

Archdiocese of Indianapolis
Parish Finance Committee Norms
(These Norms Replace sections 3400 & 3500 in the Manual for Administrators)

In 1983, the Code of Canon Law was revised and enhanced to describe the responsibilities of the parish pastor, administrator, or parish life coordinator to establish a finance council to assist and advise in the fiscal matters of the parish. In particular, Canons 532 and 537 require that a finance council be established.

Canon 532

The pastor represents the parish in all juridic affairs in accord with the norm of law; he is to see to it that the goods of the parish are administered in accord with the norms of Canon 1281-1288.

Canon 537

Each parish is to have a finance council which is regulated by universal law as well as by the norms issued by the diocesan bishop; in this council the Christian faithful, selected according to the same norms, aid the pastor in the administration of parish goods with due regard for the prescription of Canon 532.

With the guidance provided by Canon Law, the following are the norms for parish finance committees (the nomenclature that will be utilized throughout the archdiocese) established in the Archdiocese of Indianapolis.

Membership/Term of Office

1. Members are to be men and women of integrity who are registered members of the parish that are skilled in financial, business or legal matters. Members are to represent the diversity of the parish and its ministries.
2. Three to seven members of the parish are to be appointed by the pastor, administrator or parish life coordinator in consultation with the Parish Pastoral Council. The size of the finance committee is to be reflective of the size of the parish. The chairperson is also to be appointed by the pastor, administrator, or parish life coordinator.
3. Members of the finance committee are appointed for a three year term with the option for a second term of three years. Members **may not** serve more than two consecutive terms. Terms should be staggered so that one-third of the members' terms end each year.
4. If the parish governance structure utilizes a Commission for School Ministry or a Commission for Total Catholic Education, one of the members appointed to the finance committee should be a voting member of this commission. This person is appointed by the pastor, administrator, or parish life coordinator in consultation with the Commission for School Ministry or Commission for Total Catholic Education and the Parish Pastoral Council.
5. The chairperson of the finance committee will serve as an ex-officio voting member of the Commission for Stewardship Ministry and the Parish Pastoral Council.
6. Members of the finance committee may not have a conflict of interest due to relation, business affiliation, or other reason.

7. Members of the finance committee may not be related to the pastor, administrator or parish life coordinator up to the fourth degree of consanguinity or affinity.

Responsibilities

1. To respond to requests for consultation from the pastor, administrator or parish life coordinator regarding the administration of parish goods according to universal law and Archdiocesan guidelines, policies and norms.
2. To coordinate the preparation of the annual parish budget and a long range financial plan in accordance with the mission, values, and goals set by the Parish Pastoral Council and in consultation with other commissions and committees. To provide assistance to parish departments, commissions, and committees in preparing and submitting budgets by providing guidelines, timelines and resources. To ensure that accurate annual budgets and annual financial reports are filed with the Archdiocesan Office of Accounting Services.
3. To periodically evaluate the financial condition of the parish by analyzing revenues and expenses against the budget for revenues and expenses. This analysis should also include a thorough review of the balance sheet, which must be inclusive of all parish financial assets. This includes providing assistance to parish departments, commissions, committees **and related organizations** (such as PTO, Athletic Boosters, Men's Club, Altar Society, etc.) in preparing and submitting reports to the finance committee by providing guidelines, timelines and resources.
4. To ensure that permanent, accurate and complete minutes are kept as a record of all finance committee meetings.
5. To provide parishioners with semi-annual written reports on the financial condition of the parish. The reports are to include a summary of revenues and expenses as well as a summary of the balance sheet.

Resource Constrained Parishes

Recognizing the reality of resource constrained parishes and missions, the Archdiocese of Indianapolis recognizes that there is a need for flexibility in implementing these norms. As such, parishes and missions with annual ordinary incomes less than \$100,000 are encouraged to follow these norms as closely as possible, but full compliance is not mandated in the face of overriding local circumstances.

Appendix 1: Consultation

Consultation

The code frequently speaks of consultation, which is described juridically in the following manner.

When the law determines that in order to place certain acts a superior requires the ... counsel of a college or group of persons, the college or group must be convoked For such acts to be valid it is required that ... the counsel of all who are present be sought. can. 127

All whose consent or counsel is required are obliged to offer their opinion sincerely and, if the seriousness of the matter requires it, to observe secrecy... can. 127

If counsel is required, the action of the superior is invalid if the superior does not listen to those persons; although in no way obliged to accede to their recommendation; even if it be unanimous, nevertheless the superior should not act contrary to it, especially when there is a consensus, unless there be a reason which, in the superior's judgment, is overriding. can. 127

Practically, to consult:

- the finance committee must be formally convoked. It is not sufficient to contact members individually.
- the pastor must seek out the opinion of each member of the group and should take a vote of the group (not simply a ratification of a decision the pastor has already made).
- each member of the group is to express one's opinion honestly to foster the good of the church.
- each member must be thoroughly informed.
- the secretary must take accurate minutes (should document that each member's opinion was sought).
- the pastor is distinct from the group, not a member, and therefore may not break a tie vote.

As stated in Canon 127, "Consultation, as an often indispensable factor in ecclesial governance, constitutes a very significant means of participation in the exercise of the role of governance on the part of the Christian faithful, and the quality and effectiveness of church administration substantially depend on its proper use." Finance committee members should always remember that they are primarily advisors to the pastoral and administrative staff of the parish. Nothing will damage the effectiveness of a parish finance committee more quickly than when they venture into micro-management. The success of a parish finance committee will ultimately depend on the quality and timeliness of its advice to the pastoral and administrative staff. Success will be evidenced by this advice leading to sound decisions by these administrators.

Suggested Consultations

The pastor, administrator, or parish life coordinator should consider consulting with the finance committee in the following circumstances:

1. To evaluate extraordinary or unbudgeted expenditures.
2. To evaluate acceptance or disposal of all personal or real property offered to the parish as a contribution.
3. To evaluate the potential addition or withdrawal of funds to or from a parish savings account, ADLF deposit account, or other investment account.
4. To facilitate a system of internal controls that will protect the assets and employees of the parish and encourage accurate and timely performance of fiscal responsibilities.
5. To ensure that parish activities are in compliance with federal, state and local laws.
6. To monitor all debt and loan activity, including entering into or reduction of any debt, and ensure the parish is current with all debts.
7. To evaluate potential operating lease transactions against the alternative of purchasing.
8. To communicate audits by the Archdiocesan Office of Parish Financial Consulting and to ensure that audit recommendations are implemented as appropriate.
9. To ensure that the parish accounting system and chart of accounts are appropriate and are in compliance with those recommended by the Archdiocese.
10. To evaluate the appointment of a financial administrator (bookkeeper, business manager, etc.).

Mandatory Consultation

Whenever the pastor, administrator, or parish life coordinator proposes to sell or lease any property belonging to the parish whose value exceeds \$500,000 (the minimum amount established by the NCCB and approved by the Holy See pursuant to Canon 1292, 1), the pastor, administrator, or parish life coordinator must consult the parish finance committee which has been duly assembled. Further, where there is a parish life coordinator, the priest moderator must also consent to the transaction after consulting the parish finance committee.

Appendix 2: Relationships

1. *Parish community*
The parish finance committee is to assist in the oversight and responsible use of the financial resources entrusted to the parish by the parish community. The finance committee is to report semi-annually in writing on the use and condition of parish financial resources.
2. *Pastor, administrator, or parish life coordinator*
The parish finance committee is to assist the pastor, administrator, or parish life coordinator in a consultative manner on matters regarding the financial administration of the parish.
3. *Parish bookkeeper or business manager*
The parish finance committee is to serve as a resource for the parish bookkeeper or business manager. The finance committee should review monthly financial reports prepared by the bookkeeper. The finance committee should assist the bookkeeper or business manager as necessary in the preparation of the annual budget, annual financial report to the Archdiocese, and periodic financial reports to parishioners.
4. *Commission for Stewardship Ministry*
The finance committee should be an integral part of the Commission for Stewardship Ministry in financial matters. The finance committee should particularly be concerned with the “treasure” aspect of stewardship ministry.
5. *Parish Pastoral Council*
The finance committee should be an integral part of the Parish Pastoral Council in financial matters. The finance committee should coordinate the preparation of the annual parish budget in accordance with the mission, values, and goals set by the Parish Pastoral Council and in consultation with other commissions and committees.
6. *Parish commissions and committees*
The finance committee should assist parish commissions and committees in financial matters as needed. The finance committee should coordinate the preparation of the annual parish budget in accordance with the mission, values, and goals set by the parish pastoral council and in consultation with other commissions and committees.
7. *Parish staff*
The finance committee is to provide assistance to parish staff during the budgeting process and as other questions arise. The finance committee provides broad budget oversight for all ministries and activities throughout the year.

8. *Archdiocesan Office of Accounting Services*

The finance committee is to ensure that annual budgets and annual financial reports are filed with the Office of Accounting Services. The finance committee may use the Office of Accounting Services as a resource to address questions regarding Archdiocesan accounting policies and procedures.

9. *Archdiocesan Office of Parish Financial Consulting*

The finance committee should aid the parish pastor, administrator, or parish life coordinator throughout the audit process, including (but not limited to) attending an audit exit conference to gain an understanding of the audit process and audit recommendations. The finance committee should monitor the implementation of audit recommendations and assist in this implementation when necessary.

The finance committee should contact the Office of Parish Financial Consulting when an audit is desirable, or encourage the pastor, administrator, or parish life coordinator to do so. The Office of Parish Financial Consulting may also be used as a reference source for the finance committee when questions arise.

10. *Federal, State, and Local Governments*

The finance committee should monitor compliance with applicable laws and regulations, and ensure appropriate forms are filed on a timely basis. Payroll taxes and reporting, charity gaming activities, and state sales taxes are examples of possible regulations that should be monitored by the finance committee.

Appendix 3: Excerpts From The Code of Canon Law

Canon 1280

Each juridic person is to have its own finance council or at least two advisors, who according to the norm of its statutes assist the administrator in carrying out his or her function.

Canon 1281

With due regard for the prescriptions of their statutes, administrators invalidly posit acts which go beyond the limits and procedures of ordinary administration unless they first obtain written authority from the ordinary. The acts which go beyond the limits and procedures of ordinary administration are to be defined in the statutes; if, however, the statutes do not mention such acts, it is within the competence of the diocesan bishop to determine such acts for persons subject to him after he has heard the finance council. Unless and to the extent that it is to its own advantage, a juridic person is not held to answer for acts invalidly posited by its administrators. A juridic person, however, is responsible for acts illegitimately but validly posited by its administrators with due regard for the right to sue or to have recourse against administrators who have damaged it.

Canon 1282

All clerics or lay persons who through a legitimate title take part in the administration of ecclesiastical goods are bound to fulfill their duties in the name of the Church and in accord with the norm of law.

Canon 1283

Before administrators take office: (1) they must take an oath before the ordinary or his delegate that they will be efficient and faithful administrators; (2) they are to prepare, sign and subsequently renew an accurate and detailed inventory of immovable goods, movable goods, either precious or of significant cultural value, or other goods along with a description and appraisal of them; (3) one copy of this inventory is to be kept in the archives of the administration; the other, in the curial archives; any change whatever which the patrimony may undergo is to be noted on each copy.

Canon 1284

All administrators are bound to fulfill their office with the diligence of a good householder. For this reason they must: (1) take care that none of the goods entrusted to their care is in any way lost or damaged and take out insurance policies for this purpose, insofar as such is necessary; (2) take care that the ownership of ecclesiastical goods is safeguarded through civilly valid methods; (3) observe the prescriptions of both canon and civil law or those imposed by the founder, donor or legitimate authority; they must especially be on guard lest the Church be harmed through the non-observance of civil laws; (4) accurately collect the revenues and income of goods when they are legally due, safeguard them once collected and apply them according to the intention of the founder or according to legitimate norms; (5) pay the interest on a loan or mortgage when it is due and take care that the capital debt itself is repaid in due time; (6) with the consent of the ordinary invest the money which is left over after expenses and which can be profitably allocated for the goals of the juridic person; (7) keep well ordered books of receipts and expenditures; (8) draw up a report on their administration at the end of each year; (9) duly arrange and keep in a suitable and safe archive the documents and deeds upon which are based the rights of the Church or the institution to its goods; deposit authentic copies of them in the archive of the curia when it can be done conveniently. It is strongly recommended that administrators prepare annual budgets of receipts and expenditures; however, it is left to particular law to issue regulations concerning such budgets and to determine more precisely how they are to be presented.

Canon 1285

Within the limits of ordinary administration only, it is permissible for administrators to make donations for purposes of piety or Christian charity from movable goods which do not pertain to the stable patrimony.

Canon 1286

Administrators of goods: (1) are to observe meticulously the civil laws pertaining to labor and social policy according to Church principles in the employment of workers; (2) are to pay employees a just and decent wage so that they may provide appropriately for their needs and those of their dependents.

Canon 1287

Both clerical and lay administrators of any ecclesiastical goods whatsoever which have not been legitimately exempted from the governing power of the diocesan bishop are bound by their office to present the local ordinary with an annual report, which in turn he is to present to the finance council for its consideration; any contrary custom is reprobated. Administrators are to render an account to the faithful concerning the goods offered by the faithful to the Church, according to norms to be determined by particular law.

Canon 1288

Administrators are neither to initiate nor to contest a lawsuit on behalf of a public juridic person in civil court unless they obtain the written permission of their own ordinary.