

Ordinary Administration

Ordinary administration are acts involving church assets which occur regularly or whose financial consequences are moderate; they include whatever is necessary for the preservation of church property, to collect income, pay bills, make ordinary repairs, keep records, and transact customary business. Acts of ordinary administration are governed by the *Code of Canon Law*, the *Norms of the Diocese of Nashville*, and the rules and the regulations given in the Nashville diocesan *Administrative Manual*.

Ordinary Diocesan Administration Of Greater Importance

Ordinary diocesan administration of greater importance are transactions involving only diocesan assets whose financial consequences fall within a range between moderate (ordinary diocesan administration) and considerable (extraordinary diocesan administration). In deference to economic diversity among dioceses church law offers no specification to the term "greater importance"; it simply indicates that its meaning is relative to the financial condition of each diocese. Accordingly, the proper place to find a precise determination is in the statutes (norms or particular legislation) of each diocese which should indicate what kinds of ordinary transactions and above what monetary limits are considered to be of greater importance within the diocese. Such a determination serves to remind the diocesan bishop, the diocesan finance council, and the college of consultors of the need for consultation, an exercise of shared responsibility without which the administration of diocesan assets may be flawed.

Church law (canon 1277) stipulates that the diocesan bishop must hear (seek consultation) from both the diocesan finance council and the college of consultors to place diocesan acts of ordinary administration of greater importance. No such determination currently exists within the *Norms of the Diocese of Nashville* or the rules and the regulations given in the diocesan *Administrative Manual (Financial Policies and Procedures)*. Universal church law expects such a determination to be made, for without it the prescription of canon 1277 cannot be implemented. The Nashville Diocese should adopt a procedure for the creation of a norm which, in light of the economic condition of the diocese, clearly identifies which acts of ordinary diocesan administration are more important and which require the diocesan bishop to consult both the diocesan finance council and the college of consultors.

Extraordinary Diocesan Administration

Extraordinary diocesan administration are transactions involving only diocesan assets which occur irregularly or whose financial consequences are considerable. The bishop can grant approval for such acts after obtaining the consent of the Diocesan Finance Board and the College of Consultors. Church law grants authority to each episcopal conference to determine for its region those acts by a bishop that are considered extraordinary. In 1986 the US episcopal conference identified six such acts; two dealt with alienation, two with transactions risky to patrimonial condition, and two with leasing. This is quite peculiar given the fact that extraordinary acts, alienation, transactions risky to patrimonial condition, and leasing are each a distinct category of asset administration dealt with by Church law separately and each possessing its own unique elements and regulations. Perhaps the conference has come to understand this better because its 1986 implementation of this canon is currently under revision.

Extraordinary Administration By A Public Juridic Person Other Than A Diocese

Such acts are acts of canonical entities (other than the diocese) who are subject to the authority of the bishop which occur irregularly or whose financial consequences are considerable. Currently Nashville diocesan legislation (139 of the *Norms of the Diocese of Nashville*) identifies seven acts that constitute extraordinary administration:

- purchase of real property,
- the mortgaging of real property,
- incurring any indebtedness,
- signing of any contract for the development of a capital project,
- approval of any capital improvement or repair exceeding a cost of \$75,000,
- initiation or settlement of any lawsuit, and
- announcement of public fund drives.

The competence to grant permission for such acts varies with the value of the proposed act according to the following:

- If the value does not exceed \$300,000, the competent authority is the Bishop.
- If the value is between \$300,000 and \$500,000, the lawful authority is the Bishop in consultation with the Diocesan Finance Board.
- If the value is greater than \$500,000, the Bishop may grant permission with the consent of the Diocesan Finance Board and the College of Consultors.

At the present time this legislation is under revision. If the revision is ultimately adopted by the bishop, the provisions noted above would change and would read as follows. Administrators act invalidly when they exceed the limits of ordinary administration without the written approval of the Bishop (Canon 1281). The Bishop will not consider approval of requests involving extraordinary administration unless the administrator first obtains and provides evidence of local consent of the parish finance board and the parish pastoral council, if a parish, or the board of trustees/directors if a non-parochial juridic person. The following acts constitute extraordinary acts of administration:

- the purchase or mortgaging of real property,
- the incurring of any indebtedness,
- the signing of any contract for the development of a capital project,
- the approval of any capital project or expenditure exceeding a cost of \$50,000 (see Bishop's approval exception below),
- the initiation, response to, or the settlement of litigation, an administrative procedure, or contest matter,
- the retention of legal counsel, and
- the announcement of fund-raising or public fund drives.

The Bishop considers approval of requests either alone, in consultation, or only with the consent of different groups depending upon the value involved as specified below.

- If the value does not exceed \$500,000, the Bishop alone may approve the request (except capital improvements or repairs less than \$50,000 do not require approval by the Bishop provided the entity has no existing past due indebtedness, and the project requires no new indebtedness).
- If the value exceeds \$500,000 but not \$1,000,000, the Bishop may approve the request in consultation with the Credit Committee of the Diocesan Finance Board.
- If the value exceeds \$1,000,000 but not \$2,000,000, the Bishop may approve the request in consultation with the Credit Committee of the Diocesan Finance Board and the Diocesan Finance Board.
- If the value exceeds \$2,000,000, the Bishop may approve the request in consultation with the Credit Committee of the Diocesan Finance Board and with the consent of the Diocesan Finance Board and the College of Consultors.

Contracts: In accordance with insurance policy provision no contract for \$10,000 or more may be signed without prior review and approval by the diocesan Risk Manager.

Capital Projects/Expenditures: Whenever a capital project or expenditure that requires approval by the Bishop is under consideration, the administrator must meet with the Bishop or his representatives to present the case of need and to receive detailed instructions on the process of development and approval. For more detailed information regarding this process, please see **Financial Policies and Procedures, Chapter 11: Capital Project Guidelines.**