

Diocese of Nashville Resources for the Finance Council

Assets are held and administered within the Church solely to allow it to fulfill its mission; therefore, Church assets have four purposes (cf. canon 1254§2, the Code of Canon Law): the pursuit of divine worship, the support for clerics and other ministers, the performance of the apostolic works proper to the Church, and works of charity, especially concern for the needy. Church assets, never the personal property of an individual, always belong to some canonical entity referred to in Church law as a "public juridic person" (analogous to a "corporation" in secular society). Church law structures the administration of assets to accomplish three ends:

- to facilitate the Church's mission,
- to protect the rights of various Christian communities to the proper use of assets entrusted to them, and
- to promote the welfare of persons and groups who should benefit from the wise use of the assets made available to the Church.

The right administration of church assets is never the sole prerogative of an isolated individual; cooperation is essential. Since the Second Vatican Council, the Catholic Church has increasingly called upon the expertise and the assistance of members of the laity and structured their active participation in various aspects of Church life and mission. At the diocesan as well as sub-diocesan level lay persons have taken an ever more active role in assisting with the administration of church assets and resources. To fulfill their rightful role responsibly they require a knowledge of how Church law structures church asset administration. With this in mind, therefore, I have prepared this RESOURCE to assist the members of the Nashville Diocesan Finance Council. Its contents are deliberately designed to provide knowledge of the following:

1. Members and Officers:

The following persons constitute the Nashville Diocesan Finance Council (hereafter "Council").

1.1 The **Bishop** is chief executive officer of the diocese. All acts of the Council must be finalized by his decision although in some matters he cannot act validly without Council consent or consultation as required by Canons 494§1-2, 1263, 1277, 1281§2, 1292§1, 1295, 1305, and 1310§2 of the *Code of Canon law* and 138-139 of the *Norms of the Diocese of Nashville* (cf. Appendix 1).

1.2 The **Chief Operating Officer** oversees the administration of the entire diocese and is entrusted with the duties of the Moderator of the Curia.

1.3 The **Vicar(s) General** share the executive jurisdiction of the Bishop as limited by church law and stated policy. In the absence of the Bishop,

each Vicar General may serve as attorney-in- fact for the Bishop.

1.4 The **Chief Financial Officer** of the Mission Support Office (MSO) serves as administrator of all assets for which the Bishop is legal owner, trustee, or custodian. He also serves as the delegate of the Bishop in supervising the financial administration of juridic persons subject to the Bishop in accordance with policies and procedures approved by the Bishop. The Chief Financial Officer fulfills his responsibilities in consultation with the Bishop and makes regular reports to the Bishop and the Finance Council.

1.5 The **Diocesan Attorney** serves as a consultant to the Council. In his absence, another member of his law firm will attend meetings of the Council.

1.6 In addition to the *ex officio* positions mentioned in 1.1 to 1.3 above, there are at least 8 but not more than 16 positions filled by appointment from the Bishop for a term of five years. Appointments of those who fill vacancies created by early withdrawals also terminate at the end of the five-year period. All members may be reappointed for additional five-year terms.

1.7 A **Chair** is appointed by the Bishop for a five-year term with the following rights and duties:

- (a) to maintain a current general overview of the financial affairs of the Governance and Service Offices;
- (b) to preside at all meetings of the Council and Executive Committee;
- (c) to establish *ad hoc* committees;
- (d) to consult with the Bishop on appointments to the Council and standing committees.

1.8 A **Vice Chair** is appointed by the Bishop for a five-year term to act in the absence of the Chair.

1.9 The Chief Financial Officer serves as **secretary** for the Council.

2. Competence

The Council is mandated by Canon 492 which provides that the Council is to prepare each year a budget of the income and expenditures foreseen for the governance of the entire diocese, and to approve the report of receipts and expenses at the close of the year. Other canons as well as 138-139 of the *Norms of the Diocese of Nashville* require the Bishop to obtain the consent of the Council before granting permission for certain specified transactions.

3. Standing Committees

3.1 **Membership:** The Chief Financial Officer serves ex officio as a member of all committees except the Audit Committee. From Council membership the Bishop, in consultation with the CFO and the Council Chair, appoints a chair and possibly up to two other Council members for each standing committee. Persons who are not Council members may also be appointed by the bishop as members of the standing committees.

3.2 The **Executive Committee** consists of the Chair and the Vice Chair of the Council and the Chairs of all standing committees. The Executive Committee shall meet upon call for the purpose of performing urgent business that cannot wait for the action of the Council. Any action of the Executive Committee shall be reported at the next meeting of the Council.

3.3 The **Investment Committee** makes a quarterly review of controlled and non-controlled securities and evaluates performance in relation to investment policy; makes an annual report to the Council with recommendations concerning investment policy; and makes specific determinations concerning the purchase, sale, exchange and transfer of stocks, bonds and other securities within policies established by the Council.

3.4 The **Credit Committee** makes recommendations to the Council concerning the ability of any diocesan parish or institution to incur an indebtedness; monitors the line of credit extended to the Governance and Service Offices and the status of diocesan indebtedness; and develops and recommends to the Council long-range credit policies for the Governance and Service Offices.

3.5 The **Audit Committee** gives additional assurance regarding the integrity of financial information used by the Council and financial information distributed to the public. It has the following responsibilities:

3.5.1 to review significant financial information for the purpose of giving added assurance that the information is accurate and timely, and that it includes all appropriate disclosures;

3.5.2 to ascertain the existence of an effective accounting and internal control system;

3.5.3 to oversee the entire audit function - both independent and internal; and

3.5.4 to provide a good communication link between the auditors and the Council.

3.6 The **Budget Committee**, after reviewing the performance of the current diocesan operating budget as well as anticipated future income and expenses, drafts, each year, a new fiscal year diocesan operating budget for consideration and potential approval by the Council.

3.7 The **Development & Advancement Committee** is responsible for oversight and involvement relating to all diocesan revenue producing activities. This includes major events, annual campaigns, special project/building campaigns, and major capital campaigns.

4. Rules

4.1 A simple majority of the Council or any of its standing committees shall constitute a quorum for the transaction of business. Members absent from Council or standing committee meetings shall not be permitted to vote by proxy.

4.2 If and when, after contacting two-thirds of the members of any committee, a majority of the members of the committee shall consent verbally or in writing to any action, such action shall be as valid as though it had been authorized at a meeting of the committee.

4.3 All members of the Council and all committee members have a right to vote on any matter placed before the Council or a committee with the following exception: the Council or committee Chair may exclude any member from voting on a particular matter if, in the judgment of the Chair, the member may have a conflict of interest with another diocesan Council and entity, may derive personal profit from the decision, or the item may conflict with his or her professional business interests. The decision of the Chair is final and is not subject to any review or appeal which could change the result of the vote in question. Members of the Council and members of all committees are urged voluntarily to abstain on the record from any vote should any of these conditions occur.

4.4 No action of the Council is finalized until it has been approved by the Bishop. Therefore, strict secrecy concerning any action must be observed until interested parties have been notified in writing by the Bishop.