

The Parish Finance Council
The Church of St. Michael of Farmington, Minnesota
CONSTITUTION and BYLAWS

Article I (Mission)

The mission of the Parish Finance Council of the Church of St. Michael of Farmington, Minnesota (St. Michael-Farmington) is to support the pastor in his stewardship of parish financial resources. The Parish Finance Council is also accountable to the parish community and to the Archbishop of Saint Paul and Minneapolis.

Article II (Purpose)

The Parish Finance Council is a mandated body that has an advisory and consultative role with the pastor of the parish (canon 537, *Code of Canon Law*). An active, well-formed Parish Finance Council is a key element for promoting the financial health of a parish, assuring accountability, and assisting the pastor with his temporal responsibilities.

While the Parish Finance Council does not have decision making authority, consultation is at the heart of the decision making process for the administration and stewardship of the temporal goods of the parish. Therefore, the pastor and the members of the Parish Finance Council must be oriented to sharing information, listening, contributing to the discussion, and promoting consensus.

Article III (Scope)

The scope of the Council is the temporal matters of the parish. The Parish Finance Council must observe both canon and civil law in sound management of the temporal goods of the parish. The advice of the Parish Finance Council should be sought for both acts of ordinary administration and acts of extraordinary administration. In the Archdiocese of Saint Paul and Minneapolis, extraordinary administration is defined in the Clergy Bulletin *Minimum and Maximum Limits for Financial Administration Including Corporate Acts*.

In addition to those responsibilities specified in the *Code of Canon Law*, the responsibilities of the Parish Finance Council in the particular law of the Archdiocese of Saint Paul and Minneapolis are:

1. Receive and study budget requests and propose an overall parish budget to the pastor. The Parish Finance Council is to ensure that provision to satisfy all obligations of the parish is included in the budget, including those to lenders and programs of the Archdiocese. The expectation is that the parish will submit a balanced budget, or will have entered into a Financial Cooperation Agreement for the repayment of debt. The Parish Finance Council then submits its draft budget to the Parish Pastoral Council, or a committee of it, who reviews the budget in light of parish goals and priorities. The pastor, after receiving the recommended budget from the Parish Finance Council and Parish Pastoral Council, then approves the final budget, and communicates the status of the budget to the parish.

2. Regularly review periodic (at least quarterly) financial reports- balance sheets, income statements, comparisons to budget as well as prior year results and cash flow analysis.
3. Review budget to actual comparisons by individual program category. Identify and investigate significant variances from budgeted figures.
4. Review maintenance and utility costs in order to minimize costs through preventative maintenance, energy conservation, and the implementation of risk management programs and recommendations.
5. Review internal controls and procedures:
 - a. Ensure that the Archdiocesan-required procedures for cash receipts, cash disbursements, administration of bank accounts, petty cash, and payroll are being followed.
 - b. If written procedures do not exist, the Parish Finance Council should participate in the development of a procedure for approving new banking accounts, including those for auxiliary groups. Written procedures should specify that the Parish Finance Council approves new bank accounts before they are opened.
 - c. Review the financial reports for parish general operations, the parish school (if applicable) and other parish organizations or programs with bank accounts or revenue collection responsibilities, to determine if proper accounting practices and internal control procedures are in place.
 - d. Identify areas where internal controls may be lacking or proper accounting practices not applied, and make recommendations to the pastor as to how those areas can be corrected.
 - e. Advise the pastor on the selection of independent public accountants and review management letters issued by said accountants including resolution of internal control deficiencies
6. Oversee parish investments in accord with the Clergy Bulletin on Parish Administration. The Pastor in collaboration with the Trustees retains the responsibility for day-to-day management of the investment accounts.
7. Provide advice as to the management of parish funds and banking arrangements.
8. Review and provide assistance as to the communication of the Annual Financial Report to the parish community. Review, edit, and recommend the annual financial report (Green Sheet) and representation letter that must be sent to the Chancery, as specified in the Clergy Bulletin on Parish Administration. The Green Sheet and the representation letter must be received by the Chancery by October 31 of each year. However, parishes that are required to undergo an audit or that have extenuating circumstances as determined by the Archdiocesan Finance Officer may have until December 31 to submit their Green Sheets and representation letter.
9. Provide advice as to what the parish should do to comply with Archdiocesan policies and/or USCCB recommendations with respect to conflicts of interest, protection of whistleblowers and fraud detection, reporting, and prevention.
10. Provide advice on how to use undesignated bequests or other unbudgeted revenue.

11. Provide advice when hiring or evaluating a business manager or anyone providing business services to the parish, keeping in mind the requirements of *Justice in Employment*.
12. Become knowledgeable on diocesan fiscal policies and norms so as to provide advice to the pastor on implementation, including by attending any training sessions offered by the Archdiocese.
13. Evaluate compliance with diocesan fiscal policies and assist the pastor in meeting these obligations. When necessary, bring any concerns about irregularities to the appropriate authorities.
14. Provide advice on matters requiring proxies by the parish civil corporation, as outlined in the Clergy Bulletin on Parish Administration.
15. Provide parish trustees with access to the information required to fulfill their responsibilities. This may require the Parish Finance Council to respond to questions and provide documentation as the trustees follow their mandate to exercise independent judgment as they perform their duties.
16. Review fundraising activities to assess the effectiveness of existing programs and recommend new programs or changes if existing revenues are insufficient. Review activities such as bingo, raffles, and concession sales for acquisition of the required licenses, support documentation for tax filings, and actual tax filings.
17. Review the financial statements, including perpetual care funds, maintenance, and contracts of any parish cemeteries and the activities of parish auxiliary groups and verify cash balances of bank accounts. Annually meet with any cemetery boards and auxiliary groups to review the reporting of last year's activities and a review of the budget for the coming year. Assess the accounting practices and internal controls in use to insure compliance with Archdiocesan policies, review the activities of the auxiliary groups to ensure they are not jeopardizing the tax exempt status of the parish.
18. A member of the Parish Finance Council may serve as a representative to the Parish Pastoral Council to facilitate communication between the Councils.

Article IV (Membership and Terms of Office)

The Parish Finance Council is comprised of seven members who serve three year terms with the possibility of two additional consecutive terms. Former members are eligible for reappointment after a single term off the Council. Members of the Parish Finance Council should be parishioners of the parish. The pastor is to use his discretion in the selection of qualified members from amongst the faith community, noting the following eligibility requirements. Prospective members will be recruited from the parish membership through bulletin notices, solicitation by the Pastor, Trustees or current Parish Finance Council members. The members may use a discernment process to recommend a new member to the Pastor.

Eligibility to serve on the Parish Finance Council is limited to practicing Catholics in full communion with the Roman Catholic Church and its bishops. In other words, eligibility for service on the Council is limited to fully initiated Catholics who are not restricted from full sacramental participation or are otherwise under canonical penalty or censure. Employees of

the parish, or members of their immediate family, are not eligible for appointment to the Parish Finance Council. No relative of the pastor may serve on the Parish Finance Council.

Members of the Parish Finance Council should be chosen based on demonstrable skills or expertise in management and/or finance. Members should be able to attend the majority of the meetings, be committed to the faith and mission of the Catholic Church and the Parish's particular mission, be concerned for the spiritual and financial growth of the Parish, and actively participate with their own particular perspective, gifts, and talents.

The pastor has the discretion to remove any member of the Parish Finance Council with or without cause at any time during his or her term of office.

Article V (Officers)

The Officers of the Parish Finance Council will be the Chair, Vice Chair, and Secretary. The pastor will appoint the officers, after consultation with the members of the Parish Finance Council.

The Chair will preside in a parliamentary manner at all meetings which require a formal vote and, in consultation with the pastor, will prepare the agenda, select the hour and location of the meetings, and perform any other duties assigned to him or her by the pastor. The Vice Chair performs these duties when the Chair is unable to do so. The Secretary will record and distribute the minutes of each meeting at least three days prior to the next scheduled meeting.

Article VI (Meetings)

The Parish Finance Council will meet monthly unless a lesser frequency is established from time to time by the Chair with the approval of the Pastor. Meetings will be required at least once in each fiscal quarter. Parish Finance Council appointments are established for a full term at initial appointment, and expire 36 months later, unless otherwise noted.

The regular time and location of the Parish Finance Council meetings will be on the 4th Tuesday of the month at 7 PM at the Church. Meeting schedules may be adjusted to accommodate the Christmas season and for other reasons at the discretion of the Chair and Pastor.

Meetings of the Parish Finance Council are not generally open to non-Council members. Parish employees who provide support to the Parish Finance Council should be available to answer questions at the request of the pastor or at the request of others expressly delegated by the pastor (i.e. the Chair of the Parish Finance Council, if so delegated).

The parish Business Administrator should attend Parish Finance Council meetings in a consultative, non-voting capacity, unless the pastor, in consultation with the Chair, determines otherwise.

Parishes with schools should consider inviting a member of the Finance Committee of the School Advisory Council to attend meetings of the Parish Finance Council in order to ensure effective and frequent communications regarding the financial contribution to the school from the parish. When a parish has a sponsorship agreement with a consolidated school, the Parish Finance Council should receive and review the proposed and actual budget of the sponsored school.

Parishes with Parish Stewardship Committees should consider inviting a member of the committee to attend meetings of the Parish Finance Council in order to ensure effective communication regarding stewardship goals and expectations,

Members of the Parish Finance Council should maintain confidentiality on those matters designated as confidential. Materials such as agendas, meeting minutes, and review materials should not be disclosed to others if designated as confidential.

The parish should retain meeting minutes, agendas, handouts, reports, and materials reviewed during the meeting for future reference by either internal or external parties in accord with the Archdiocesan Records Retention Policy.

Article VII (Operating Method)

A quorum of a majority of members is necessary to conduct a Council meeting. Additionally, the pastor should be present at every meeting of the Council. The Parish Finance Council will follow parliamentary procedure as outlined in Roberts Rules of Order when necessary.

Article VIII (Schools)

This Section is not currently applicable to the parish.

ARTICLE IX (Stewardship)

This Section is not currently applicable to the parish.

Article X (Amendments)

These by-laws may be amended by vote, following Robert's Rules of Order, of attending Parish Finance Council members. Prior to adoption, any amendments must be approved by the pastor of the parish and the Archbishop of Saint Paul and Minneapolis or his delegate.

Dennis S. Thompson, Pastor

Date

Mark D. Wood, Chair

Date

The Most Reverend John C. Nienstedt
Archbishop of Saint Paul and Minneapolis

Date