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**Partnership Guidelines**

**Section:** Finance

**Title:** Guidelines for the Parish Finance Committee

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**Guidelines for Parish Finance Committees**

**Purpose**

This document provides parishes with details of the requirements in relation to Parish Finance Committees. Its contents have been in place for many years, but the document has been reissued at this stage as a parallel document to the guidance on Partnership Finance Committees.

**Background and Legal Requirements**

The Diocese and all Parishes operate under two separate jurisdictions: Canon Law and English Law. Canon Law includes the following:

*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 532)

*In each parish there is to be a Finance Committee to help the parish priest in the administration of goods of the parish, without prejudice to canon 532. It is governed by universal law and by norms issued by the Diocesan Bishop, and it is comprised of members of the faithful selected according to these norms.* (Canon 537)

Thus, Canon Law lays down the basic principles that it is the Parish Priest who is responsible for administering the temporal assets of the parish, that this must be done after taking advice from the Finance Committee (which every parish must have), and that the Bishop sets out the parameters within which that Committee operates. In addition, Canon 369 states that every parish is part of the particular church comprising the Diocese in which “*the one Holy, Catholic and Apostolic Church of Christ truly exists and functions*”. This means that parishes cannot operate in isolation: every parish has responsibilities to the Diocese, to other parishes, and to clergy. This explains the existence of mutual support through the central banking scheme, through the Diocesan Levy, and through ad-hoc inter-parish arrangements.

The Diocese is a Registered Charity and is therefore subject to, inter alia, the Charities Acts in general English law. The members of the Diocesan Board of Directors are also the Diocesan Trustees, and are required by the Charities Acts to ensure the prudent and efficient management of the charity’s assets. In particular, the Trustees must ensure that:

* All assets are under the control of the Trustees.
* All assets are applied only for the objects specified in the governing document (in essence, these objects are the advancement of the Roman Catholic religion and the advancement of education in accordance with the principles and doctrine of the Roman Catholic religion).
* All monies are held in bank accounts operated in accordance with Internal Control procedures.
* Full and accurate accounting records are maintained.

The Trustees meet these obligations by requiring parishes to meet certain requirements with regard to the signing of cheques and other bank instructions, with regard to expenditure over specified limits, and with regard to reporting requirements.

**Note:**

In addition to the Parish Finance Committee there is also a Partnership Finance Committee. Similar guidelines are available for the Partnership Finance Committee and can be found in the Partnership Area of the Diocesan website.

**Composition of the Parish Finance Committee**

The Canon Law requirements noted above state that the Finance Committee will comprise members of the parish faithful selected in accordance with norms laid down by the Bishop. This type of collaboration between priests and laity is increasingly valuable, providing an ideal opportunity for lay people to contribute their particular gifts to the mission of the church while enabling priests to devote more time to pastoral and liturgical duties.

The Parish Priest appoints the members of the Finance Committee, and the norm laid down by the Bishop is that the members will be the priest plus three lay people: these three should ideally be the Gift Aid Organiser, an accountant / bookkeeper or similar, and someone with property / health and safety expertise. This core can be expanded on a temporary or permanent basis as required.

Members should be appointed for three years, to retire in rotation, and are eligible for reappointment.

The Committee continues to hold office during a changeover of Parish Priest.

If there is a need to replace the entire Committee in any one year, the Diocesan Financial Secretary must be consulted beforehand.

One of the members must be nominated as Chair. Another must be nominated as Secretary and keep a Minute Book.

**Duties and Role of the Finance Committee**

The overriding duty of the Finance Committee is to act as an advisory consultative body to the parish priest, to assist him in administering all parish property in accordance with the wishes of the Diocesan Trustees.

The Finance Committee should:

* Uphold the correct management of all parish funds, ensuring they are held in Trustee-mandated accounts.
* Ensure that Internal Controls specified by the Trustees are implemented.
* Ensure that books of account are maintained accurately and kept up-to-date.
* Ensure that Annual Financial Returns and other documents required by the Diocese are completed and submitted on time.
* Ensure that all financial records and Finance Committee minutes are available for inspection during a visitation by the Bishop and for auditors as required.
* Ensure that all persons employed in the parish are so employed in accordance with Diocesan procedures.
* Ensure that the parish is kept informed as to its financial situation.
* Ensure the Partnership Finance Committee is kept informed as to the financial situation within the parish.
* Ensure that physical parish property is well maintained and kept secure.
* Ensure that litigation is avoided. Where this appears impossible, consultation with the Diocesan Financial Secretary must be sought at an early stage.
* Be consulted about matters that must be referred to the Diocesan Financial Secretary by means of the Parish Spending Approval Form (e.g. expenditure on a project costing £10,000 or more, the potential employment of staff).
* Be consulted about all other matters that must be referred to the Diocesan Financial Secretary, such as the lease, sale, demolition or structural alteration of any parish assets (including, but not only, buildings).
* Be consulted about any substantial non-routine parish expenditure, even where this is below £10,000.
* Be consulted about expenditure on schools projects where the parish has been asked to help pay the Governors’ 10% contribution.
* Be encouraged to comment upon possible economies and cost-savings to benefit the parish.

Should it occur that the Finance Committee cannot persuade the parish priest to incur what it considers to be very necessary expenditure (e.g. to comply with health and safety legislation) then the Secretary should consult with the Diocesan Financial Secretary.

**Model Constitution for Parish Finance Committee**

1. **The Committee shall be constituted as follows:**
2. Ex-officio: the Parish Priest or other Priest responsible for the parish.
3. At least three lay people appointed by the Parish Priest from the parish faithful.
4. **Lay members:**
	1. Shall be appointed for three years, but be eligible for reappointment.
	2. May resign, but another person must be appointed for the remainder of his/her term.
	3. Shall include one who is appointed Chair.
	4. Shall include another who is appointed Secretary.
5. **Quorum:**

A quorum for meetings is the Parish Priest plus two appointed members.

1. **Ordinary Meetings:**

There will be at least four ordinary meetings in the year:

* 1. To prepare the budget.
	2. To measure progress against budget (2 meetings).
	3. To approve the Annual Financial Return.
1. **Extraordinary Meetings:**
	1. An extraordinary meeting may be called by the Parish Priest, or by two other members.
	2. The business to be discussed at an extraordinary meeting must be declared in the notice calling the meeting.
	3. At least seven days’ notice must be given, unless a shorter time is agreed by all members of the Committee.

These guidelines have been produced by the Diocese of Hexham and Newcastle to offer ideas and support to partnerships as they get up and running. The guidelines will cover a range of topics and will be made available in electronic format only, accessible through the Partnership section of the diocesan website ([www.rcdhn.org.uk](http://www.rcdhn.org.uk)).

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