

Discretionary Fund Policy: The Diocese of New Westminster
Draft as of January 25, 2018

I) THE PURPOSE OF THIS POLICY

- a) The following guidelines have been developed to assist priests (Rectors/Vicars/Priests-in-Charge and Interims) and parishes by providing information and guidance in the use and maintenance of parish funds at the discretion of a priest.
- b) The presence of these guidelines should not be construed as a requirement of parishes to establish such funds. Indeed, many parishes in the Diocese will not experience the need to operate discretionary funds. However, in some circumstances, depending upon the type of ministry, a parish may find that a discretionary fund may complement its ministry.

2) SOURCES OF DISCRETIONARY FUNDS

- a) The source of monies for a discretionary fund may include a) an amount set aside for such purposes in the approved annual parish budget (parishes will need to carefully consider the amounts budgeted for such purposes after consultation with the Rector/Vicar/Priest in Charge/Interim—in most cases the amounts will not be large), b) donations by individuals earmarked for the discretionary fund and c) monetary gifts/honoraria given to the parish and/or the clergy from baptisms, weddings, funerals, etc.
- b) Donations by individuals to a discretionary fund should be made as contributions to the Parish. This ensures that contributions to the discretionary fund are reported as parish income. It is the responsibility of the Parish Treasurer to ensure that the designated funds are conveyed to the discretionary fund. Individuals donating to a discretionary fund may not designate the funds to be for a particular named person.

3) USES

- a) Monies disbursed from a discretionary fund should be primarily used for the relief of poverty, distress and need. Payments for food, rent, utilities and other basic necessities are among appropriate uses of the fund. In addition to this, a priest may use discretionary funds for other purposes that benefit the parish (underwriting training fees, buying some materials that are not covered by the parish's budget but that are nonetheless needed to support a program or effort, etc.)
- b) The Fund must not be used for the personal benefit of a parish priest. The purchase of personal items for a priest, as well as the payment of anything that personally benefits the parish priest, such as clothing, books, vestments and travel are considered inappropriate.

4) RECORDS

- a) Discretionary funds as outlined in this guideline are funds which belong to the parish. Therefore, such funds should be reported and audited in the same manner as other parish funds.
- b) A separate chequing account in the name of the parish and approved by Parish Council may be opened for the purpose of maintaining a discretionary fund. Signing authority should be the Rector/Vicar/Priest-in-Charge/Interim Priest. Funds may be drawn by cheque signed in accordance with the above provision.
- c) A discretionary fund should not be placed in the personal account of the Rector/Vicar/Priest-in-Charge/Interim Priest. This would result in the parish having no control over such funds, and the priest could be exposed to criticism and possible liability.
- d) For auditor's purposes the Rector/Vicar/Priest-in-Charge/Interim Priest should present the monthly bank statement of the account to the Parish Treasurer. The Treasurer can

then verify that all deposits to the fund correspond to the disbursement from the parish to the fund. The Treasurer should sign on the statement that the verification has been done and file the statement with the other parish financial records.

- e) The Regional Archdeacon must review any discretionary fund account records (deposits and disbursements) on an annual basis.
- f) It is recommended that the Rector/Vicar/Priest-in-Charge/Interim Priest provide to the Parish Treasurer details of the fund bank account including account number and location.
- g) While proper fiscal management of these funds is necessary, it is also important to ensure that an appropriate level of discretion concerning individuals assisted by the fund is maintained. The Rector/Vicar/Priest-in-Charge/Interim Priest should maintain a personal ledger detailing disbursements, as the Canada Revenue Agency, during the course of an audit, may request this information.

5) GENERAL

- a) It is proper that cash on hand belonging to a discretionary fund be deposited to the fund by the Rector/Vicar/Priest-in-Charge/Interim upon their resignation or upon ceasing to function in their leadership role.
- b) A balance in a discretionary fund at year end should be carried over in the fund the following year. Accumulation of large amounts of surplus funds in a discretionary fund should be discouraged in that the fund is to be used regularly by the priest.
- c) In a parish with more than one cleric, only the Rector/Vicar/Priest-in-Charge/Interim Priest will have control of discretionary funds.