

Norms for Parish Finance Councils

Decree Promulgating Revised Parish Finance Council Norms (2021 version)

The law of the Church requires each parish to have a finance council to advise the pastor in his decision-making in temporal matters. The parish finance council, therefore, is essential to the good governance of the parish.

On March 13, 2009, I promulgated norms to govern parish finance councils, an entity required for all parishes by canon 537 of the Code of Canon Law, with minor revisions in the norms on May 30, 2013, and on December 6, 2018. The difference in this version is that it excludes employees of a parish or of the Diocese of Honolulu from serving on a parish finance council in order to avoid even the appearance of a conflict of interest (see no. 10).

With this decree, I hereby promulgate a revised version of these norms, which are to be published in the Hawaii Catholic Herald, added to the Parish Finance Manual, and posted on the diocesan website. They are effective immediately.

Given at the Office of the Bishop, Honolulu, Hawaii, on the first day of September 2021.

*Most Reverend Clarence Silva
Bishop of Honolulu*

*Deacon Keith Cabiles
Chancellor*

I. Introduction

1. The pastor* serves as the representative of the parish for all juridic affairs (canons 532, 1279 §1). This includes responsibility that temporal goods are acquired, administered, and alienated according to the norm of law (canons 1282, 1284). In fulfilling his responsibilities, the pastor is accountable to the bishop (canon 1276).
2. Canon law requires that all parishes have a finance council to advise and assist the pastor in fulfilling in his obligations with regard to the temporal goods of the parish (canons 537, 1280).
3. The council should be guided by the following two interrelated canonical principles:
 - ▶ Respect for the intention of the donor governs parish financial expenditures and the administration of Church property (canon 1284).
 - ▶ Each parish, religious order, and the diocese itself are separate juridic persons at canon law and should be treated as distinct entities in regard to financial transactions and property issues. (A juridic person is equivalent to the civil law concept of a corporation. However, civil corporations and canonical juridic persons do not always coincide.)

II. Membership of the Parish Finance Council

4. **Leadership:** The pastor is the president of the parish finance council. If votes are taken, the pastor does not vote.
5. The pastor is to appoint a chairperson from among the members who coordinates and prepares for the meetings of the council. The chairperson should be chosen on the basis of his or her ability to facilitate a meeting, knowledge of diocesan norms, and leadership qualities.
6. The pastor is to appoint one of the members to serve as a recorder who keeps the minutes of the meetings and files the minutes in the parish archives.
7. **Membership:** The members of the parish finance council are to be appointed by the pastor.
8. At the discretion of the pastor, the council is to include between three and seven members (not including the pastor).
9. When the pastor appoints new members to the council, he is to list the names of all members of the council in the parish bulletin. The names of the council members are also to be included on the annual financial report delivered to the parishioners.
10. The members are to be:
 - ▶ Adult members of the Christian faithful, the majority of whom must be members of the parish
 - ▶ Individuals who are committed to the pastoral mission of the parish
 - ▶ Preferably those with knowledge in business administration, accounting, or civil law
 - ▶ Reflective of the membership of the parish

The members may *not* be:

- ▶ Paid employees of the parish or parochial school, of another Catholic parish or parochial school, or of the Diocese of Honolulu
- ▶ Individuals with a family relationship to the pastor, to other parish or school employees, or to other finance council members up to first cousins by blood or marriage
- ▶ Individuals with a conflict of interest with the functions of the council (e.g., someone who transacts business with the parish or who would derive personal benefit from recommendations made by the council)

11. **Terms:** The members will serve for a term of three years, renewable. Terms should be staggered so that about one-third of the terms end each year. The pastor may appoint some members to one- or two-year terms as needed to stagger terms.

12. The members may freely resign from membership on the council at any time by informing the pastor.

13. The pastor may remove a member before the end of his or her term for a serious cause.

14. In the event that a pastor is transferred or a vacancy in office occurs, the members of the parish finance council continue in their terms of office. However, a new pastor may freely reconstitute the entire council if he wishes during his first year in office.

III. General Functioning of the Parish Finance Council

15. The members of the council are to commit to the following:
 - ▶ To fulfill their duties in a sound legal (civil and canonical) and moral manner
 - ▶ To function with a concern for Christian justice and a concern for the poor and those in need (canon 1285)
 - ▶ To maintain confidentiality
 - ▶ To study the social teachings of the Church, especially in regard to labor issues (canon 1286)

16. **Meetings:** The parish finance council is to meet at least once per quarter.

17. When votes are taken, members are not to vote unless fully informed about the matter in question.

18. The parish bookkeeper/business manager is to attend meetings of the council to serve as a resource. However, he or she cannot be a member of the council and cannot vote.

19. Other parish staff members, parishioners, or consultants may attend meetings of the council at the invitation or consent of the pastor but cannot vote.

20. **Collaboration:** With the knowledge and consent of the pastor or at his direction, the parish finance council is to:

- ▶ Work collaboratively with the parish pastoral council, which is responsible for assisting the pastor in the development of the parish pastoral plan that guides the development of the parish budget
- ▶ To provide financial advice to the parish staff, ministries and associations

21. The members should make themselves available to parishioners so that all members of the parish may bring up matters of concern to members of the council.

22. The parish finance council members, individually or as a body, cannot act in any manner contrary to the will of the pastor. However, members have a right to express their opinions to the bishop in matters of grave concern.

IV. Obligations of the Pastor with regard to the Parish Finance Council

23. **Information:** In order to give him sound advice, the pastor is to provide the council members access to relevant diocesan norms and instructions so that they can familiarize themselves with them, in particular in regards to:

- ▶ Accounting and financial procedures
- ▶ Personnel and payroll issues
- ▶ Planning and Building Commission directives
- ▶ Real estate issues
- ▶ Risk management, contracts, insurance and liability issues

24. In order to give him informed advice, the pastor is to provide the parish finance council access to:

- ▶ All records and documents relating to the financial status and operations of the parish
- ▶ Information regarding the status of employees, their working conditions and benefits
- ▶ Information regarding the condition of buildings and property
- ▶ Contracts for services
- ▶ Contracts with outside users who use parish facilities

25. **Consultation:** The pastor is to:

- ▶ Consult the parish finance council on matters of fundraising, administration, and selling of property or items of precious, artistic, cultural or historical value
- ▶ Provide the council with the complete information needed to fully understand the financial and property situation of the parish
- ▶ Provide copies of all relevant diocesan norms to the members of the council
- ▶ Encourage free discussion and proposal of topics of discussion by the members of the council
- ▶ Provide the council with sufficient time to research available options

26. Except in situations of urgent necessity, the pastor is to seek the advice of the parish finance council before conducting any transactions in excess of \$10,000 (either as a single transaction or an aggregate of related transactions) that are not included in the approved budget.

27. For the pastor to conduct any transactions in excess of \$50,000 (either as a single transaction or an aggregate of related transactions) that are not included in the approved budget, the permission of the bishop is also required (canons 1281 §§1-2, 1292). When requesting permission of the bishop, a copy of the

parish finance council minutes is to be submitted to the bishop, noting the advice given to the pastor on the matter in question and the vote count of the council members.

28. For the pastor to make one of the following acts of extraordinary administration or alienation, the pastor is to seek the advice of the parish finance council and receive the permission of the bishop (canon 1281 §1):

- ▶ To establish or close a parish school or make significant changes to its structure or functioning, including any changes of grades included in the school
- ▶ To establish or close a parish mission
- ▶ To alienate any parish property, including land or buildings

When requesting permission of the bishop, a copy of the parish finance council minutes is to be submitted to the bishop, noting the advice given to the pastor on the matter in question and the vote count of the council members.

V. Specific Duties of the Parish Finance Council

29. **Annual parish budget:** The parish finance council plays an advisory and analytical role in the preparation of the annual balanced parish budget (canon 1284 §3). Under the authority of the pastor, the process should involve consultation with the parish pastoral council, staff, ministries, and associations.

30. **School finances, budget and subsidy:** If the parish has a school, its school board is to have its own school finance committee to prepare its annual budget and to review its income, expenditures, assets and liabilities. The pastor must receive regular financial reports from the school, and he, along with the principal, must approve the annual budget. The pastor is to present regular financial reports and proposed budgets of the school to the parish finance council, so that they can more effectively advise him in his responsibility of financial oversight of the school. At least annually, prior to the approval of the following year's budget, the principal and chair of the school finance committee shall meet with the parish finance council to review the financial situation and outlook of the school. The pastor is to consult the parish finance council in regard to any subsidy to the school from the general parish fund.

31. **Quarterly reviews:** The parish finance council should review the parish financial records and evaluate the financial status of the parish at least quarterly. This should include a review of the balance sheet and statement of revenues and expenditures. This review should compare budget to actual income and expenses. The purpose of this quarterly review is to keep the members of the council informed and also to give them an opportunity to advise the pastor regarding contingencies.

32. **Annual financial report to the bishop:** The members of the parish finance council are to review and sign the annual financial report submitted to the Diocesan Finance Office in accordance with the forms issued by that office (canons 1284 §2, 8°, 1287).

33. **Annual report to the parishioners:** The members of the parish finance council are to review the annual financial report presented to the parishioners (canon 1287 §2). Their names are to be included on the annual report. With permission or at the direction of the pastor, the parish finance council members may provide education to parishioners about the finances of the parish and about the relationship between the parish pastoral plan and the parish finances.

34. **Safety inspection:** The council is to review the safety inspection report submitted to the diocese.

35. **Inventory and stable patrimony:** Each year the council is to review the parish inventory of immovable property, objects of precious, artistic, cultural, or historic value, and other goods valued at \$1,000 or more, along with their description and appraisal (canon 1283, 2-3°). Proposals by the pastor for changes in what is designated as stable patrimony (e.g., church, rectory, restricted funds) are also to be reviewed by the council prior to submission to the bishop.

36. **Long-term planning:** The parish finance council is to help the pastor establish a three to five-year financial plan for funding operational and capital needs. This plan includes:

- ▶ Maintenance, repairs and renovations
- ▶ Outreach to the poor, support of missions
- ▶ Purchase of equipment
- ▶ Systematic payment of any parish debt
- ▶ A reserve fund in the annual budget to cover these expenses
- ▶ The administration of surplus funds

37. **Stewardship and development:** The parish finance council is to advise the pastor in regard to stewardship and development.

- ▶ With regard to stewardship, the pastor may call upon the council to assist with the education of parishioners about the principles of stewardship as set forth by the U.S. Bishops in their document A Disciples Response: A Pastoral Letter on Stewardship, 10th anniversary edition, October 2007.
- ▶ With regard to development, the pastor may call upon the council to assist in developing sufficient fundraising activities in accord with national and diocesan norms on fundraising.

If the pastor decides to establish a stewardship and development committee to fulfill these tasks, the parish finance council is to continue to be informed and be given opportunities to advise the pastor on their activities and progress.

*The term "pastor" refers also to parochial administrators as defined in canon 540.