

St. Michael's Finance Council Constitution and By-Laws

**St. Michael's Parish
520 N 6th St
Grand Forks, ND 58203**

**Process Date
February 20th, 2007**

ST. MICHAEL'S PARISH FINANCE CHARTER

Preamble

Temporal Goods: The Christian faithful have responsibility not only for the pastoral life of the parish, but also for the right administration of its temporal goods. By means of consultation the faithful assist the pastor in his responsibility as administrator of the parish's temporal goods.

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

Canon 532- In all juridical matters, the parish priest acts in the person of the parish, in accordance with the law. He is to ensure that the parish goods are administered in accordance with canons. 1281-1288

Canon 537- In each parish there is to be a finance committee to help the parish priest in the administration of the goods of the parish, without prejudice to canon 532. It is ruled by the universal law and by the norms laid down by the diocesan Bishop, and it is comprised of members of the faithful selected according to these norms.

St. Michael's Finance Council Mission: The Finance Council is responsible for advising the Pastor and assisting the Parish Financial Administrator on all issues pertaining to St. Michael's short, intermediate, and long term financial management and planning, in concert with the Diocese's operational guidelines.

ARTICLE I COMMUNICATION:

Section 1 – Relationship and Communication between the Finance Council and the Parish Corporate Board.

1. The legal structure of the parish is a Corporate Board consisting of the following:
 - a. Bishop—President
 - b. Pastor—Vice President
 - c. Vicar General of the Diocese
 - d. Treasurer—St. Michael’s Parish Lay
 - e. Secretary—St. Michael’s Parish Lay
2. The Finance Council will not usurp the function of the Corporate Board, but will at all times, acting in good faith, assist in the exercise of authority in formulating the Parish financial budget with respect to the mission and vision of the parish.
3. The Finance Council exists as a consultative body to the Pastor, who has ultimate authority for the governance of the parish.
4. If concerns exist within the parish, they should be resolved by contacting in this order:
 - a. Pastor
 - b. Dean
 - c. Vicar General and/or Diocesan Finance Officer, if finance related.
 - d. All attempts to resolve an issue should be taken at the lowest level possible under the principle of subsidiarity.

Section 2 –Relationship and Communication between the Finance Council and the Parish Pastoral Council:

1. The Parish Finance Council and the Parish Pastoral Council are distinct in their functions and duties. They are however related, since both are concerned with the life and mission of the parish.
2. Both Finance Council and Parish Pastoral Council are consultative to the Pastor; the Pastoral Council is formulating the pastoral plan, and the Finance Council is concerned with making responsible financial decisions to meet that plan.
3. The Finance Council looks to the Pastoral Council for a statement of the mission of the parish, a pastoral plan, and the parish priorities.
4. The Parish Pastoral Council looks to the Finance Council for sound financial guidance and planning regarding the resources needed to develop and implement parish plans, programs, and policies.
5. The Finance Council is responsible for the development and oversight of the Parish Budget, with the Parish Pastoral Council giving final approval to the Budget.
6. The Parish Lay Officers serve as voting members of the Finance Council, and liaisons to the Parish Council. As liaisons to the Parish Council they assist in the communication of the monthly financial report to the council.

ARTICLE II MEMBERSHIP

Section 1 – Membership Composition and Competence

1. Qualifications

- a. Council members shall be appointed by the pastor as determined by the pastor or recommended to the pastor by the nominating committee.
- b. Members must be active Catholic parishioners in good standing with the Church.
- c. When a pastorate changes, the new pastor is to meet with the current Council. Within 90 days, the pastor is to decide whether to reappoint the Council's current membership to complete the balance of the respective term of office or to appoint new members to complete the respective term of office of each replaced Council member.
- d. Members should be skilled in business and have some expertise in management, financial, accounting, legal, fundraising, or related fields.
- e. The membership of the Council is not to include anyone who could have a conflict of interest from such affiliation including a parish staff member or any relative of the pastor up to the fourth degree of consanguinity (related by blood) or affinity (related by marriage) (Canon 492 §3, by extension).

Section 2 - Positions

1. Permanent Positions—
 - a. Pastor
 - b. Two Parish Lay Officers
2. Appointed Positions—
 - a. Three appointed positions from the parish at large
 - b. Appointed members serve for a three-year term
 - c. Maximum term of office shall be two consecutive terms with reappointment possible after a one-year hiatus.
 - d. Terms for the appointed members will be staggered
3. One Appointed Representative from the Education Board
 - a. This is a one year appointment
 - b. Maximum term of office shall be six consecutive terms for a total of six years with reappointment possible after a one-year hiatus.
 - c. The Education Board chooses a representative for appointment by the pastor
4. Ex-Officio Positions
 - a. Parish Business Manager – Who shall also serve as Recording Secretary
5. Parochial Vicar(s) – the parochial vicar(s) should be present at all meetings.
6. Cause - The pastor may remove a member from the Council at any time for cause. Cause is defined here as no longer being a member of the parish, physical or mental incapacitation, public non-support of Church teaching or participation in public scandal, or acting contrary to the Code of Canon Law of the Catholic Church and/or rules and regulations of the Diocese of Fargo.
7. The Council may establish committees, either standing or ad hoc, to assist in carrying out its responsibilities.

Section 3 – Vacancies

1. Vacancies will be filled by a Nominating Committee chaired by the Finance Council Chair
 - a. The Nominating Committee is a standing committee of the Finance Council. Members are appointed by the Chair at the annual meeting in August.
 - b. The Nominating Committee Members will meet in early February every year to gather a slate of candidates to fill the upcoming vacant Finance Council positions.
 - c. In consultation with the Pastor, the Finance Council will review, prioritize, and vote on the slate of candidates presented to fill the vacancy.

- d. Member appointments will be effective starting at the August meeting. However new members will be asked to attend the June meeting for orientation.

Section 4 – Unscheduled Vacancies:

1. A Finance Council member shall be allowed not more than two consecutive unexcused absences, not to exceed two per year.
2. The Finance Council Chair will be responsible for approaching that Finance Council member to determine their commitment to serve the parish and to seek their resignation if warranted.
3. *Replacing Appointed Finance Council Members:*
 - a. The Finance Council will refer to the most recent slate of candidates.
 - b. In consultation with the Pastor, the Finance Council will review and prioritize the slate of candidates presented for potential candidates to fill the vacancy.
 - c. In consultation with the Pastor, the Finance Council will review and prioritize the slate of candidates presented for potential candidates to fill the vacancy.
 - d. The Finance Council will vote on the prioritized slate of candidates for appointment by the Pastor
 - e. The selected replacement will fill out the remaining term of office of the vacancy.
4. *Replacing the Appointed Finance Council Member from the Board of Education:* A new candidate will be chosen from the Ed Board for appointment by the Pastor.
5. Resignations must be submitted in writing to the Finance Council Chair and the Pastor.

Section 5 – Officers of the Finance Council:

1. Chairperson:
 - a. Chair regular meetings
 - b. Call Special meetings when deemed necessary
 - c. Work with the Business Manager to prepare meeting agenda's
2. Vice Chairperson:
 - a. Assume the duties of the Chairperson in his/her absence.
 - b. Shall perform such duties to assist the Chairperson as the Chair may direct.
3. Recording Secretary—Served by the Parish Business Manager:
 - a. Recording and distribution of Council meeting minutes
 - b. Notify members of upcoming meetings
 - c. Maintaining a permanent record of business conducted by the Council and each member's tenure
 - d. Any other duties as assigned by the Chairperson or the Pastor

ARTICLE III – MEETING STRUCTURE

Section 1 – Regular Meetings:

1. Council meetings are held on the Third Tuesday of the month over noon hour
2. No meeting will be conducted in the months of July and December unless otherwise scheduled.
3. The first meeting in August shall be the annual meeting at which elections for offices are held.

4. The meeting agenda is drawn up by the Parish Business Manager in consultation with the Council Chairperson and the Pastor, and distributed by the Business Manager along with the minutes from the previous meeting.
5. Parishioners attend meetings as observers. They may address a matter of concern to the Council if they have submitted their request to the Chair prior to the meeting.
6. The pastor shall be present at all meetings. If the pastor cannot attend, the meeting either must not take place, or take place with the pastor's prior permission and subsequent positive or negative acknowledgement of recommendations made to the pastor. Any meeting held when the pastor is not present or has not granted proper permission is to be considered null and void.

Section 2 - Voting

1. Consultative voting may be necessary for the pastor to get the sense of the council. If the advice of the voting members of the Council is unanimous about a given matter, the pastor will give serious consideration to the recommendation and not lightly reject it.
2. Although the pastor is not obliged to follow the recommendations of the Council, the pastor should not act against such advice, unless there is an overriding reason, and then he should clearly communicate the reason to the Council.

Section 3 – Executive Sessions:

1. The Chair, in consultation with the pastor, may call an Executive session of the Finance Council when it is deemed necessary due to the sensitive nature of the matter at hand.
2. An Executive Session shall constitute the Pastor, the Chair and two Lay Officers.
3. Executive Sessions are not open to the Parish at large.
4. A record of actions voted upon shall be recorded and placed in the permanent record of the Finance committee.

ARTICLE IV – DUTIES/RESPONSIBILITIES

Section 1 - Budgets

1. Assist in establishing timelines for development and implementation of the annual capital and operating budget for parish, school, parish organizations.
 - a. The Pastor is responsible for the actual coordination/preparation of all parish budgets, but is to seek the advice of the Council.
 - b. The Pastor is to elicit the assistance of the parish business manager, bookkeeper and/or Parish Finance Council Chairperson to prepare the parish budget.
2. Parish organizations include those with bank accounts and all those in the general operating budget (i.e. Men's Club, Altar Society, Bridge Builders, H.S.A., St. Michael's Foundation, etc.).
 - a. Each organization should present its plans and a summary of expected cash receipts and disbursements to the Council during the budget cycle. All are an integral part of parish life and provide services to parishioners and/or general operations/special funding.
 - b. Financial statements shall be submitted to the Council at least annually.
3. Determine if the parish and school budgets are prepared in accordance with the chart of accounts and reporting formats required by the Diocese.
4. Review the proposed annual parish, school, and organizations' capital and operating budgets; and, make recommendations to the Pastor for changes as appropriate.

Section 2 - Financial Records and Reporting

1. Review financial statements, including annual reports, to help determine that Diocesan policies regarding fiscal and accounting procedures are being followed.
2. Review monthly and/or quarterly income and expense reports for the parish and school.
 - a. Whenever possible, compare actual results to budget and prior year numbers. All significant variances should be explained with particular attention given to expenditures not included in the capital or operating budget.
 - b. The Council should recommend budget amendments to bring revenues and expenditures into balance or propose a plan to correct the problem(s).
3. Assist with recording detailed inventory of assets annually and update the inventory prepared in accordance with Canon 1283, 2.
4. Review the annual financial report, prior to submission to the Diocese, to help determine the accuracy and completeness; ensure that it is submitted by the prescribed due date. (Both Lay Officers must sign.)
5. Annually, after the end of the fiscal year, each pastor is asked to send a letter together with the financial report to the bishop containing:
 - a. The names and professional titles of the members of his parish finance council;
 - b. The dates on which the parish finance council has met during the preceding fiscal year and since the end of that fiscal year;
 - c. A statement signed by the parish finance council members and the pastor stating that they have met, reviewed, and discussed the financial report of the parish, and that it includes all parish related matters, and is accurate and complete.
6. Review, at least annually, the financial statements and verify the cash balances of all parish organizations with cash accounts. Make sure all accounts for the parish and for each parish organization are included on the annual financial report.
 - a. Other parish organizations, at the end of their fiscal year, are to donate to the parish all undesignated monies on hand in excess of \$1,000 to be used for parish purposes only, giving consideration to the wishes of the members of the parish organization.
7. Assist in preparing/presenting/communicating an annual financial report (Balance Sheet and Statement of Activity/Cashflow) to all parishioners. Specific information should be included on the parish, school, parish organizations, and cemetery association(s).
8. Monitor accuracy and timeliness of payments for all parish bills and/or obligations.
9. Monitor parish contribution trends by studying sources of parish revenue: make recommendations for maintaining and enhancing parish revenue, assist in the development of programs and processes to that end, and coordinate fundraising programs.
10. Oversee and review fundraising programs and expenditures for the parish, school, affiliated groups/organizations, and cemetery association(s).
11. In conjunction with the Parish Council, educate parishioners with regards to stewardship, and consider periodic increased stewardship programs.

Section 3 - Strategic Planning

1. Assist the Pastor in developing a long-term parish capital improvement plan, including implementation and funding sources.
2. Assist the Pastor in developing a program for the care and maintenance of all parish facilities.

3. Assist in the development and maintenance of position descriptions for the parish business manager/bookkeeper and other staff/personnel engaged in the management, operation or administration of the parish. Consultation with the Diocesan Human Resource Coordinator is encouraged.
4. Serve as a resource to advise the Pastor on significant expenditures before making a purchase or lease commitment.
5. Assist the Pastor in soliciting assistance and/or information from the Diocesan Finance Officer and members of the Finance Office staff as appropriate.

Section 4 - Internal Controls

1. Assist in developing a system of internal controls in accordance with Diocesan policy.
2. Review/audit the financial reports for parish general operations, school and other organizations with bank accounts to determine that proper accounting practices and internal control procedures have been implemented and are being followed. After consultation with the Diocesan Finance Office, the parish may engage an outside CPA firm to perform an annual audit. [An audit is recommended if possible.]
3. When a change of Pastor or Parish Administrator occurs, assist with providing a complete report of the parish's financial condition and inventory of parish assets for the new Pastor or Administrator (in accordance with Canon 1283, 2).
4. When a change of Pastor or Parish Administrator occurs, assist and cooperate with a financial review of the parish, school, and organizations(s) by the Dean, Diocesan Finance Officer or other Diocesan representative.

Section 5 - Insurance Issues

1. Review property valuations annually to determine if adequate.
2. Assist in completing Self-Inspection Reports or assist with on-site inspection by a loss control representative, and assist with follow-up items.
3. Ascertain that required policies are implemented and enforced.
4. Assist with reporting claims that may arise.
5. Ascertain that background checks are completed for all church workers, as defined by the *The Diocese of Fargo and Its Affiliates' Code of Conduct*, and also for those with access to parish funds.

Section 6 - Other Considerations

1. Follow established Diocesan guidelines and participate in Diocesan training sessions and/or workshops.
2. Ascertain that all employees have been offered the opportunity to participate with their own contributions in the Diocesan coordinated retirement program, and that all employees meeting eligibility receive the employer (parish or entity) contribution of six percent (6%) to the Diocesan coordinated retirement program, to ensure proper benefits and guarantee compliance with tax and employee benefit laws.
3. Ascertain that independent contractors comply with Internal Revenue Service regulations; retain a copy of a signed statement stating they are independent contractors as defined by the IRS.
4. Review all parish, school, and parish organizations banking and financial institution arrangements, including signature cards (pastor must be one of the signatures on all accounts), bookkeeping and record keeping procedures, capital expenditures, and contracts of a fiscal nature subject to Diocesan regulations. Make recommendations for

improvement or changes to align practices with Diocesan Statutes, Regulations or Policies.

5. The Parish Corporate Board must approve all authorized accounts and signers on the accounts annually.
6. Members of the Council must be given complete access to all records and documents relating to financial status and operations of the parish.
7. The Pastor must consult the Council concerning any major commitment of parish funds in excess of \$10,000 for all construction, renovation, additions and/or building type projects or property transactions or a series of small amounts for a single purpose that will exceed \$10,000. The Council shall assist, if needed, with obtaining the required authorization from the Bishop for amounts exceeding \$10,000, and with adherence to the Contract Review Policy.

ARTICLE V – CONFIDENTIALITY

Members of the Parish Finance Council must observe strict confidentiality concerning all matters discussed at Council meetings and provided to them in confidence. Council members generally should not have access to the records of individual parishioners which pertain to their financial contributions or other confidential information.

ARTICLE VI – CHARTER REVIEW AND CHANGE

This charter is to be reviewed annually by the Council. Recommendations for changes may be submitted to the Diocesan Bishop for his review and written approval. Since this charter is particular law of the Diocese of Fargo, the Diocesan Bishop may amend it from time to time, as conditions warrant.