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Decree Promulgating Revised Parish Finance Council Norms

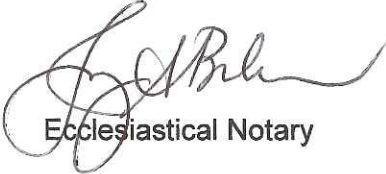
On March 13, 2009, I promulgated new norms to govern the parish finance councils, as required by canon 537 of the *Code of Canon Law*. In the past four years, these norms have proven effective in assisting pastors and their finance councils to be better stewards of the temporal goods of the parishes entrusted to their care. They have also provided for greater transparency regarding parish finances.

With this decree, I hereby promulgate a revised version of those norms. The primary difference between this version of the norms and the 2009 version is the addition of paragraph number 24 regarding acts of extraordinary administration and alienation (canons 1281, §2; 1291-1294).

Given at the offices of the Diocesan Curia in Honolulu, Hawai'i on May 30, 2013.

+ Clarence Silva

Most Reverend Clarence Silva
Bishop of Honolulu

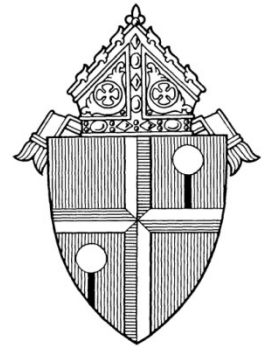

Ecclesiastical Notary

Seal

THE DIOCESAN FINANCE OFFICE

WITH THE OFFICE FOR PARISH RESOURCES

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Norms for Parish Finance Councils

[Revised May 30, 2013]

I. Introduction and General Norms

1. The pastor¹ 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 sold 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 his responsibilities (canons 537, 1280).
3. The purpose of the parish finance council is to advise and assist the pastor in the administration of the temporal goods of the parish. When votes are taken, members are not to vote unless fully informed about the matter in question.
4. The parish finance council is to meet at least once per quarter.
5. 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)
6. 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.)

¹ The term “pastor” refers also to parochial administrators as defined in canon 540.

7. In order to give sound advice to the pastor, the council members should be provided 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
8. So that they can give informed advice to the pastor, the parish finance council is to have 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
9. 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
10. 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.
11. 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.

II. Specific Duties of the Parish Finance Council

12. **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.
13. **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.
14. **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.
15. **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).
16. **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.
17. **Safety inspection:** The council is to review the safety inspection report submitted to the diocese.
18. **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.
19. **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

20. **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 (www.usccbpublishing.org).
- 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.

III. Responsibilities of the Pastor with Regard to the Parish Finance Council

21. 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

22. 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.

23. For the pastor to conduct any transactions in excess of \$20,000 (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 are 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.

24. 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 are 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.

IV. Membership of the Parish Finance Council

25. **Leadership:** The pastor is the president of the parish finance council. If votes are taken, the pastor does not vote.
26. 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.
27. 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.
28. **Membership:** The members of the parish finance council are to be appointed by the pastor.
29. At the discretion of the pastor, the council is to include between three and seven members (not including the pastor).
30. 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.
31. The members are to be:
 - Adults members of the Christian faithful, the majority of whom must be members of the parish
 - Members 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
 - Individuals with no 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 no 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)
32. 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.
33. The members may freely resign from membership on the council at any time by informing the pastor.
34. The pastor may remove a member before the end of his or her term for a serious cause.
35. 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.
36. **Bookkeeper/business manager:** 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.
37. **Guests:** Other parish staff members, parishioners, or consultants may attend meetings of the council at the invitation or consent of the pastor but cannot vote.

Appendix: Canons Cited in the Norms for Parish Finance Councils

Canon 532. In all juridic affairs the pastor represents the parish according to the norm of law. He is to take care that the goods of the parish are administered according to the norm of canons 1281-1288.

Canon 537. In each parish there is to be a finance council which is governed, in addition to universal law, by norms issued by the diocesan bishop and in which the Christian faithful, selected according to these same norms, are to assist the pastor in the administration of the goods of the parish, without prejudice to the prescript of canon 532.

Canon 540, §1. A parochial administrator is bound by the same duties and possesses the same rights as a pastor unless the diocesan bishop establishes otherwise.

§2. A parochial administrator is not permitted to do anything which prejudices the rights of the pastor or can harm parochial goods.

§3. After he has completed his function, a parochial administrator is to render an account to the pastor.

Canon 1276, §1. It is for the ordinary to exercise careful vigilance over the administration of all the goods which belong to public juridic persons subject to him, without prejudice to legitimate titles which attribute more significant rights to him.

§2. With due regard for rights, legitimate customs, and circumstances, ordinaries are to take care of the ordering of the entire matter of the administration of ecclesiastical goods by issuing special instructions within the limits of universal and particular law.

Canon 1279, §1. The administration of ecclesiastical goods pertains to the one who immediately governs the person to which the goods belong unless particular law, statutes, or legitimate custom determine otherwise and without prejudice to the right of the ordinary to intervene in case of negligence by an administrator.

Canon 1280. Each juridic person is to have its own finance council or at least two counselors who, according to the norm of the statutes, are to assist the administrator in fulfilling his or her function.

Canon 1281, §1. Without prejudice to the prescripts of the statutes, administrators invalidly place acts which exceed the limits and manner of ordinary administration unless they have first obtained a written faculty from the ordinary.

§2. The statutes are to define the acts which exceed the limit and manner of ordinary administration; if the statutes are silent in this regard, however, the diocesan bishop is competent to determine such acts for the persons subject to him, after having heard the finance council.

Canon 1282. All clerics or lay persons who take part in the administration of ecclesiastical goods by a legitimate title are bound to fulfill their functions in the name of the Church according to the norm of law.

Canon 1283. Before administrators begin their function:

1° they must take an oath before the ordinary or his delegate that they will administer well and faithfully;

2° they are to prepare and sign an accurate and clear inventory of immovable property, movable objects, whether precious or of some cultural value, or other goods, with their description and appraisal; any inventory already done is to be reviewed;

3° one copy of this inventory is to be preserved in the archive of the administration and another in the archive of the curia; any change which the patrimony happens to undergo is to be noted in each copy.

Canon 1284, §1. All administrators are bound to fulfill their function with the diligence of a good householder.

§2. Consequently they must:

1° exercise vigilance so that the goods entrusted to their care are in no way lost or damaged, taking out insurance policies for this purpose insofar as necessary;

2° take care that the ownership of ecclesiastical goods is protected by civilly valid methods;

3° observe the prescripts of both canon and civil law or those imposed by a founder, a donor, or legitimate authority, and especially be on guard so that no damage comes to the Church from the non-observance of civil laws;

4° collect the return of goods and the income accurately and on time, protect what is collected, and use them according to the intention of the founder or legitimate norms;

5° pay at the stated time the interest due on a loan or mortgage and take care that the capital debt itself is repaid in a timely manner;

6° with the consent of the ordinary, invest the money which is left over after expenses and can be usefully set aside for the purposes of the juridic person;

7° keep well organized books of receipts and expenditures;

8° draw up a report of the administration at the end of each year;

9° organize correctly and protect in a suitable and proper archive the documents and records on which the property rights of the Church or the institute are based, and deposit authentic copies of them in the archive of the curia when it can be done conveniently.

§3. It is strongly recommended that administrators prepare budgets of incomes and expenditures each year; it is left to particular law, however, to require them and to determine more precisely the ways in which they are to be presented.

Canon 1285. Within the limits of ordinary administration only, administrators are permitted to make donations for purposes of piety or Christian charity from movable goods which do not belong to the stable patrimony.

Canon 1286. Administrators of goods:

1° in the employment of workers are to observe meticulously also the civil laws concerning labor and social policy, according to the principles handed on by the Church;

2° are to pay a just and decent wage to employees so that they are able to provide fittingly for their own needs and those of their dependents.

Canon 1287, §1. Both clerical and lay administrators of any ecclesiastical goods whatever which have not been legitimately exempted from the power of governance of the diocesan bishop are bound by their office to present an annual report to the local ordinary who is to present it for examination by the finance council; any contrary custom is reprobated.

§2. According to norms to be determined by particular law, administrators are to render an account to the faithful concerning the goods offered by the faithful to the Church.

Canon 1292, §1. Without prejudice to the prescript of canon 638, §3 [regarding religious institutes], when the value of the goods whose alienation is proposed falls within the minimum and maximum amounts to be defined by the conference of bishops for its own region, the

competent authority is determined by the statutes of juridic persons if they are not subject to the diocesan bishop; otherwise, the competent authority is the diocesan bishop with the consent of the [Diocesan] Finance Council, the College of Consultors, and those concerned. The diocesan bishop himself also needs their consent to alienate the goods of the diocese.

§2. The permission of the Holy See is also required for the valid alienation of goods whose value exceeds the maximum amount, goods given to the Church by vow, or goods precious for artistic or historical reasons.

§3. If the asset to be alienated is divisible, the parts already alienated must be mentioned when seeking permission for the alienation; otherwise the permission is invalid.

§4. Those who by advice or consent must take part in alienating goods are not to offer advice or consent unless they have first been thoroughly informed both of the economic state of the juridic person whose goods are proposed for alienation and of previous alienations.