

American Martyrs Finance Council

Finance Council Charter

As Amended and Adopted on November 12, 2014

Role –

This Charter governs the American Martyrs Finance Council (“Council”) established in conformity with the *Archdiocese of Los Angeles Guidelines for Parish Finance Councils*, approved April 25, 1997 (“*Guidelines*”) that states:

“The role of the parish finance council is to assist the Pastor in planning the budget and in overseeing and controlling the financial affairs of the parish including any schools....The parish finance council is accountable to the Pastor who has the responsibility for final decisions....The Pastor will give serious consideration to the recommendations of the finance council, especially if they are unanimous regarding a given matter.”

The Council provides advice and recommendations on the finances of the parish, school, pre-school and parish ministries. It focuses on revenue enhancements, expense controls, accounting policies and procedures, budgets, investment policy and allocation, banking services, and major capital projects. It provides guidance in the preparation of the parish’s annual reporting of its financial activities to the Archdiocese and to the parishioners.

The Council has two standing committees. They are audit, and budget, each of which are guided by their respective charters specifying their purpose, membership, meetings, responsibilities, and resources.

Confidentiality –

The Council follows the confidentiality policy stated in the *Guidelines*, as quoted below:

“Members of the finance council do not have access to the records of individual parishioners which pertain to financial contributions or other confidential information. Members of the finance council must observe strict confidentiality concerning matters that are discussed at the finance council meeting.”

Membership –

The *Guidelines* with respect to Council's membership follow:

“Members of the council are appointed by the Pastor. Ordinarily they are parishioners; however, to gain the necessary expertise, persons from outside the parish may be appointed. Members represent the parish at large, with respect to cultural and ethnic diversity and should include both men and women. No member shall represent a specific group within the parish or school community. When a Pastorate becomes vacant, the members of the finance council will submit their resignations to the new Pastor who may choose to re-appoint them or select others for membership.”

“...The terms of members should be staggered to ensure continuity. A person appointed to complete an unfinished term will first serve for the remainder of the term before being reappointed for a three year term at the discretion of the Pastor.”

“If possible, some members should be skilled in business and have some expertise in financial management, accounting, legal matters, fund raising or other related fields.”

“The membership of the council shall not include anyone who has, or appears to have a conflict of interest. For example, the council should not include anyone who is a vendor to the parish, or becomes a vendor to the parish. If such a relationship should develop during the term of a member, the members shall immediately submit his/her resignation. No member of the parish or school staff may be a member, nor may any relative of the Pastor, associate(s) or deacon(s).”

“The Pastor appoints the chairperson and other officers as needed. A one year term with the possibility for renewal is recommended.”

Following supplemental clarifications and enhancements are tailored to Council's membership needs of our parish and Pastor.

- The Council has a chairperson, an incoming chairperson, and a past chairperson to organize and conduct the council's meetings. Whenever requested by the Pastor, the Council may recommend new candidates to replace any retiring member(s) and for selecting the Council's incoming chairperson for the next year.

- The Council shall have a minimum of 7 and a maximum of 12 members. Members serve three-year terms, on a fiscal year basis beginning September 1 of each year. Terms are set so that the terms of 3-4 members expire each year. Membership is not subject to term limits. Members whose terms will expire in the current fiscal year and wish to continue serving for an additional term shall inform the Pastor in order to be considered for continued membership.
- The Council membership should include at least two CPAs and one attorney. Other council members should have skills that will assist it in achieving its responsibilities.
- Although the *Guidelines* prohibit any member of the Parish or school staff, associates, or deacons to be a member of the council, the Council invites the regular or periodic attendance of guests relevant to specific matters to be considered by the council. The Council invites the parish business manager to attend all its meetings and the finance director, if and when requested. The Council invites the school principal to attend quarterly meetings for reviews of the school's financial results and budget.
- A Council member generally attends, as a representative of the Finance Council, the Pastoral Council meetings and/or the Pastoral Council Executive Committee meetings, and meetings of certain Ministries (such as the Parish Tithing Committee, AMS School Board, and the Archdiocesan Together-in-Mission Committee). The role of the Council representative at meetings of other Parish and Archdiocesan Councils, Commissions and Committees is limited to that of an observer rather than as a member of such organization. The purpose of the Council representation is to learn and provide useful information relevant to both organizations and to report back to the Council about matters of interest to the Council.

Meetings –

Each fiscal year, the Council chairperson will create a calendar of meetings and planned major activities for the year. The Council meets monthly, except in:

- December,
- April (or March, depending on the month in which Easter occurs), and
- August (or July, depending on the availability for the Council's review of the annual financial report to the Archdiocese).

A quorum of the Council meeting shall consist of a simple majority of the members. Agendas should be sent to the members in advance, with an appropriate lead-time for the materials to be reviewed at the meeting. The incoming chairperson shall take notes and prepare draft minutes of each meeting. A final copy of the meeting minutes approved by the Council shall be forwarded to the business manager or parish finance director for retention with the parish's permanent records.

The Council's policy on attendance at its meetings follows:

The time, experience, expertise, and commitment of Finance Council members are valuable and are appreciated. To ensure a quorum for meetings, the consistent attendance of Council members is required. Members should inform the chairperson in advance of the meeting if they will not be able to attend. Any member who misses three meetings in a fiscal year may, with the Pastor's approval, be dismissed as a member of the council, or placed on a leave of absence, depending on the circumstances. The Council chairperson will provide a written reminder of this policy to a member after two misses. In event of a third miss, the Council shall discuss with the Pastor whether it is in the best interest of the Council to release the member from the balance of his/her term. A released member may be reconsidered by the Pastor for membership, if and when the Council has an opening and that person's schedule allows him/her to adequately attend meetings in person.

Responsibilities –

The *Guidelines* with respect to Council's responsibilities follow:

“The finance council consults and makes recommendations to the Pastor regarding the development of annual operating budgets and capital expenditures for the parish and school. The Pastor is responsible for all financial decisions.”

“The council assists the Pastor to develop a program for care and maintenance of all parish and school facilities. In addition, the Pastor and the council work together to develop a long range program for funding, identifying funding sources and implementing a long-term capital improvement program.”

“In conjunction with these responsibilities, the finance council further assists the Pastor in the following ways”:

- *“Evaluates and makes recommendations for maintaining and enhancing parish and school revenue, including fund raising, cash management, investments...and stewardship programs.”*
- *“Reviews banking and financial institution services including types of accounts held and recommends changes or improvements as needed.”*
- *“Establishes a timeline for budget development and implementation by the parish and school. Ensures that the parish and school follow the Chart of Accounts provided by the Archdiocese to facilitate budgeting and reporting conformity.”*
- *“Once a budget has been approved, reviews it for significant variances and develops a plan of action to correct any problem. .”*
- *“Expenditures which are not included in the approved budget should be carefully reviewed.”*

Following supplemental clarifications and enhancements to the *Guidelines'* responsibilities are tailored to the needs of our parish and Pastor.

- The Council shall review the quarterly results of the parish, school, and preschool expenses compared to budget and to the prior year period.
- The Council shall review its own and its committees' charters periodically and recommend any suggested changes to the Pastor for approval and adoption.
- The budget committee shall report its current activities to the Council and present the budgets to the Council for review and recommendation for approval by the Pastor.
- The audit committee shall report its current activities to the Council and, if appropriate, in consultation with the business manager and finance director, discuss suggested improvements in procedures and controls with the Council and Pastor for adoption and implementation, if approved by the Pastor.
- The Finance Council shall read, discuss, and approve the annual financial report for submission to the Archdiocese.
- The Finance Council shall read, discuss, and approve the financial schedules and narrative commentary prepared by the business manager to be included in the annual report to the parishioners before it is published and mailed.

- The business manager shall report proposed unbudgeted expenditures/projects exceeding \$25,000 to the Council for review and to the Pastor for pre-approval.

Limitations on Responsibilities and Authority -

The Council and its audit committee and budget committee are limited in the scope of their responsibilities. As an advisory body to the Pastor, the Council and its committees' responsibilities are based on analytical reading of quarterly and annual financial reports and budgets, including discussions with, and inquiries of, financial staff members and other personnel responsible for certain elements of the financial operations of the parish, school, pre-school and related parish and school ministries.

The Council and its committees do not perform substantive independent audit procedures in accordance with Generally Accepted Auditing Standards of the parish's, schools', and ministries' financial statements, accounting records, accounting procedures, internal controls, or financial budgets. Accordingly, the Council and its committees cannot express an opinion or assertion as to the accuracy of the financial reports or effectiveness of the related internal controls over the parish and school assets and financial reports.

Additionally, the Council and its committees have:

- No authority to approve or disapprove any proposed expenditures for operating costs and expenses or capital purchases or related budgets, unless specifically requested by the Pastor, and
- No responsibility for implementing personnel policies or managing employees or volunteers of the parish, schools or ministries.

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