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## **CLERGY DISCRETIONARY FUNDS**

Diocese of Nova Scotia & Prince Edward Island

### **THE PURPOSE**

The following guidelines have been developed to assist clergy and parishes by providing information and guidance in the use and maintenance of parish funds at the discretion of clergy.

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 Clergy Discretionary Funds. However, in some circumstances, depending upon the type of ministry a Parish may find that Clergy discretionary Funds, may compliment its' outreach ministry.

### **SOURCES**

The source of Clergy Discretionary Funds should be 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. In most cases the amounts will not be large.

Designated donations by individuals to the clergy discretionary fund should be allowed only when requested by Parish Council. This will avoid situations where individuals could direct Parish outreach without Parish Council's direction and approval. The parish Council may decide to direct all or a portion of such funds to the clergy discretionary fund. Parishes are reminded that any funds contributed to the parish for the benefit of a particular, named individual are not considered as tax deductible by Revenue Canada.

### **USES**

Ideally, Clergy Discretionary Funds should be used for the relief of poverty and distress. Payments for food, rent, utilities and other basic necessities are among appropriate uses of the fund. The Fund should not be used for the personal benefit of Parish clergy. The purchase of personal items, as well as the payment of anything that personally benefits the Parish clergy, such as clothing, books, investments and travel are considered inappropriate.

### **RECORDS**

Clergy 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.

A separate chequing account in the name of the Parish and approved by Parish Council may be opened for the purpose of maintaining Clergy Discretionary Funds. Signing authority should be the rector and either the treasurer or one warden. Funds may be drawn by cheque signed in accordance with the above provision. If cash should be needed a cheque payable to the rector and signed as outlined above may be drawn on the account. Any cash on hand shall be considered to be a part of the Clergy Discretionary Account.

While a Clergy Discretionary Fund could be opened as a personal account of the Rector this method is discouraged as the Parish would have no control over such funds and clergy could be exposed to criticism and possible liability.

For Auditors purposes the rector 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.

It is recommended that the rector provide to the parish treasurer details of the fund bank account including account number and location.

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.

### **GENERAL**

It is proper that cash on hand belonging to the Clergy Discretionary Fund be deposited to the fund by the rector upon his or her resignation or when ceasing to function as the rector.

A balance in the Clergy Discretionary fund at year end should form part of the budget of the fund of the following year. Accumulation of surplus funds in the clergy discretionary fund should be discouraged.

In so much as the fund is used as stated above and not for parish and clergy benefit, then those funds should be accounted for as specific appeals on the annual Parochial Return Form.

This guideline assumes that in a parish with more than one priest, only the rector will have control of discretionary funds.