financial reporting, and internal controls. The Finance Council should be provided relevant and timely information including financial reports (balance sheets, income statements, budgets to actual comparisons, loan balances, interest payments, investment of surplus funds and status of fundraising drives) to review.

F. ACKNOWLEDGEMENT OF MEMBERS

The pastor/administrator should acknowledge members' contributions to the Finance Council and subcommittees at meetings, in the minutes, in the bulletin and in other appropriate ways.

G. TERMS

1. Members should be appointed for three-year terms, renewable once.
2. At least two years must intervene before reappointment after two terms.
3. Within one year of taking office, a new pastor/administrator should formally confirm the existing Finance Council or create a new one. Normally this can be accomplished in the meeting minutes.
4. When a member has completed their term, the pastor may recommend the member with a particular expertise to continue their service to the church and its mission by volunteering to serve on the finance council in an ex-officio capacity.

IV. MEETING PROTOCOLS

A. SCHEDULE OF MEETINGS

According to archdiocesan norms, every parish is required to have a Finance Council that meets regularly to review and discuss the budget and management of income and expenditures, to review actual results compared to budgets, and to consider and consult on operating and capital requirements. Therefore, it would be practical to schedule meeting times at least once a quarter, or more frequently if required. Some parishes use a format whereby the Finance Council meets every other month and subcommittees meeting during the off months.



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Since the purpose of the Parish Finance Council is to provide advice and support to the pastor, the pastor must be present at the Parish Finance Council meetings, unless he has agreed otherwise. Additionally, no meetings can be held without the consent of the pastor.

The Finance Council should formulate a communication method among members to deal with Parish Finance Council matters between meetings.

B. USE OF AGENDAS AND MATERIALS

Meeting agendas and materials should be prepared and distributed in advance of the meeting by consultation between the Pastor and the Chair of the Parish Finance Council. The agenda should list the major items for discussion. See addendum (Sample Meeting Minutes Agenda).

C. RECORDING OF MINUTES

Meeting minutes summarizing the items discussed and the decisions reached should be recorded by the Parish Finance Council Secretary and retained in accordance with the Archdiocese records retention policy.

D. CONFIDENTIALITY

Members must maintain confidentiality on those matters designated as confidential. Materials such as agendas, meeting minutes and related materials should not be disclosed to others if designated as confidential.

Parish Finance Council meetings are typically not open to the parish community. Reports to the community should be shared once decisions are finalized. Communication with the parish should also occur at the onset of studying an issue to solicit the needs, concerns, gifts and resources of the parish community.

E. RECORD RETENTION

The parish should retain meeting minutes, agendas, handouts, financial reports, and materials reviewed during the meetings for future reference by either internal or external parties indefinitely.

V. SUBCOMMITTEES



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In some cases, it is advisable to divide the Finance Council into subcommittees to deal with responsibilities and duties. The magnitude and complexity of the different subcommittees depends upon the size, resources, obligations, and needs of each particular parish.

The work of the subcommittees may, at the discretion of the pastor, encompass the following:

A. **BUDGET SUBCOMMITTEE**

- Assist the pastor in the preparation, presentation, and review of an annual budget for both operating and capital expenditures based upon the goals and objectives recommended by the Parish Pastoral Council. The approved budget should be published and made available to parishioners.
- Assist other programs and ministries in preparing and submitting their annual budgets to the parish.
- Study current and potential sources of parish revenue and make recommendations to the Parish Pastoral Council for maintaining and increasing revenues in order to meet parish objectives and priorities.
- Periodically (e.g., monthly or quarterly) review income and expenditures and make recommendations as necessary to; 1.) ensure that expenses are within set limits, and 2.) monitor parish contribution trends.
- Provide parishioners with periodic (e.g., semi-annual or annual), comprehensive written reports on the parish's financial position, including a statement of activity and balance sheet accounts. Consider oral reports to parishioners to elaborate on key results and issues.
- Review periodic internal control review reports of the parish performed by the Archdiocesan internal auditor, advise on how to address and correct identified weaknesses, and assist in communicating results to parishioners.
- Exercise oversight of internal controls, procedures and practices. Scrutinize receivables and payables in particular. Review procedures used for gathering, counting and recording Sunday offertory income, control of bank accounts and collection of tuition (whether for religious education or parish school students). Ensure that counting and deposit functions, as well as approval of reimbursements and disbursement of funds, are segregated.
- Ensure that the parish routinely uses an approved collection and counting procedure for all activities involving the handling of cash, and that deposits are



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placed in tamper-evident deposit bags.

- Ensure that bank reconciliations are regularly completed within 15 days after each bank statement is received, and that someone other than the person performing the reconciliation verifies the reconciliation. Outstanding checks should be reviewed at this time as well and written off when applicable.
- Review bank statements for all parish related accounts, assuring that photo copies of checks are included with bank statements.

B. FACILITIES AND MAINTENANCE SUBCOMMITTEE

- Advise the pastor regarding the results of periodic maintenance inspections of the parish facilities.
- Recommend repairs or replacements based on priorities established by these inspections.
- Develop a detailed inventory of all parish buildings and grounds assets in accordance with Canon 1283.2, and update the inventory on an annual basis.
- Assist in the development of guidelines for the use of parish facilities.
- Assist in the development of parish energy conservation programs.
- Develop teams of parishioners who will donate time and talents for parish maintenance tasks, taking note of the extent to which such work should be performed by volunteers under the guidelines of the archdiocesan risk management and insurance programs.
- Review the parish risk management and loss prevention reports, and take corrective action as indicated.
- Ensure that the safety and security of the parish campus is reviewed and addressed on a regular basis.

C. PARISH FUNDRAISING AND STEWARDSHIP SUBCOMMITTEE



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- Educate parishioners about stewardship and the need for parish involvement and support. If a parish has a separate stewardship committee, this responsibility would fall to that committee, but would involve clear lines of communication with the Finance Council.
- Review an annual plan to increase parish income, consisting of offertory enhancement campaigns, planned giving efforts, capital campaigns and major gift campaigns.
- Assist the pastor in the execution of the annual Catholic Appeal which supports the central ministries of the Archdiocese of Kansas City in Kansas.
- Provide long-range planning for the financial needs of the parish.
- Provide long-range planning for the physical needs of the parish.
- Work closely with the budget and maintenance subcommittees in order to adequately identify and plan for the long range financial and physical needs of the parish.

VI. RELATIONSHIP TO PASTORAL COUNCIL

The Parish Finance Council operates as a separate and distinct entity from the Parish Pastoral Council; therefore, the pastor should ensure that appropriate cooperation and communication develop between the Parish Finance Council and the Parish Pastoral Council. One or two members of the Finance Council may also be members of the Parish Pastoral Council. At least on an annual basis, a joint meeting of both councils is recommended.

VII. RELATIONSHIP TO OTHER PARISH GROUPS/COUNCILS

An appropriate means of communication should be developed between the Parish Finance Council and other parish groups. It may be useful to assign a liaison between the Parish Finance Council and other parish organizations. The Finance Council should interact with parish groups/councils to study, create, and revise plans for the effective management and use of parish resources.

VIII. CHECKLIST OF MAJOR ACTIVITIES



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The Parish Finance Council should establish an annual plan of its activities. Such a checklist could include the following activities:

A. PARISH ANNUAL REPORT

- Review completed report prior to submission to the archdiocesan bishop. The report should be completed within 60 days of the end of the fiscal year.
- Coordinate communication to parish community of the financial situation of the parish. Consider using printed material, oral presentations, and parish hall meetings. Report should be presented to the parish as soon as possible, but no later than three months after the end of the fiscal year.

B. PARISH BUDGET REPORT

- Project and plan resources to meet specified goals.
- Review all individual program budgets: church, elementary school, religious education, and auxiliary groups.

C. FINANCIAL REVIEW

- Financial report and significant financial facts should be prepared for every meeting.
- Budget amounts are compared to the actual income and expenditures to monitor results in comparison to budget projections.
- Year over year trend reports for programs, revenues, and expenses are analyzed to plan corrective action.
- At least quarterly, a representative from the Finance Council should review the general ledger detail and reconciliation of cash and investment accounts.

D. INTERNAL CONTROLS/ BEST PRACTICES

- Review of internal control and procedures. This should include the development of written procedures for cash receipts, cash disbursements, bank account administration, petty cash and payroll.
- Review accounting system to determine if it produces current and accurate financial records.



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- Ensure that appropriate risk management practices are in place.
- Identify all parish bank accounts, not just known operating accounts. Confirm that these account balances are reflected in the financial statements. Determine if the number of accounts can be reduced to ease administration.
- Review current bank account signature cards and account reconciliations for all parish accounts on a regular basis.
- Review the separation of duties, to the extent possible, of personnel involved in the finances of the parish.
- Review any statements received for any parish account related to a credit or debit card, store account, purchase order, purchasing card or other similar instrument. Verify that purchases had the necessary approvals, were for a parish (not personal) purpose and are coded to the proper general ledger account.
- Ensure that new finance council members receive the most recent internal controls review report.

E. PARISH RELATED ORGANIZATIONS

- Review budget and upcoming activities for the next year.
- Review revenue and expenses along with bank account reconciliations.
- Meet with the groups to acknowledge their contribution of time, talent, and treasure. Reinforce financial accountability from various groups to the parish.



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Addendum (Sample Meeting Minutes Agenda)

Your Catholic Church
Finance Council Meeting Agenda
6:30 PM, Tuesday, March 13, 2018
Conference Room B

1) Opening Prayer

2) Pastor's Opening Comments

3) Approve Previous Finance Council Meeting Minutes

(It is recommended to send out meeting minutes for review prior to the meeting to help save time during the meeting).

4) Review and Approve Financial Activity

- Income Statement (P&L) vs Budget
- Balance Sheet
- Cash Flow Analysis *(if Applicable)*

5) Bank Statement Review

(It is recommended that bank statements are reviewed and documented by initialing and dating the bank statements prior to the meeting and the independent individual responsible for the review simply reports that no exceptions were noted or reports any issues that were noted).

6) Bank Reconciliation Review

(It is recommended that bank reconciliations are reviewed and documented by initialing and dating the bank reconciliations prior to the meeting and the independent individual responsible for the review:

- 1) Ties reconciled bank balances to the balance sheet.*
- 2) Reports that no issues were observed or reports any issues noted.*

7) Old Business

- Insurance payment for rectory water damage was received
- Final budget approval
- Etc.



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8) New Business

- Discuss progress from most recent review visit from the Archdiocesan internal auditor *(This will not be an agenda item at all meetings. It is recommended that the discussion of the most recent review visit be held at each meeting after the most recent review until all findings are satisfied).*
- Facilities maintenance
- School update
- A discussion of the internal control environment should be discussed annually.

9) Open Discussion / Roundtable

(Use this time for members to bring up and discuss items that did not make the agenda).

10) Future Meeting Dates

11) Closing Prayer