

INSTITUTE OF THE BROTHERS OF THE CHRISTIAN SCHOOLS

DIRECTIVES FOR
**Financial
Administration**

GENERAL COUNCIL
ROME - 2023



**Brothers of
the Christian
Schools**

La  Salle



Brothers of the Christian Schools

DIRECTIVES FOR FINANCIAL ADMINISTRATION

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FRATRES SCHOLARVM CHRISTIANARVM
THE GENERALATE

INSTITUTE OF THE BROTHERS OF THE CHRISTIAN SCHOOLS

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Preface

During the lifetime of our Founder, he frequently exhorted the Brothers with a quotation from the Prophet Habakkuk 3:2. “Domine, Opus Tuum – LORD, THE WORK IS YOURS”. He emphasized that what we do in the Institute is God’s work, and God is with us as we go about doing God’s work.

These *Directives for Financial Administration* are essential to the administration of our mission of working “together and by Association.” Today, in the administration of the works of the Lasallian Family, it is essential that we understand well the principles which lead us. Guided by transparency, accountability, and stewardship of financial patrimony, we have professional duties and responsibilities from the most basic day to day handling of simple finances, to the most challenging in local and international investments. Our responsibility is to ensure the financial stability and viability of our Institute. Our stewardship, the prudent judgment and management that preserves and safeguards the resources for which an institute entity is responsible, is a key component of our financial administration.

This document focuses on new financial realities of the global Institute. Included in these is the predominance of lay partners in leadership and governance roles. The demographics of the global Institute have changed dramatically over the last several years; there are fewer Brothers and the average age of Brothers in the Northern Hemisphere has increased. Additionally, post the events of 2001,

there are new laws for the governance of international money transfers, various cryptocurrencies, international conflicts impacting our Lasallian mission, differing legal requirements among countries, and vulnerabilities to issues like cyber-attacks.

Within this context, because there are fewer Brothers available to and capable of assuming financial roles in both Districts and Ministries, and because of our commitment to association, more lay colleagues with varied experiences are assuming greater responsibility as District Financial Officers. Additionally, there is an emergence of non-FSC boards of directors/trustees who are responsible for ministry. Thus, the acceptance of the custody of the financial resources of the Brothers is becoming increasingly the responsibility of lay governors/administrators.

The reality of a continuing professional development process is central because of this. There is need for the Institute to ensure continuing education among financial officers regarding local legal and fiscal requirements and the ethical stewardship of investments and ministry assets.

There is a growing need for accompaniment of financial officers in their continued Lasallian formation recognizing the requirements of continuing the pastoral interaction and supervision of those with professional care of the patrimony of

the Institute at all levels. It will only be with the formation in and commitment to standard principles of administration, that we will be confident in implementing directives that ensure ministry development, impactful operation, and future sustainability. It is only with commitment to Lasallian principles that we will be able to make the tough decisions about which works and activities should continue, which should be eliminated or modified, which new frontiers the Districts should pursue, and which demonstrate a faithful response to today's needs in full fidelity to the Lasallian charism.

In all of this, there is also a requirement for ministry financial officers to be either competent in Canon Law, civil law, and the Rule of the Institute or have access to reliable resources versed in all of these. They must have access to and familiarity with the Institute's Administrator's Directory and with all related Institute documents relating to financial management. Together, we will be able to safeguard the patrimony of the Institute which has been entrusted to us.

Because of these factors, all Lasallians, Brothers and Partners, will be entrusted with these "*Directives for Financial Administration*", whatever assignments they may have with significant relations to finance, accounting, bookkeeping, investments, funding support for our

Brothers, our ministries, or the Institute as a whole. These Directives serve as principles to live by within a pastoral perspective of taking care of the material and financial resources entrusted to us.

Finally, there is an overriding emphasis made on requirements in these *Directives for Financial Administration* because the Institute, as an international expression of the Congregation, is required by Canon Law to declare the standards that safeguard its patrimony. Prescriptions of how these standards are to be achieved are additionally shaped by the legislated requirements of each national jurisdiction.

We must have an obligation to financial transparency to local governance, local civil (state) authorities, and to the local District and the Center of the Institute. We must have an openness to declare and demonstrate details of the financial circumstances and activities of Institute entities to those who have the responsibility for their integrity.

Trusting in our God of Providence and following the example of our predecessors in securing that Our Work is God's work, we will continue dreaming, believing, and hoping. With prayer as our anchor, we remind ourselves that, with God, "nothing is impossible" (Luke 1:37).

Br. Donald Johanson, FSC

Director of Financial Stewardship

Introduction

According to the Code of Canon Law: *“Each institute is to establish suitable norms for the use and administration of goods, so that the poverty proper to the institute may be fostered, defended and expressed”* (635,2). Our own Rule states in its turn: *“The Institute, the Districts and similar groupings legitimately constituted, and the communities are non-profit making entities. They have the right to acquire, possess, administer, and dispose of material goods in view of their specific mission”* (R. 150.).

In the light of these directives, the Rule states that *“a specific description of their responsibilities* (that is, of those responsible for General Services) *appears in the Administrator’s Directory”* (R. 131.1).

Based on these criteria, a team composed mostly of the International Economic Council, have spent many hours drawing up, revising and correcting the contents of these Directives for Financial Administration.

The text of these Directives is based mostly on the prescriptions of the Code of Canon Law and the articles of the Rule which, directly or indirectly, refer to the administration of the temporal goods of the Institute. It also considers propositions approved by General Councils which are still in force. In addition, these Directives bring together in one text the norms and administrative practices which, through usage or for historical reasons, is a part of Institute legislation (R. 122.).

Brother Visitors and other persons with certain responsibilities often need to have ready access to specific information and should not have to consult a variety of documents which are not always available. I believe that, thanks to the detailed table of contents and the index provided in these Directives, anyone consulting this text will have no difficulty in finding the information he or she needs.

These Directives are meant to serve as a reference text for those whose function it is to govern, and for those who are involved in the administration and management of the temporal goods of the Institute. They are the ones who are most likely to have occasion to use and consult this document. We hope that it will prove to be a valuable and up-to-date instrument, which will help us to administer our goods and our economic resources better. The purpose of all this is, of course, to enable us to offer a better service through our apostolate and our work of evangelization in accordance with the aims of the Institute.

If we consider the Church as a whole, and bear in mind the diversity of the regions in which the Institute pursues its work, it is absolutely necessary to promote a spirit of subsidiarity and interdependence. No individual Brother, lay partner, no District, Region, Delegation or Sector, can feel unconcerned for the rest of the Institute.

As a member of a religious congregation, no individual, whatever his responsibility, can act in his own name as the owner of the goods he administers. In various sections of these Directives, there are recommendations to the effect that all administrative acts should be performed in consultation with properly constituted councils, such as the General Council, the District Council, the Finance Committee, and the Administrative Council. Bursars, who act as delegates of major or local superiors, must inform them periodically regarding the status of the sector entrusted to them and its financial situation. As a matter of prudence and where possible, bursars should seek the help of experts to ensure that their management is as reliable as possible. By increasing the profitability of our resources, we can increase and sustain more fully the activities of our educational and apostolic ministry.

While these Directives provide a systematic outline of the general principles of administration, they clearly cannot indicate local legal requirements: the multinational character of our Institute requires that a text such as these Directives should be valid for a great variety of cultures and countries. However, there is nothing to prevent Districts or Regions, which feel the need to do so, to draw up their own financial handbook, based on these Directives and adapted to local norms and circumstances. Such a handbook could be useful for Directors of communities, headmasters, school bursars and other persons with similar

responsibilities.

It is my hope and my sincere wish that these Directives will not upset or worry those who work in administration. Their purpose, on the contrary, is to make them more competent and better informed, so that their financial administration is of a higher standard and, at the same time, affords them greater satisfaction.

Before ending, I should like to express, in the name of the General Council, my own and their sincere gratitude to all those who contributed to the production of these Directives. In particular:

- * to the members of the International Economic Council;
- * and to a great number of advisers, translators and experts who collaborated in the preparation of the definitive text.

May our material investments and our financial calculations not prevent us from drawing the greatest profit from our investment in future glory.

ROME, 19 FEBRUARY 2024

In 1888, Beatification of Venerable John Baptist de La Salle by Pope Leo XIII.

Brother Armin Luistro, FSC
Superior General

PART ONE

Administration of Temporal Goods in Institutes of Consecrated Life

Chapter 1

Juridical Persons in The Church

1.1 DEFINITIONS

Physical persons are all individuals or human beings who have certain rights and obligations by reason of their existence.

Juridical persons: By analogy with the concept of physical persons, there exists in canon law the concept of juridical persons, that is, of groups or associations of persons constituting a distinct entity, different from that of the individuals which compose it. When these constituted entities are recognized by the law, they enjoy a juridical status which makes them subject to rights and duties and enables them to act in the pursuit of their aims and in defense of their rights, like physical persons.

Examples:

- In civil law: commercial, cultural and sports societies; foundations, associations.
- In canon law: dioceses, parishes, religious institutes, legally constituted provinces or communities, etc.

Moral persons. In the language of canon law, the term “moral person” is the equivalent of “juridical person”.

In the Code of Canon Law:

CAN. 115, § 1

“Juridical persons in the Church are either aggregates of persons or aggregates of things.”

CAN. 115, § 2

“An aggregate of persons, which must be made up of at least three persons, is collegial if the members decide its conduct by participating together in making its decisions, whether by equal right or not, in accordance with the law and the statutes; otherwise, it is non-collegial.”

CAN. 115, § 3

“An aggregate of things, or an autonomous foundation, consists of goods or things, whether spiritual or material, and is directed, in accordance with the law and the statutes, by one or more physical persons or by a college.”

1.2 PERSONS IN THE CHURCH

CAN. 113, § 2

“In the Church, besides physical persons, there are also juridical persons, that is, in canon law subjects of obligations and rights which accord with their nature.”

1.3 CONSTITUTION AND GOALS

CAN. 114, § 1

“Aggregates of persons or of things which are directed to a purpose

befitting the Church's mission, which transcends the purpose of the individuals, are constituted juridical persons either by a provision of the law itself or by a special concession given in the form of a decree by the competent authority.”

CAN. 114, § 2

“The purposes indicated in §1 are understood to be those which concern works of piety, of the apostolate or of charity, whether spiritual or temporal.”

1.4 CONDITIONS

CAN. 114, § 3

“The competent ecclesiastical authority is not to confer juridical personality except on those aggregates of persons or of things which aim at a genuinely useful purpose and which, all things considered, have the means which are foreseen to be sufficient to achieve the purpose in view.”

1.5 PUBLIC JURIDICAL ENTITIES

CAN. 116, § 1

“Public juridical persons are aggregates of persons or of things which are established by the competent ecclesiastical authority so that, within the limits allotted to them in the name of the Church, and in accordance with the provisions of law, they might fulfill the specific task entrusted to them for the public good. Other juridical persons are private.”

CAN. 116, § 2

“Public juridical persons are given this personality either by the law itself or by a special decree of the competent authority expressly granting it. Private juridical persons are given this personality only by a special decree of the competent authority expressly granting it.”

Chapter 2

The Administration of Temporal Goods in Institutes of Consecrated Life

2.1 JURIDICAL ENTITIES AND THEIR CAPACITY IN ECONOMIC MATTERS

CAN. 634, § 1

“Since they are by virtue of the law juridical persons, institutes, provinces and houses have the capacity to acquire, possess, administer and alienate temporal goods, unless this capacity is excluded or limited in the constitutions.”

CAN. 634, § 2

“They are, however, to avoid all appearance of luxury, excessive gain and the accumulation of goods.”

R. 150. (1ST PAR.)

“The Institute, Districts and similar groupings legitimately constituted, and communities are nonprofit entities. They have the right to acquire, possess, administer and dispose of material goods in view of their

specific mission. These bodies act within their authorized limits and under their own responsibility, conforming to Canon Law and Institute legislation, and taking into account civil law.”

2.2 THE OFFICES OF BURSAR GENERAL, DISTRICT BURSAR, AND COMMUNITY TREASURER

CAN. 636, § 1

“In each institute, and in each province ruled by a major Superior, there is to be a financial administrator, distinct from the major Superior and constituted in accordance with the institute’s own law. The financial administrator is to administer the goods under the direction of the respective Superior. Even in local communities a financial administrator, distinct from the local Superior, is in so far as possible to be constituted.”

CAN. 636, § 2

“At the time and in the manner determined in the institute’s own law, the financial administrator and others with financial responsibilities are to render an account of their administration to the competent authority.”

R. 151.

“In each District, a Bursar, distinct from the Brother Visitor, but acting under his authority, is responsible for the administration of material goods. He has the assistance of an Economic Council.”

R. 151.1

“Taking into account the guidelines of the District Chapter, the Bursar prepares the annual budget with the help of the Economic Council. He then submits it to the Brother Visitor and his Council. For its part, the Economic Council checks how the budget is followed and studies ways of solving the difficulties that arise.”

R. 151.2

“Every year, the Bursar submits a report on the financial situation of the District to Brother Visitor and his Council for their approval. Once this report has been declared accurate, it is sent by the Brother Visitor to the Brother Bursar General.”

R. 61.4

“With the help as far as possible of a local bursar, the Brother Director looks after the maintenance of the buildings and furniture, the administration of property, and the smooth running of the common services. He sees that archive documents are preserved and classified. He respects the deadline when requested to send various documents to the District Secretary.”

R. 149.1

“The consent of the District Council is required in the following cases:

5. setting limits to the spending powers granted to Brother Directors and Bursars;”

2.3 ADMINISTRATION OF GOODS IN GENERAL

CAN. 1273

“The Roman Pontiff, by virtue of his primacy of governance, is the supreme administrator and steward of all ecclesiastical goods.”

CAN. 635, § 1

“Since the temporal goods of religious institutes are ecclesiastical goods, they are governed by the provisions of Book V on ‘The Temporal Goods of the Church’, unless there is express provision to the contrary.”

CAN. 635, § 2

“Each institute, however, is to establish suitable norms for the use and administration of goods, so that the poverty proper to the institute may be fostered, defended and expressed.”

CAN. 718

“The administration of the goods of the institute must express and foster evangelical poverty. It is governed by the norms of Book V on ‘The Temporal Goods of the Church’, and by the institute’s own law. This same law of the institute is also to define the obligations, especially the financial obligations, of the institute towards the members engaged in its work.”

CAN. 1284, § 1

“All administrators are to perform their duties with the diligence of a good householder.”

CAN. 1284, § 2

“Therefore they must:

1. be vigilant that no goods placed in their care in any way perish or suffer damage; to this end they are, to the extent necessary, to arrange insurance contracts;
2. ensure that the ownership of ecclesiastical goods is safeguarded in ways which are valid in civil law;
3. observe the provisions of canon and civil law, and the stipulations of the founder or donor of lawful authority; they are to take special care that damage will not be suffered by the Church through the non-observance of the civil law;
4. seek accurately and at the proper time the income and produce of the goods, guard them securely and expend them in accordance with the wishes of the founder or lawful norms;
5. at the proper time pay the interest which is due by reason of a loan or pledge, and take care that in due time the capital is repaid;

6. with the consent of the Ordinary make use of money which is surplus after payment of expenses and which can be profitably invested for the purposes of the juridical person;
7. keep accurate records of income and expenditure;
8. draw up an account of their administration at the end of each year; and
9. keep in order and preserve in a convenient and suitable archive the documents and records establishing the rights of the Church or institute to its goods; where conveniently possible, authentic copies must be placed in the curial archives.”

In a spirit of collaboration and fraternal help, the superiors foster a spirit of initiative and a sense of responsibility in each of the Brothers and Lasallian Family members in the areas under their charge.

R. 150. (2ND PAR.)

“The Brothers appointed to administer the goods of the Institute do so as trustees of the goods of the Church.”

2.4 ORDINARY AND EXTRAORDINARY ADMINISTRATION

CAN. 638, § 1

“It is for an institute’s own law, within the limits of the universal law, to define the acts which exceed the purpose and the manner of ordinary administration, and to establish what is needed for the validity of an act of extraordinary administration.”

CAN. 638, § 2

“Besides Superiors, other officials designated for this task in the institute’s own law may, within the limits of their office, validly make payments and perform juridical acts of ordinary administration.”

CAN. 638 § 3

“For the validity of alienation, and of any transaction by which the patrimonial condition of the juridical person could be adversely affected, there is required the written permission of the competent Superior, given with the consent of his or her council. Moreover, the permission of the Holy See is required if the transaction involves a sum exceeding that which the Holy See has determined for each region, or if it concerns things donated to the Church as a result of a vow, or objects which are precious by reason of their artistic or historical value.”

R. 150. (1ST PARAGRAPH).

“The Institute, Districts and similar groupings legitimately constituted, and communities are nonprofit entities. They have the right to acquire, possess, administer and dispose of material goods in view of their specific mission. These bodies act within their authorized limits and under their own responsibility, conforming to Canon Law and Institute legislation, and taking into account civil law.”

2.5 TWO SPECIAL CASES: ALIENATION – DEBTS**CAN. 638, § 3**

“For the validity of alienation, and of any transaction by which the patrimonial condition of the juridical person could be adversely affected, there is required the written permission of the competent Superior, given with the consent of his or her council. Moreover, the permission of the Holy See is required if the transaction involves a sum exceeding that which the Holy See has determined for each region, or if it concerns things donated to the Church as a result of a vow, or objects which are precious by reason of their artistic or historical value.”

CAN. 639, § 1

“If a juridical person has contracted debts and obligations, even with the permission of the Superior, it is responsible for them.”

CAN. 639, § 2

“If individual members have, with the permission of the Superior, entered into contracts concerning their own property, they are responsible. If, however, they have conducted business for the institute on the mandate of a Superior, the Institute is responsible.”

CAN. 639, § 3

“If a religious has entered into a contract without any permission of Superiors, the religious is responsible, not the juridical person.”

2.6 COLLECTIVE TESTIMONY-SHARING**CAN. 640**

“Taking into account the circumstances of the individual places, institutes are to make a special effort to give, as it were, a collective testimony of charity and poverty. They are to do all in their power to donate something from their own resources to help the needs of the Church and the support of the poor.”

R. 40.4

“The Brothers are careful to ensure that the pooling of the fruits of their work does not lead to collective wealth. Rather, they share generously with their Brothers, with Districts most in need, and with the poor.”

R. 58.

“The community administers its material goods in the spirit of the gospel and in accordance with the demands of religious poverty.”

R. 58.4

“Through fidelity to the spirit of the Founder, and in line with the cultural traditions of the place where it is located, the community is careful to bear witness to gratuity and evangelical detachment with regard to gifts.”

PART TWO

Organization and Roles in the Institute

Chapter 3

Roles in the General Administration of the Institute

3.1 BROTHER SUPERIOR GENERAL

CAN. 622

“The supreme Moderator has authority over all provinces, houses and members of the institute, to be exercised in accordance with the institute’s own law. Other Superiors have authority within the limits of their office.”

3.2 BROTHER SUPERIOR GENERAL ACCORDING TO THE RULE

R. 123.

“Responsibility for the government of the Institute is entrusted by the General Chapter to the Brother Superior General. He is assisted by a permanent council known as the General Council.”

R. 126.1

“It is the responsibility of the Brother Superior General: (...)

2. to assign to posts of responsibility, in line with the norms of Canon Law and Institute legislation;
3. within the limits permitted by law, to delegate some of his powers to Brothers of his choice; (...)
5. to authorize some temporary dispensations from disciplinary norms established by Institute legislation, in response to requests formally endorsed by relevant authorities, and with the advice of his Council.”

3.3 CONSULTATIONS OF THE GENERAL COUNCIL

R. 130.

“To make certain decisions validly, the Brother Superior General must obtain either the advice or the consent of the General Council. He himself does not vote.

When consent is required, at least an absolute majority of those voting is necessary. Such a vote, if it is positive, does not bind the Brother Superior General. He cannot act contrary to a negative majority vote.

When advice is required, the Brother Superior General remains free to make

his own decision, whatever the result of the vote.

In either case, there must be a quorum of at least half of the total number of members of the General Council. If the matter is urgent, and such a quorum is lacking, it falls to the president of the meeting to make up the numbers by admitting to the discussions one or two heads of the General Services.”

3.4 CONSENT OF THE GENERAL COUNCIL

R. 130.1

“In cases not governed by Canon Law and Institute legislation, the consent of the General Council is required in the following instances:

3. all alienations of material goods which exceed the limits fixed by law, and the alienation of an object considered valuable because of its historic or artistic worth;
4. an act of lending or borrowing entered into with persons outside the Institute, when the amount or the conditions involved exceed the powers granted by the Brother Superior General to the Brother Visitor or the District Council (...).”

Brother Superior General gives permission to the Brother Visitor for extraordinary expenses up to an amount

indicated in the list of upper spending limits for extraordinary expenses.

3.5 BROTHER BURSAR GENERAL

3.5.1 According to the Code of Canon Law

CAN. 636, § 1

“In each institute, and in each province ruled by a major Superior, there is to be a financial administrator, distinct from the major Superior and constituted in accordance with the institute’s own law. The financial administrator is to administer the goods under the direction of the respective Superior. Even in local communities a financial administrator, distinct from the local Superior, is in so far as possible to be constituted.”

CAN. 636, § 2

“At the time and in the manner determined in the institute’s own law, the financial administrator and others with financial responsibilities are to render an account of their administration to the competent authority.”

3.5.2 According to the Rule

Although the function of the Bursar General is not well described in the Rule, there is mention of it in the description of the general services of the Institute. (cf. R. 123,123.1 and 131.1)

3.5.3 Mission of the Bursar General

The Brother Bursar General is responsible, under the direction of the Brother Superior General, for the ordinary and extraordinary administration of the temporal goods of the Central Government of the Institute. He is at the service, at the same time, of the Brother Superior General, his Council, and the Districts.

The mission of the Bursar General includes the following aspects: management, control, assistance and advice, formation, and information.

1. He administers the goods of the Central Government.
2. He prepares the annual budget of the Central Government and submits it to the International Economic Council for their submission to the Brother Superior General and his Council for study, discussion, and approval.
3. Monitors the management of the various funds of the Center of the Institute.
4. Manages the investments of the Central Government.
5. Organizes the accounting services of the Generalate and prepares the annual audit.

6. Prepares special budgets for the purchase of major equipment and the renovation of the Generalate buildings.

3.5.5 Control

1. Controls the realization of the budget of the Generalate during the year with the assistance of the International Economic Council.
2. Interprets the financial statements the Districts sent at the end of each financial year, using appropriate benchmarks.
3. Conducts financial Risk Assessments from information provided by the Director of Financial Stewardship.

3.5.6 Advice / Counsel

Acts as advisor to Brother Superior General in all economic and financial matters excluding those committed under Pathway Seven of the 46th General Chapter and periodically submits to the Brother Superior General and his council proposals on the following points:

1. Defines the financial powers of the Brother Visitors and their Councils after consultation with the Director of Financial Stewardship.
2. Considers requests for the authorization of expenses for construction, purchase of land, sale of land or real estate, presented by the Districts, and provides his opinion before the vote of the General Council.

He collaborates with the Director of Financial Stewardship in the study or support of Districts in difficulty, risk, or likely unsustainability as identified by the Director.

3.5.7 Formation

1. He formulates the content of formation programs for future treasurers after considering the advice of the Director of Financial Stewardship and the Commission on Formation.
2. This will include Lasallian Spirituality and contemporary and current skills and practices in accounting finance and risk management.
3. He organizes sessions, if necessary, for the Districts and ensures that uniform systems of work and accounting are established on the advice of the Director of Financial Stewardship.
4. He attends Regional meetings of District Bursars and, eventually, meetings of District Bursars of the entire Institute organized by the General Council or the Director of Financial Stewardship.
5. In his advice he will ensure that the formation of bursars sensitizes the participant to human elements of financial administration.

3.5.8 Information

1. He keeps the Brother Superior General and his Council periodically informed about the financial situation of the central government using key indicators.
2. He prepares a financial report for the General Chapter, covering the period elapsed since the previous Chapter.

3. Every year, he sends to Brother Visitors and District Bursars information on the financial situation of the central government and the auditors' report.
4. To understand local situations better, he visits different sectors according to their needs and circumstances.
5. He files carefully archives all the contracts, the notarized documents and other documents relating to the administration of the temporal goods of the Institute.

3.6 THE INTERNATIONAL ECONOMIC COUNCIL

3.6.1 Definition

The International Economic Council is defined in the Charter adopted by the Institute.

3.6.2 Function of the International Economic Council

The function of the International Economic Council is to help the Brother Superior General, his Council and the Brother Bursar General.

Duties include:

1. Develop the economic policy of the Central Government of the Institute to

be approved by the Brother Superior General and his Council.

2. Discuss the annual budget of the Central Government and propose it to Brother Superior General and his Council for approbation.
3. Act as "Economic Council" and to program an annual report of the income, expenses, and investments of the Central Government.
4. Oversee the Bursar General in the fulfillment of his duties.
5. Monitor the integrity of the patrimony of the Institute and to advise the Districts in the investment of its assets, the control of resources, and the transparency of administration.
6. Supervise the Funds administered from the Generalate and created with the contributions of the Districts, so that their investments comply with the policies of security, ethics, profitability, transparency, and accountability.
7. Oversee the Districts in the administration of their investments and their accountability.
8. Establish policies and collaborate with institutional fundraising processes.



9. Generate policies for accountability for the different levels of the Institute, being clear about what, to whom, how and when to do it.
10. Address the training and possible appointment of District bursars.

3.7 THE DIRECTOR OF FINANCIAL STEWARDSHIP

3.7.1 Definition

For the exercise of the specific tasks established by the 46th General Chapter in Pathway 7 “To take advantage of the human and financial resources of our International Institute to guarantee the sustainability of the Lasallian mission,” the Brother Superior General and his Council will implement these proposals by delegating them to the Director of Financial Stewardship.

3.7.2 Roles of the Director of Financial Stewardship

1. Following consultation with the Bursar General accompany the Bursars and Brother Visitors of the Districts in financial management, as well as their administrative systems, accountability, internal controls, security, ethics of investments, and transparency in those matters directly engaged with the delegated responsibility in relation to Pathway Seven.
2. Assist in the implementation of the solidarity and sustainability funds established by the 46th General Chapter, after a thorough review of the data and working with the Districts in considering realistically what they can contribute.
3. Advise the Districts in the management of their investments in conformity with the Financial Directives and existing Investment Policy approved by the General Council. Accompany and proactively intervene in the Districts in the elaboration of their Pathway 7 implementation ordered by the General Chapter, done in coordination with the International Economic Council.
4. Report to Brother Superior General and his Council, and to the International Economic Council, of which he will be a member for the next two years.
5. Advise Brother Superior General and his Council on critical issues related to financial stewardship and sustainability, in collaboration with the Brother Bursar General.

Chapter 4

Administration of a District

4.1 BROTHER VISITOR

4.1.1 Role of Brother Visitor Regarding the Administration of Goods in General

R. 142.4

“The Brother Visitor ensures that the requirements of canon law and civil law are complied with in what concerns the goods of the District and the goods inherited by the Brothers. The same applies to social justice in areas affecting employees. He authorizes building works and repairs and other expenditures within the limits approved by the Brother Superior General.”

4.1.2 Appointment of the District Bursar

R. 151.

“In each District, a Bursar, distinct from the Brother Visitor but working under his authority, is in charge of the administration of goods. This Bursar is assisted by an Economic Council.”

4.1.3 Regarding Local Administration

It is the responsibility of Brother Visitor to:

1. Approve the budget of each of the communities and establishments of the District.
2. Approve the balance sheet and revenues and expenses statement which each community and establishment depending directly on the District must submit.
3. Ensure that an appropriate salary is given to the Brothers working in academic establishments and others.
4. Promote, as far as possible, the centralization of the bookkeeping of the communities and establishments for which the District is responsible.
5. Ensure that communities and establishments keep separate financial accounts to ensure that internal control procedures are implemented and followed.
6. Ensure all local legal requirements are met and identify any conflicts of interest in the event of changes in local law.

4.1.4 Regarding Contracts Signed by the Brothers

The Brothers are authorized neither to sign nor terminate contracts relating to their work or to services they render, without the permission of the Brother Visitor. It is better if contracts are drawn up between the District and the body by which the Brothers are employed. By virtue of this contract, the salary, if possible, should be sent directly to the Community. If not, it should be given by the Brothers concerned without delay and in its entirety to the Community.

4.1.5 Conditions under which the Powers of the Brother Visitor are Exercised

4.1.5.1 Permissions to be Asked

When a permission must be asked of the Brother Superior General, in accordance with the Code of Canon Law and the Rule, the Brother Visitor must present the dossier in a timely manner, explaining the object of the request, including all the documents and necessary information, and explaining his opinion and that of the District Council. (Consult chapters 15 and 18 of these Directives)

4.1.5.2 Report to be Sent

R. 151.2

“Every year, the Bursar submits a report on the financial situation of the District to Brother Visitor and his Council for their approval. Once this report has been declared accurate, it is sent by the Brother Visitor to the Brother Bursar General.”

In this report, the following items must appear:

1. The District patrimony statement.
2. The year-end balance sheet with the statements of the ordinary revenues and expenses of the District.
3. The current balance sheet with the statements of the extraordinary revenues and expenses of the District.
4. The statement of the funds of the District, a statement of cash flows (IFRS or country-specific equivalent), and a cash flow forecast.

It is advisable to send a summarized report on the state of the balance sheet, and on the income and expenditure of institutions depending directly on the District, such as bookshops, publishing houses, universities, etc.

4.1.5.3 Standard Forms

If a standard form is provided by the Brother Bursar General, all these documents should be drawn up according to the standard form.

If necessary, these documents will conform to national requirements regarding accountancy standards. It would be advisable to have these statements endorsed by auditors in writing and updated within six months of a change in administration.

4.1.5.4 Other Documents to be Sent

1. Brief comments by the District Bursar regarding the most important areas in the administration of the District, and Communities.
2. The Brother Visitor will include an introductory letter with the documents he sends to the Bursar General.

4.2 DISTRICT COUNCIL CONSENT

R. 149.

“To make certain decisions validly, the Brother Visitor must obtain either the advice or the consent of his Council. When the consent of the Council is required, the Brother Visitor cannot go against a negative majority vote.”

R. 149.1

“The consent of the District Council is required in the following cases:
(...)”

1. The transfer of goods from one house to another within the District.
2. The allocation of the contents of a house which has been closed.

3. Setting limits to the spending powers granted to Brother Directors and Bursars.
4. Other exceptional administrative measures involving District finances.”

R. 149.4

“Apart from cases where the Rule indicates expressly that the vote of the District Council is deliberative, this vote is only consultative.”

4.3 DISTRICT COUNCIL ADVICE

R. 149.2

“The advice of the District Council is required in the following cases:

1. The admission of candidates to the novitiate.
2. The appointment of the Bursar and of others on the administrative staff of the District.
3. The convocation of the District Chapter.”

4.4 SUBMISSIONS TO THE BROTHER SUPERIOR GENERAL FOR RATIFICATION FOLLOWING ADVICE OF DISTRICT COUNCIL

R. 149.3

1. “Any plan to open or close a community; taking charge, withdrawing from, or closing a pastoral educational establishment.
2. All alienation of goods when the limit imposed by the Holy See is exceeded.
3. All borrowing or lending outside the District when the amount or the conditions of this borrowing or lending go beyond the limits fixed by the General Council.

4. All agreements or contracts made with the authorities of the local Church, or with other public or private bodies, which would make the District and Institute jointly answerable.
5. Any request for the use of powers placed at their discretion of the Brother Superior General and his Council by the Holy See.”

4.5 THE DISTRICT BURSAR

4.5.1 In the Code of Canon Law

CAN. 636, § 1

“In each institute, and in each province ruled by a major Superior, there is to be a financial administrator, distinct from the major Superior and constituted in accordance with the institute’s own law. The financial administrator is to administer the goods under the direction of the respective Superior.” (...)

CAN. 638, § 2

“Besides Superiors, other officials designated for this task in the institute’s own law may, within the limits of their office, validly make payments and perform juridical acts of ordinary administration.”

4.5.2 In the Rule

R. 151.

“In each District, a Bursar, distinct from the Brother Visitor but working under his authority, is in charge of the administration of goods. This Bursar is assisted by an Economic Council.”

CF. R. 149.2

The appointment of the District Bursar is the responsibility of the Brother Visitor and requires the advice of the District Council.

4.6 THE DISTRICT ECONOMIC COUNCIL

4.6.1 Role of the Economic Council

This Economic Council is:

1. An advisory body whose primary role is to help the Bursar who, with its assistance, works closely with the Brother Visitor and his Council.
2. A body which makes preliminary studies of administrative and financial matters, and especially of those which must be submitted to the Brother Visitor and his Council.

4.6.2 Members of the Economic Council

The members of the Economic Council are appointed by the Brother Visitor in accordance with a skills matrix that includes the presence of Lay Partners and all Sectors of the District. The District Bursar is always a member; usually he or she is the chair. As a rule, the members of the Economic Council live in places that are close enough to enable them to meet frequently and to coordinate their work.

4.6.3 Mandate of the Economic Council

The Economic Council is consultative; it must be consulted in the following circumstances:

1. The preparation of the annual budget (cf. Rule, 151.1).
2. Checking how the budget is being followed (cf. Rule, 151.1).
3. Studying ways of solving difficulties that arise (cf. Rule, 151.1).

4. Checking the budgets of communities and establishments depending on the District.
5. Monitoring borrowing, loans, investments, etc.
6. Monitoring construction, permanent improvements, sales.
7. Monitoring all other projects submitted by the Brother Visitor.
8. Ensuring the preservation of the District patrimony.

4.6.4 The Collaborators with the Economic Council

1. For questions relating to communities or establishments, the Director may be asked to attend.
2. Members of the Economic Council occasionally call-in experts. These experts, lay or religious, could be, according to circumstances, financial advisers, accountants, architects, engineers, consulting barristers, lawyers, etc. and should indemnify the Institute for any actions taken by the members because of their advice.

4.6.5 Minutes

Minutes are kept of the meetings of the Economic Council. They are submitted to the Brother Visitor and to District Council and then deposited in the District Bursar's archives.

Chapter 5

Administration of a Community

5.1 THE BROTHER DIRECTOR OF THE COMMUNITY

5.1.1 Limited Powers of Brother Director

The Brother Director must comply with the restrictions placed on his economic powers by the Brother Visitor, regarding exceptional expenses: important repairs, acquisition of vehicles, expensive installations. As the Brother Director is not the owner of material goods, he must obtain the permission of the Brother Visitor before alienating valuable or important goods.

5.1.2 Tasks of The Brother Director

1. The Brother Director administers the resources belonging to the community but bears in mind his - accountability to the Brother Visitor.(cf. R. 60, 61.2)
2. When he must make important decisions, the Brother Director should not neglect to listen to the views of the community once

he has informed its members about the financial situation of the community.

3. If the permission of the Brother Visitor or of the Brother Superior General is required, the Brother Director should consult the community.
4. The Brother Director should not sign any important or long-term contract without the advice of the Brother Visitor. His powers regarding everyday administration remain intact.
5. The Brother Director administers temporal goods carefully and honestly without delegating authority to anyone.
6. He sees that money that comes into the house, for whatever reason, is handed over to the Bursar for the Community.
7. Every year, at a suitable time and according to prescribed norms, the Brother Director drafts, in collaboration with the Community, a preliminary budget and a statement of accounts for the year, including income and expenditure. He subsequently submits it to the Brother Visitor for his approval. (cf. R. 58.1-2)

5.2 THE COMMUNITY BURSAR

5.2.1 In the Code of Canon Law

CAN. 636, § 1

“... Even in local communities a financial administrator, distinct from the local Superior, is in so far as possible to be constituted.”

CAN. 636, § 2

“At the time and in the manner determined in the institute’s own law, the financial administrator and others with financial responsibilities are to render an account of their administration to the competent authority.”

5.2.2 In the Rule

R. 61.4

“With the help as far as possible of a local bursar, the Brother Director looks after the maintenance of the buildings and furniture, the administration of property, and the smooth running of the common services. He sees that archive documents are preserved and classified. He respects the deadline when requested to send various documents to the District Secretary.”

5.2.3 Duties of the Community Bursar

The community Bursar, acting under the authority of the Director, aids him in the current and extraordinary administration of the temporal goods of the community in accordance with Church and civil law, and the objectives of the Institute and its Rule.

5.2.3.1 Bookkeeping

The Bursar is responsible for the bookkeeping and prepares the documents in a form prescribed by the District that the Brother Director must send to the Brother Visitor. Every month or quarter, according to what the District has decided, the Community Bursar and the administrator of an establishment must prepare the documents the Brother Director has to send to the Brother Visitor:

1. The balance sheet and the ordinary income and expenses report.
2. The extraordinary expenses and income statement.
3. If possible, a comparison with the budget and the annual results.

All these statements should be drawn up in the form required by District policies. When the Community Bursar and the Administrator change employment, they leave a written statement for their successor regarding the financial situation of the community or establishment, guarantee their confidentiality, and execute any documents transferring their power to sign documents.

5.2.3.2 Other Responsibilities

1. The Bursar will assist the Brother Director in rendering an account of the administration of the community's temporal goods to the Brother Visitor and to the District Bursar (R 58.1).
2. The Bursar will assist the Brothers of the community in drawing up the community budget and in implementing it, always having in view the promotion of a simple lifestyle (R 58.2).
3. The Bursar will assist the Brother Director in maintaining community buildings and furniture, the

administration of property, and the smooth operation of the common services of the community (R 61.4).

4. The Bursar will see to the repair of buildings, the replacement of furniture and the upkeep of the equipment. He will make sure that the house is kept clean and orderly.
5. The Bursar will ensure that employee salaries and working conditions conform with the norms of social justice.
6. The Bursar will see that our guests are welcomed suitably and with charity.
7. The Bursar will keep the financial archives in a safe place which is easily accessible for consultation.
8. The Bursar will follow the instructions of the District Bursar in matters relating to the insurance of the Community house.

Chapter 6

The Distinction Between a Community and an Institution

6.1 DISTINCTION ACCORDING TO THE RULE

CF. R. 58.1

When and where civil law authorizes it, each Community will have a financial administration, a budget, and accounts separate from those of the educational establishment or establishments with which it is connected.

6.2 DISTINCTION ACCORDING TO CIVIL LAW

1. When it is possible and not too difficult, it is recommended to separate communities and establishments, by establishing separate civil and moral entities.
2. As far as possible, the authority given to the Director or to the administrator by the statutes and civil regulations of establishments, should be restricted to powers which these same persons have,

according to the Code of Canon Law and to the norms of the Institute.

6.3 DISTINCTIONS IN BOOKKEEPING

1. The bookkeeping of establishments and communities should be kept separate.
2. In establishments where Brothers do not receive personal salaries (State, School Boards), the Brother Visitor will decide, with those in charge, the aggregate salary that the establishment must pay to the Community. The aggregate salary must normally be an equitable remuneration for the activity performed or for the teaching performed, and moreover should be based on the same salary scales as those of lay men or women.
3. All the salaries of the Brothers that have been invested in the purchase of equipment, in the improvement of buildings, and in the functioning of the teaching establishment or university must be included in the balance sheet.
4. If the Community occupies premises belonging to the establishment, it will pay a normal rent to it. With the permission of the Brother Visitor, the community can also make donations or loans to the establishment in which it works.
5. An accurate and up-to-date inventory should establish the distinction between the goods of the community and those of the establishment to avoid disputes in case the Community is closed.

6.4 RIGHTS AND OBLIGATIONS OF THOSE HOLDING RESPONSIBILITY

With respect to the distinction and the mutual relations between the director of an organization and the director of the community, the rights, and the obligations of each must be clearly defined in the District where such situations exist, and each must be made aware of

the consequences of failing to comply with all legal requirements.

6.5 WRITTEN AGREEMENT

When, in a Community, one or more Brothers work for an establishment which is not specifically Lasallian but simply confided to our Institute, the relationship between that establishment and the Institute must be established by a written agreement between the Brother Visitor in the name of the District and the legitimate authorities of the establishment. This written agreement will determine:

1. The services to be rendered by the community or by one or more of the Brothers.
2. The power that the Brother Visitor will have to appoint or withdraw one or more Brothers.
3. The compensation of the Brothers.

Chapter 7

Employees and Social Justice

7.1 SOCIAL JUSTICE ACCORDING TO CANON LAW

CAN. 1286

“Administrators of temporal goods:

1. In making contracts of employment, are accurately to observe also, according to the principles taught by the Church, the civil laws relating to labor and social life.
2. Are to pay to those who work for them under contract or employment agreement a just and honest wage which will be sufficient to provide for their needs and those of their dependents.”

7.2 SOCIAL JUSTICE ACCORDING TO THE RULE.

R. 58.3

“In its dealings with its employees, the community observes both the obligations of social justice and the demands of Christian charity.”

It is the responsibility of the Brother Visitor to make sure that all our establishments are models regarding the observance of Catholic Social Teaching and social justice principles, in our dealings with our lay collaborators, according to the civil laws of the country.

R. 142.4

“The Brother Visitor ensures that the requirements of Canon Law and civil law are complied with in what concerns the goods of the District and the goods inherited by the Brothers. The same applies to whatever concerns social justice in areas affecting employees. He authorizes building work, repairs, and other expenditures within the limits approved by the Brother Superior General.”

Chapter 8

Upper Spending Limits For Brother Visitor And His Council

8.1 THE BASIS FOR THE ECONOMIC LIMITS

Spending limits are fixed in accordance with guidelines delineated in the Rule.

8.1.1 In the Code of Canon Law

CAN. 638, § 3

“For the validity of alienation, and of any transaction by which the patrimonial condition of the juridical person could be adversely affected, there is required the written permission of the competent Superior, given with the consent of his or her council. Moreover, the permission of the Holy See is required if the transaction involves a sum exceeding that which the Holy See has determined for each region, or if it concerns things donated to the Church as a result of a vow, or objects which are precious by reason of their artistic or historical value.”

CAN. 639

“§ 1. If a juridical person has contracted debts and obligations, even with the permission of the Superior, it is responsible for them.

§ 2. If individual members have, with the permission of the Superior, entered into contracts concerning their own property, they are responsible. If, however, they have conducted business for the institute on the mandate of a Superior, the institute is responsible.

§ 3. If a religious has entered into a contract without any permission of Superiors, the religious is responsible, not the juridical person.”
(Note: this could be in conflict with local regulations.)

8.1.2 In the Rule**R. 150.**

“The Institute, Districts and similar groupings legitimately constituted, and communities are nonprofit entities. They have the right to acquire, possess, administer and dispose of material goods in view of their specific mission. These bodies act within their authorized limits¹ and under their own responsibility, conforming to Canon Law and Institute legislation, and taking into account civil law.”

R. 130.1

“In cases not governed by Canon Law and Institute legislation, the consent of the General Council is required in the following instances:
(...)

1. All alienations of material goods which exceed the limits fixed by law, and the alienation of an object considered valuable because of its historic or artistic worth.

¹ The General Council publishes spending limits for areas of the Institute. When updated, it is forwarded to the Brother Visitors and Bursars of Districts and Delegations.

2. Any act of lending or borrowing entered into with persons outside the Institute, when the amount or the conditions involved exceed powers granted by the Brother Superior General to the Brother Visitor or the District Council.”

R. 149.1

“The consent of the District Council is required in the following cases:
(...)”

5. Setting limits to the spending powers granted to Brother Directors and Bursars.”

8.2 THE GOODS OF THE INSTITUTE ARE GOODS OF THE CHURCH**CAN. 1273**

“The Roman Pontiff, by virtue of his primacy of governance, is the supreme administrator and steward of all ecclesiastical goods.”

CAN. 635

“§ 1. Since the temporal goods of religious institutes are ecclesiastical goods, they are governed by the provisions of Book V on «The Temporal Goods of the Church», unless there is express provision to the contrary.

§ 2. Each institute, however, is to establish suitable norms for the use and administration of goods, so that the poverty proper to the institute may be fostered, defended, and expressed.”

CAN. 718

“The administration of the goods of the institute must express and foster evangelical poverty. It is governed by the norms of Book V on ‘The Temporal Goods of the Church’, and by the institute’s own law. This same law of the institute is also to define the obligations, especially the financial obligations, of the institute towards the members engaged in its work.”

8.3 WHY SPENDING LIMITS ARE ESTABLISHED

8.3.1 Reasons of a Religious or Ecclesiastical Nature:

R. 41.

By freely making the vow of poverty “the Brothers forego the independent use and disposal of goods or objects having monetary value.”

The goods that are administered, whatever the position of responsibility involved, are not personal goods, but the goods of the Congregation and therefore “goods of the Church.”

CF. CAN. 1282

If, in the final analysis, the Church is the proprietor of the temporal goods of religious institutes, it is logical to establish norms for their administration. Administrators are bound “to fulfill their functions in the name of the Church.”

8.3.2 Reasons from within the Institute

1. Our Institute has adopted the principle of subsidiarity as a criterion for government. Among other things, subsidiarity requires decisions to be made at various levels, and that decisions lying outside the competence of a particular level be referred to a higher level. Districts and communities must therefore collaborate with the Centre of the Institute by exercising their

administrative functions, understood as delegated authority.

2. The shared mission imposes the obligation to be aware of the powers proper to different posts of responsibility, including those of an administrative nature. These powers must be indicated in contracts and agreements: in most cases, civil law requires this.
3. Community, District, and Institute goods belong to an institution. All important transactions beyond established limits must be authorized by the competent body: they cannot be the result of an individual decision.
4. If goods are administered based on delegated authority, it is logical that transactions involving certain predetermined sums should come to the attention of the Brother Superior General and should require his final decision. The Brother Visitor depends on the Brother Superior General and his Council, and the Brother Director depends on the Brother Visitor and his Council.

8.3.3 Reasons of an Administrative Nature:

1. When a financial transaction has the agreement and authorization of a higher authority, it ensures that risk has been adequately assessed and that there is a greater guarantee of success.

2. All financial controls are established as a measure of prudence, and to maintain a high degree of openness in the administration of goods.
3. It makes sense to prevent extravagant investments that exceed available resources.

8.4 WHAT AND HOW TO APPLY FOR REQUESTS

On an Institute level, requests are to be submitted to the Brother Superior General and his Council by Brother Visitors responsible for Districts and Presidents responsible for Delegations, in consultation with their respective Councils.

All financial transactions, exceeding fixed limits and involving a society or institution for which the Institute has responsibility, must be submitted for examination and authorization by the Brother Superior General and his Council. There may be societies connected with the Institute, which have at the same time, a legal status similar to the Institute, for example, publishing houses, universities, building societies, etc. In these cases, statutes should indicate procedures to be followed when financial transactions exceed authorized limits. The legal rights of each institution must be respected, and at the same time any subsidiary civil

liability that can affect the Institute must be guaranteed also.

8.5 WHAT SHOULD BE SUBMITTED

The financial transactions involved are as follows: purchases, sales, construction, exceptional repairs, borrowing, loans, gifts, contracts with financial implications exceeding fixed limits, etc. For further information, The Administrator's Directory can be consulted, pages 21 and 22, point 36. When requests are submitted to Brother Superior General and his Council, the following information should be provided:

1. Name of District and of community.
2. Purpose of request: motives and explanations for the request.
3. Estimate or total cost of transaction.
4. Method of funding, or purpose of sum obtained.
5. Opinion of Economic Council and of District Council, including voting figures.
6. Opinion of Brother Visitor.

Chapter 9

Subsidiarity, Solidarity, and Interdependence

9.1 HELP WITH PERSONNEL

When a District sends a Brother to work in another District or in a project common to many Districts, an agreement or memorandum of understanding should be drawn up recognizing local law and specifying, among other stipulations:

1. The length of the agreement.
2. The Superior who is responsible for the project, and the nature of the responsibility.
3. The person in charge of the social contribution and special expenses of the Brother sent: health insurance, social security in his native land, journeys, professional development programs, etc.
4. Instructions concerning the expenses to be paid, money and other benefits to be recouped; and

5. The names of the superiors and/or of the administrators to whom the management report is to be sent.

9.2 FINANCIAL HELP

When a District gives annual help to another District, it is necessary to establish an agreement or memorandum of understanding specifying the following stipulations:

1. The length of the agreement.
2. The percentage of the financial annual help or other criteria for fixing the annual aid.
3. The way to inform and to justify the help received by the beneficiary District.

9.3 MUTUAL AID BETWEEN DISTRICT BURSARS

District Bursars of the same country or of neighboring countries or of a Region of the Institute should meet occasionally. Such meetings, when well planned, can provide a good opportunity to:

1. Discuss the practices and the experiences of the various areas of the administration.
2. Standardize the accounting system.
3. Coordinate the long-term objectives of the different Districts of a Region.
4. Study common problems and find solutions.
5. Promote mutual aid and reciprocal donations or loans between Districts.

9.4 MUTUAL AID BETWEEN DISTRICTS AND THE BURSAR GENERAL

Brother Visitors and District Bursars can consult the Bursar General and the International Economic Council to study specific cases, to offer opinions, suggestions, recommendations, and answer questions. Sometimes, especially at the request of the Brother Visitor, the Bursar General or a delegate of the International Economic Council may visit a District to help the Brother Visitor and the District Bursar. For instance, to:

1. Study current economic problems in the District, in a Community or in an important establishment.
2. Train a newly appointed District Bursar.
3. Standardize policies and procedures in the District to make administration more efficient.

9.5 GENERAL PRINCIPLES AND NEEDS OF THE INSTITUTE

Various sources exist for the support of the Institute. Among the most important of these are the following.

9.6 LA SALLE FOUNDATION (ONLUS)

The purpose of this Foundation, formerly known as SECOLI, is to provide grants and loans for specific projects and programs, above all in missionary countries or in developing countries.

La Salle Foundation carries out the following tasks:

La Salle Foundation informs the Brothers and sensitizes them regarding the Missions particularly by means of periodical publications.

1. It requests funds for the Missions from Districts, and organizations outside the Institute. It prepares funding schemes for submission to Districts.
2. It allocates resources to the Missions according to decisions of the Brother Superior General and his Council.
3. It facilitates the transfer of funds for the Missions.
4. It remains in contact with District and Regional missionary secretaries.

Appeals for aid sent to the La Salle Foundation must have prior approval of the Brother Visitor with his Council. The amounts paid must go via the District Bursar who subsequently informs the La Salle Foundation regarding the use of these funds.

As for “mini projects”, the La Salle Foundation will collect and study the requests and will then propose them to some Districts. Those Districts that contribute to the implementation of such “mini projects” will be directly informed of the use of the funds.

Sectors of the Institute that give aid and those that receive aid must inform the La Salle Foundation of the aid given and received. Additionally, recipients of the aid must send to the donor an accounting of how the aid was used, in order that mutual trust and a spirit of cooperation be developed which would facilitate receiving more aid.

9.7 CONTRIBUTION TO THE FUNCTIONING OF THE CENTRE OF THE INSTITUTE

9.7.1 Fund of the Brother Superior General

This fund is a voluntary donation fund that allows the Brother Superior General to meet special needs that arise in the Institute. These funds are managed solely by the Brother Superior General.

9.7.2 Formation Fund

This Fund was established to meet the needs of Brothers in formation. It has been approved to also use these funds for lay partners. It is maintained by means of donations and growth in the portfolio.

The 42nd General Chapter (1993), invited communities to make a special contribution to this Fund, as a sign of support and a symbol of confidence in the development of the Lasallian mission. Each District, or Sector decides how best to do this. (cf. GC 1993, Prop. 47)

9.7.3 Other funds

9.7.3.1 Postulation Fund

This is a special Fund supported by gifts and donations to help finance causes of beatification. Causes of beatification are normally self-financing, or else, their expenses are covered by the Region, or the Districts concerned.

9.7.3.2 Twinning Funds

There is also a practice in the Institute of coming to the mutual aid of each other. This practice is called twinning.

GC 1993

“Certain Districts and Regions, as a way of practicing interdependence, have been gradually creating funds dedicated to the District with which they have a twinning relationship. The interest and dividends from these funds help to cover partially the expenses of formation and District Administration.”

GC 1993, PROP. 46

“That the twinning between sectors of the Institute be established in agreement with the Brother Superior General and his Council.

That the fund be administered jointly by the twinned sectors and with respect for the principle of subsidiarity.”

PART THREE

Role and Responsibilities of a Bursar

Chapter 10

The District Bursar

10.1 ROLE OF THE DISTRICT BURSAR

The District Bursar, acting under the authority of the Brother Visitor, has responsibility for the current and extraordinary administration of the temporal goods of the District in accordance with Church and State laws, and the objectives of the Institute and its Rule. He is at the disposal of the Brother Visitor, of the District Council, of Communities, and of establishments. This post entails the following responsibilities: management, verification, advice, and information.

10.1.1 Management

1. Administers the patrimony of the District.
2. Prepares, with the help of the Economic Council, the annual budget and submits it to the Brother Visitor and his Council for study, discussion, and approval.

3. Coordinates the diverse funds of the District and its investments.
4. Organizes and supervises the keeping of accounting records in the District and prepares documents for the annual audit.
5. Convenes the Economic Council of the District and normally presides over the meetings.
6. Takes an active part in the meetings of the Boards of Directors of the establishments for which the District is legally responsible.
7. Before taking legal proceedings, will ask the permission of the Brother Visitor and will consult a lawyer for legal advice. If the claim of the Institute is unequivocal, the lawsuit can be instituted.
8. In a timely manner, will settle the accounts with the Bursar General, other Districts, and the Region.
9. Is responsible for maintaining accounting policies and procedures in accordance with all local laws.

10.1.2 Verification

1. Analyzes actual-to-budget performance during the year with the aid of the Economic Council.
2. Periodically monitors bank accounts and investment performance in accordance with District investment policies.
3. Checks the statements of accounts sent periodically by communities and the establishments under the administrative supervision of the Brothers.

10.1.3 Advice

1. Serves as the main advisor of the Brother Visitor and of the District Council in taking important decisions relating to financial matters.

2. Helps communities to organize their accounting system and determines when financial statements should be sent to the District Bursar.
3. When speaking or writing, tries to be an “educator in financial matters” for the Brothers, Partners and Lasallian Family. The Bursar encourages them to share their goods as brothers.

10.1.4 Information

1. Informs the Brother Visitor regularly about the financial status of the District and, at the end of the accounting period, prepares the financial statements and the other documents that the Brother Visitor must send to the Brother Bursar General.
2. Presents these statements to the members of the District Economic Council and to the District Council.
3. Looks after the financial archives of the District and deposits documents in it: contracts, agreements, purchasing acts, sales transactions, surveys, construction plans and specifications, balance sheets, annual trading accounts, etc.
4. Keeps the list of the District benefactors up to date.

PART FOUR

General Rules of Good Administration

Chapter 11

The Administration of Goods

The administration of goods is directly related to patrimony.

11.1 SOME DEFINITIONS

Patrimony: The sum of goods and net assets of a person (physical or moral), or of a group of persons (family, society, etc.), calculable in terms of money.

Goods: Income from financial activity. This income can be spent directly or indirectly or serve as a source of revenue (fixed capital).

Credit: The right to benefit from the payment of a debt in kind or in cash. Credit is the counterpart of a debt chargeable to the person required to pay it. Credits like debts are analyzed in terms of when they fall due, that is, in terms of the date on which the payment of the loan can be demanded.

11.2 ORDINARY EXPENSES

Ordinary expenses are the annual current expenses which enable a Community of Brothers, a District, or an Institute undertaking to function normally. Their amount depends on the size of the community, the District or the undertaking.

In addition, ordinary administration is also concerned with the preservation, productivity, and the growth of patrimony. Normally, the expenses for this should not exceed ordinary revenues. Administrators must, at all cost, avoid committing themselves to expenses without first examining how to pay them.

11.3 EXTRAORDINARY EXPENSES

These are such because of the nature of their purpose and the stipulations of the Rule. They usually concern construction, permanent improvements, borrowing and acquisition of property.

Before incurring these expenses, it is advisable to do the following:

1. Make sure to secure the advice of experts every time the nature and the importance of the matter warrants it.
2. Calculate the costs as precisely as possible without forgetting hidden expenses: fees, various taxes;
3. Study the financial consequences of the proposed expense: a decrease in income, interest charges, an increase in everyday expenditure such as: taxation, upkeep of buildings and furniture, need for increased personnel.
4. Draw up a financial plan which sets aside the resources required to meet the proposed expenses; and
5. Obtain the permission of the Brother Superior General and the consent of the General Council for all important acquisitions of property or buildings, for all large-scale construction or restoration,

for all outside borrowing when the cost exceeds the maximum that can be authorized by Brother Visitor and his Council. This amount will be revised periodically.

In each District, the Brother Visitor with the assistance of his Council must define the powers of communities in economic matters, and the ceiling of extraordinary expenses not to be exceeded by Directors and Bursars. Beyond this limit, permission must be obtained from the Brother Visitor. (See chapter 24)

11.4 TRANSFER OF POWERS AND SIGNATURES

Every act of temporal administration of whatever importance must be in writing and if necessary, accompanied by all related legal documents. One must never rely on memory only.

When a bursar is changed, the successor must be presented with a written and signed report on the economic and financial situation, and the state of the patrimony of the District, or of the Community and of each of the funds held. The successor bursar will testify in writing and with a signature that all the accounts have been seen. A copy of these documents must be kept in the archives of the Community or of the District.

At the same time, all the necessary formalities must be carried out regarding the change of signatures for the different bank accounts.

11.5 BANK ACCOUNTS AND ELECTRONIC BANKING

All electronic records are to be maintained to meet legal, financial, administrative, and historical needs according to the policies of applicable federal and international law. The application of these Directives shall be the responsibility of the Bursar General and the International Economic Council (IEC). The following general policies should be followed:

1. Electronic records should be either printed or stored as tangible documentation or downloaded to a computer file and kept electronically in the “Cloud”, on hard disk, cd rom, or stick drive. For space management purposes, electronic file keeping is encouraged.
2. Electronic files should be backed up on a regular basis (at least once per month, if not more frequently).
3. Electronic files should be kept for a minimum of 3 years or longer if required by local law. Due to the inexpensive cost of electronic backup materials (e.g., CDs, stick drives, etc.), we encourage keeping files for more than 3 years.
4. If a lawsuit or regulatory action is filed, all electronic document destruction must cease immediately.
5. Electronic records will be subject to the Institute’s record retention policy and documents will be destroyed in accordance with appropriate retention guidelines.
6. Password or other security mechanisms must remain secure and must not be shared or compromised.

11.6 MONEY TRANSFERS AND FOREIGN EXCHANGE CONTRACTS

Millions of people are affected by money transfer scams each year. The most common money transfer scams always include at least one of the following:

1. A request from someone you’ve never met.
2. Someone in a crisis that you can’t tell anyone else about.
3. A money transfer being the only form of payment accepted.
4. Paying money to get more money back.

Avoid becoming a victim of a wire transfer scam by following a few basic precautions:

1. Never wire money to strangers. Under any circumstances.
2. Pay by credit card. That way, you'll have some recourse if things go awry.
3. Be wary of unsolicited email. Your email, financial and other service providers will never email you to confirm personal info or passwords.
4. Always exercise due diligence with regard to security. Con artists deal in pressure and threats. When in doubt, slow down. A quick online search can often confirm your suspicions.

A foreign exchange contract is a legal arrangement in which the parties agree to transfer between them a certain amount of foreign exchange at a predetermined rate of exchange, and as of a predetermined date. These contracts are mostly used when an organization buys from a foreign supplier and wants to hedge against the risk of an unfavorable foreign exchange rate fluctuation before the payment is due. Speculators may also use these contracts, to attempt to profit from expected changes in exchange rates. If you are regularly involved in foreign exchanges, we suggest you consult your Investment Committee if this is something you should investigate.

11.7 NETWORK SECURITY, DISASTER RECOVERY PLANS, CLOUD SERVICES, AND FOREIGN EXCHANGE CONTRACTS

11.7.1 Network Security

Network security should be a high priority for any organization that works with networked data and

systems. In addition to protecting assets and the integrity of data from external exploits, network security can also manage network traffic more efficiently, enhance network performance and ensure secure data sharing between employees and data sources.

There are many tools, applications, and utilities available that can help you to secure your networks from attack and unnecessary downtime. Investigate companies or individuals which offer a suite of network security solutions that centralize and simplify what are often complex processes and ensure robust network security is in place across your enterprise.

11.7.2 Disaster Recovery Plan

A disaster recovery plan (DRP) is a documented, structured approach that describes how an organization can quickly resume work after an unplanned incident. A DRP is an essential part of a business continuity plan (BCP). It is applied to the aspects of an organization that depend on a functioning information technology (IT) infrastructure. A DRP aims to help an organization resolve data loss and recover system functionality so that it can perform in the aftermath of an incident, even if it operates at a minimal level.

The plan consists of steps to minimize the effects of a disaster so the organization can continue to operate or quickly resume mission-critical functions. Typically, a DRP involves an analysis of business processes and continuity needs. Before generating a detailed plan, an organization often performs a business impact analysis (BIA) and risk analysis (RA), and it establishes recovery objectives.

As cybercrime and security breaches become more sophisticated, it is important for an organization to define its data recovery and protection strategies. The ability to quickly handle incidents can reduce downtime and minimize financial and reputational damages. DRPs also help organizations meet compliance requirements, while providing a clear roadmap to recovery.

11.7.3 Cloud Services

The term “cloud services” refers to a wide range of services delivered on demand to companies and customers over the internet. These services are designed to provide easy, affordable access to applications and resources, without the need for internal infrastructure or hardware, and they make data recovery less difficult. From checking email to collaborating on documents, most employees use cloud services throughout the workday, whether they’re aware of it or not.

Cloud services are fully managed by several vendors and service providers. They’re usually made available to customers from your providers’ servers, so there’s no need for a company to host applications on its own on-premises servers. Thus, the obligation to choose your service provider carefully.

Chapter 12

Administrative Processes



12.1 THE BUDGET

The budget is an accounting document which forecasts income and expenditure for a period of time specified by an individual, or by a group of persons, and given executive force and made binding by the relevant authority.

The budget is essential as a means of organizing and planning for the future. It is drafted based on a decision, freely taken to:

1. Oblige oneself in advance to make some choices;
2. Oblige oneself to respect these choices once they have been made.

12.2 OBLIGATIONS

CAN. 1284, § 3

“It is earnestly recommended that administrators draw up each year a budget of incomes and expenditures. However, it is left to particular law to make this an obligation and to determine more precisely how it is to be presented.”

R. 58.1

“Each Community has a financial administration, a budget, and accounts separate from those of the educational establishment or establishments with which it is connected.” (...)

The budget of establishments under the control of the District must be submitted to the District Council or to some other legally constituted body, a Board of Trustees, for example, recognized by the District.

R. 151.1

“Taking into account the guidelines of the District Chapter, the Bursar prepares the annual budget with the help of the Economic Council. He then submits it to the Brother Visitor and his Council.” (...)

12.3 THE CONTENT AND THE PRESENTATION OF THE BUDGET

The content of a budget and its presentation are determined by the local needs and by the instructions and the guidelines of the District.

12.4 THE PREPARATION OF THE BUDGET

1. The person responsible for the budget, together with others responsible for budget accounts, prepares a general budget based on these budget accounts.

2. The real expenses and the revenues of at least the previous two financial years and the previous year's budget are the basis on which the budget is drafted. Major anticipated variances greater than ten percent (10%) and based on inflation or on other economic factors should be considered when drafting the new budget.

12.5 A BALANCED BUDGET

A balanced budget is a situation in financial planning or the budgeting process where total expected revenues are equal to total planned spending. A budget can also be considered balanced in hindsight after a full year's worth of revenues and expenses have been incurred, recorded, and compared. If a deficit is unavoidable in the ordinary budget, a clear explanation of the reason should be given; and other possible sources of funding should demonstrate how the deficit will be covered.

12.6 BUDGET FOR EXTRAORDINARY EXPENSES

When extraordinary expenses are foreseen, a clear distinction is to be established between the normal budget and the budget for those exceptional expenses. Exceptional expenses should be listed separately.

If the planning of exceptional expenses, of spending of capital, of long-term investments and of payments of long-term debts cannot be covered by funds available from ordinary normal sources, an outline of the method of financing must be presented.

12.7 BUDGET PERIOD

The budget can be drafted for varied lengths of time. There are long-term, medium-term, and short-term budgets. As a rule, a budget covers a fiscal year. Nevertheless, the budget may cover shorter periods (a term, a month). The budget must be drawn up before the beginning of the fiscal year, so that there is time to examine it and have it approved.

12.8 ACCOUNTING

12.8.1 Principles of Accounting

Accounting must follow nationally accepted standards and simplified to be easily understandable.

There should be uniformity in a District. Such uniformity is desirable, as far as possible, throughout the same country and the same region. It is this uniformity which makes required comparisons possible.

All financial operations must be rigorously noted. Their analysis will be detailed depending on what information this analysis is supposed to provide.

GC 1993, RECOMMENDATION N° 10:

“That all Districts adapt their accounting system to the system in use in their country in order to facilitate clear and reliable financial information for themselves and the Centre of the Institute.”

12.8.2 Financial Planning

The financial planning of a District, of an establishment, of a house, must follow the common practice of the country concerned. It should provide all the information required for the administration of goods and for subsequent auditing. Care must be taken to observe legal, fiscal, and social legislation.

12.8.3 Centralization of Accounting

Certain Districts have discovered the advantage of setting up a central accounting system. With the arrival of computer networks, it has become possible for different communities and the District Bursar to share the same accounting software.

12.8.4 Daily Bookkeeping

All receipts and expenses must be recorded in the accounting and accounting records. All transactions must be accompanied by a supporting document such as a receipt or missing receipt affidavit. All accounting records should be reconciled, and books closed on a monthly basis.

12.8.5 Inventory

At least once a year, the inventory of fixed assets must be made so that it can be entered into the accounts. This inventory must be part of the annual report.

12.8.6 Appraisals

A detailed appraisal of each fixed asset should be performed periodically. Such a list should include buildings, furniture, furnishing, equipment, and vehicles.

12.8.7 Justificatory Documents

It is advisable to keep, at least for the time stipulated by civil law, all invoices of expenses of whatever nature they may be, even those relating to purchases of minor value. When there is no document justifying an expense, it is recommended to submit a missing receipt affidavit, the date, the amount, the description of the expense and add one's signature.

12.8.8 Audits and the Audit Committee

Crucial to the governance of a Lasallian organization is the establishment of an audit committee. Typically, an audit committee is composed of members of the governing body or board of directors who are independent of any financial interest in the organization and at least one

of whom has expertise in accounting. If a professional audit firm is not available, the Brother Visitor will ensure acceptable alternatives are in place.

12.8.8.1 Audit Committee Role in the Audit

The audit committee acts as a liaison to the organization's independent external auditor who is a certified public accountant ("CPA") or equivalent or firm of CPAs or equivalent. The audit committee's responsibilities should include the following:

1. Selection, approval, and review of the independent external auditors and review of the annual fees to be paid for services rendered by them and each proposed audit plan developed by management and the external auditors.
2. Review with the independent external auditors the organization's annual financial statements and reports. Consider whether the financial statements are complete and consistent with information understood by the committee members.
3. Review and evaluate the management letter or other written communications received from the independent external auditors

and discuss recommendations for any changes necessary to remedy problems identified in the letter.

4. Maintain communication between the board and independent external auditors by meeting on a regularly scheduled basis with an opportunity for the auditors and the audit committee to meet without management present.
5. At the completion of the audit, review the audit fieldwork process with the auditors. Obtain an understanding of their evaluation of management and whether they encountered any difficulties or had any disagreements with management during their audit. Review all journal entries proposed by the auditors.

Audits are a factor in providing proper financial management oversight of an organization. The audit committee should interact with management to implement and monitor the internal control structure and to take steps that ensure that the possible risks of fraud or embezzlement are mitigated. In order for an audit committee to function properly, it should consist of individuals who are independent of the day-to-day management of the organization. For example, no compensated chief executive officer,

executive director, chief financial officer or other employee should be on the committee.

12.8.8.2 Audit Committee Responsibilities

In addition to the audit committee's role in the preparation of the audit, its responsibilities include the following:

1. Ensure that (if required by civil law) proper local and national government tax filings are completed timely, including payroll taxes, sales taxes, and unrelated business income taxes.
2. Understand the organization's internal controls and have policies in place to update them as needed.
3. Periodically review the organization's insurance coverage and determine its adequacy.
4. Make recommendations necessary to improve the organization's efficiency and/or remedy problems identified by the committee or others.
5. Identify and monitor related party transactions and review the conflict of interest, ethics, and related party disclosure policies periodically and update as needed.

6. Monitor any legal matters that could impact the financial health and reporting of the organization.
7. Institute and oversee any special investigatory work as needed.

12.8.8.3 Audit Committee Member Requirements

In organizations with small boards, the entire board may serve the function of the audit committee. For larger organizations, it is more appropriate to create a separate audit committee that can devote its attention to this area.

Whatever form the audit committee takes, at least one member should understand financial matters and should be comfortable reviewing financial reports and other financial records. No member of the audit committee should ever be involved in any conflict-of-interest transaction, and no member of the audit committee should be compensated in any manner by the organization other than director's fees paid generally to all directors, if any.

The audit committee should be familiar with the organization's internal controls and report to the board as appropriate on the adequacy of the internal controls and any concerns raised by the staff or outside auditors.

12.8.8.4 Audit Committee Reporting

The audit committee or the board should communicate regularly with the CPA or equivalent firm, making it aware of any problems and/or concerns about the management of the organization or its assets, whether there are steps that should be taken to ensure compliance with the existing the internal control structure, or creation of new controls.

In addition to certifying the financial statements as part of the audit process, the CPA or equivalent prepares a management letter or similar written communication to be sent to the board, which discusses internal controls or other issues identified during the audit that concern the financial management of the organization. Since the management letter is not a comprehensive evaluation and opinion on the internal controls (but rather just a by-product of the audit process), the board must decide whether further outside evaluation of the systems and procedures is warranted, and if so, by whom. It is also important that issues arising from prior year's management letters or similar written communication be revisited to make sure they have been addressed to the CPA's satisfaction.

12.8.8.5 Signed Statement

Before releasing the opinion on the financial statements, a CPA or equivalent will request a signed management representation or equivalent letter (typically signed by both a board officer, such as the chair or the treasurer, and the chief executive officer or the chief financial officer). This letter describes the responsibility to provided financial information that is assumed by the organization. Before signing the letter, officers should be in agreement with the representations it contains.

In many circumstances the CPA or equivalent also prepares the tax filings for the organization based on information provided by management. These documents should be carefully reviewed before they are signed by management.

12.9 FINANCIAL MANAGEMENT STANDARDS

Many alternative methods exist for implementing financial management systems, and the Institute/District/Ministry (organization) should choose methods appropriate for its scale of operations. If the local organization is unable to meet the standards that are covered here, support from the Central Government of the Institute may be terminated and the organization may be deemed ineligible to receive subsequent financial assistance or may be placed on an alternative method of funding.

12.9.1 Minimum Standards

Regardless of the method of implementing financial management systems, the following are minimums to be maintained:

1. Recipients must have accounting structures that provide accurate and complete information about all financial transactions.
2. Records must correlate to the cost categories indicated in the approved budget (including indirect costs that are allocated to the project). Actual expenditures are to be compared with budgeted amounts.
3. Accounting records are to be maintained on a current basis and reconciled monthly.
4. The records must be supported by source documentation such as cancelled checks, invoices, contracts, travel reports, donor letters, in-kind contribution reports and personnel activity reports.
5. Records must be preserved for at least seven (7) years following submission of the final financial reports, or longer if local regulations require it.

12.10 INTERNAL CONTROL STANDARDS

Internal controls are systems of policies and procedures that protect the assets of an organization, create reliable financial reporting, promote compliance with laws and regulations and achieve effective and efficient operations. These systems are not only related to accounting and reporting but also relate to the organization's communication processes, internally and externally, and include procedures for (1) handling funds received and expended by the organization, (2) preparing appropriate and timely financial reporting to board members and officers, (3) conducting the annual audit of the organization's financial statements, (4) evaluating staff and programs, (5) maintaining inventory records of real and personal property and their whereabouts and (6) implementing personnel and conflicts of interest policies.

Organizations must provide safeguards for all property, whether cash or other assets, and assure that it is used solely for authorized purposes. Control will be enhanced if the duties of the members of the organization are divided so that no one person handles all aspects of a transaction from beginning to end. Although a complete separation of functions may not be feasible for smaller organizations, some measure of effective control may be obtained by planning the assignment of duties carefully.

Many of the most effective techniques for providing internal control are very simple. Some examples are:

1. Cash receipts should be recorded immediately and deposited daily.
2. Bank accounts should be reconciled monthly by someone other than the person who signs the checks.
3. A petty cash fund should be entrusted to a single custodian and used for all payments other than those made by check.
4. Checks to vendors should be issued only in payment of approved invoices, and the supporting documents should then be cancelled.

5. The person who is responsible for the physical custody of an asset should not also have responsibility for keeping the records related to that asset.
6. The person who has authority for placing employees on the payroll and establishing wage rates should not be the same person who signs the checks.

12.11 INTERNAL CONTROL PROCEDURES

Every organization should have procedures to monitor and record assets received, held, and expended. These financial controls should be described in an accounting policies and procedures manual. The manual should be reviewed with and given to the religious sponsor, governing body, officers, trustees, employees, and volunteers. It should include procedures for the following:

1. Preparing an annual income and expense budget and periodic reports - at least quarterly, preferably monthly - comparing actual receipts and expenditures to the budget with timely variance explanations.
2. Writing and signing checks or vouchers and receiving, recording, securing, and depositing cash and other receipts. Such procedures should ensure that no single individual is responsible for receiving, recording, and depositing funds or writing and signing checks. Checks and balances are essential to make embezzlement more difficult.
3. Ensuring that grants and contributions received are properly recorded, accountings required as a condition of any grant are completed and restrictions on the use of such funds, such as contributions given for a restricted purpose (e.g., building fund, scholarships) and prohibitions on the use of the principal of an endowment, are obeyed.

4. Requisitioning, authorizing, verifying, recording, and monitoring all expenditures, including payment of invoices, petty cash, and other expenditures. Such procedures should ensure that no single individual is permitted to request, authorize, verify, and record expenditures. For example, the same person should not be responsible for cash disbursements and bank reconciliations. These functions should be assigned to different individuals.
5. Accessing, inputting, and changing electronic data maintained by the organization. Preserving electronic records and ensuring data compatibility when systems change and creating an appropriate records retention policy are part of this process.
6. Providing for regular oversight by an audit committee or, if there is no audit committee, by the executive committee or by the board of directors itself.
7. Reporting to the audit committee or board by employees and volunteers of allegations of fraud or financial improprieties.
8. Ensuring that timely and appropriate financial reports are distributed to all directors and officers and reviewed by them, as well as the president, chief executive officer, treasurer, and chief financial officer.
9. Providing procedures for approving contracts to which the organization is a party, including securing competitive bids from vendors.
10. Making clear the responsibilities of all individuals involved with the organization, including the board of directors and officers, employees, volunteers, and consultants, maintaining an organizational chart and updating such information as necessary.
11. Preparing for the annual audit process in a timely manner.

12. Developing a prudent investment strategy and providing proper oversight of the investment assets.
13. Complying with Institute and local government and other reporting requirements, including watchdog agencies.
14. Complying with obligations to the Institute, its governing body, employees, and its constituents, including their right (if applicable) to a copy of the organization's annual financial report.

12.12 INTERNAL CONTROL AND FRAUD PREVENTION

Administration and accounting procedures should be organized in such a way that the internal controls can be monitored. The purpose of internal controls is to protect goods and the employee or brother involved, and to prevent fraud.

Usually, the major Superior verifies internal controls are in place and being followed through the District Bursar at a District level, and through the Bursar General, at an Institute level.

12.13 FRAUD AUDITS

It is advisable and sometimes compulsory to have recourse to auditors from outside the Institute to advise on important matters, such as internal control violations. It is the responsibility of the Brother Visitor with the advice of his Council, to appoint them and to specify their task.

12.14 DOCUMENT RETENTION

12.14.1 Record Retention

CAN. 1284, § 2

“Therefore they (the administrators) must: (...)

9° Keep in order and preserve in a convenient and suitable archive the documents and records establishing the rights of the Church or institute to its goods; where conveniently possible, authentic copies must be placed in the curial archives.”

Bursars must make sure that the documents mentioned below are kept and classified to facilitate access at all times. It is the responsibility of the Brother Visitor, with the advice of his Council, to decide what documents must be kept in the archives of our communities, of our establishments and the ones to be kept solely in the archives of the District.

12.14.2 Official Documents

The following are official documents:

1. Canonical establishment: permission of the local bishop and of the Brother Superior General.
2. Legal recognition: of the District, work, establishments, Communities: charters, title acts.

3. Property titles: mortgages, right-of-way, acts of covenant, surveys, etc.
4. Contracts: purchases, sales, rentals, use and usufruct, payment mortgages and easements, loans, borrowings, deposits made or accepted, foundations, insurance policies, job benefits, publishers, printers, etc.
5. Wills of Brothers.
6. Agreements regarding temporal matters with public, ecclesiastic, and civil authorities, or private or public juridical persons, canonical covenants, etc.
7. Letters sent or received and relating to important temporal matters.
8. Auditor’s reports of accounts audited by outside experts.
9. Reports sent in regularly by Communities and establishments sponsored by the Brothers of the District.

12.14.3 Accounting Records

For communities and establishments, the accounting records are kept as long as civil law requires it and until the District Bursar authorizes their destruction.

For Districts, civil law must be respected, and it is recommended to keep the

accounting records of the District indefinitely because of their historical value.

12.14.4 Back-Up Documents

These documents must be kept for at least as long a time as determined by civil law. After that, the District Bursar decides, with the advice of the Economic Council, which documents to keep, reduce, or destroy.

12.14.5 Plans and Projects

Plans of buildings, of the sewerage system, of the electricity and heating systems as well as revised plans for improvements must also be kept.

12.14.6 Document Destruction

It is prudent to have a policy that includes a document destruction component once the retention period for a particular document has expired. Care must be taken to securely destroy documents in accordance with the document destruction requirements.

Chapter 13

Investments

13.1 ETHICAL PRINCIPLES IN THE ADMINISTRATION OF PROPERTY

Persons holding financial responsibilities must avoid leaving excess cash balances inactive or idle in safes or in current accounts (postal or banking). Excess cash balances should be invested to further the mission of the Institute and is an important means of helping to achieve it, it must be administered in a dynamic and responsible way. Everything must be done to ensure that excess cash balances earn returns. The purpose of this is to increase the financial means at the disposal of Institute commitments, Regions, Districts, and the central government of the Institute. Investment Policy Statements should be implemented at the District, Region, and Institute level.

13.1.1 Cash on Hand

All the revenues and the expenses are to be registered regularly in the accounting system. Bank balances must be checked daily to detect errors and possible disappearances. The amount of cash on hand

should not exceed what is needed for the community. Excess cash must be transferred to a bank account.

13.1.2 Short-term Investments - Cash Management

Bank accounts of all categories should be in the name of the juridical person of the Institute; a community, a school, or a District.

If for legal or political reasons a bank account must be created in the name of a person, at least two signatories should be appointed and have the power to withdraw sums of money separately. The requirement of two signatories is generally regarded as a security measure. Attention must be paid to the reality of Brothers changing communities.

Care must be taken to monitor the fluctuations of the interest rates on current accounts, and to benefit from a better rate in savings banks on deposit certificates and on short-term or long-term treasury bonds.

In regions where the Institute is not tax-exempt, it is recommended to carefully compare tax rates imposed on the revenues of short-term and medium-term investments, and check which reduce the returns.

Pooling funds at District or Region level is highly recommended because it makes it possible to secure higher interest rates. Such a pool helps to standardize living conditions in Communities and Districts.

Time deposit maturity should be monitored carefully.

13.2 FIXED INCOME SECURITIES

A bond is a title representing a loan of money made by the purchaser to a public or private body or institution (government, municipality, a national or private undertaking and other institutions). The body promises to repay the loan on the maturity date and to compensate the lender with a special interest rate.

13.2.1 The Purchaser of Bonds

The purchaser of bonds can normally expect:

1. To receive a fixed revenue whatever the fluctuations of the market.
2. To recoup the lent capital on redemption date.

On the other hand, the purchaser is subject to the following unknown factors:

1. A decrease in the value of the capital lent.
2. The rate of the bonds varying from day to day.
3. The value of the capital is liable to decrease or to increase, creating therefore, favorable or unfavorable conditions for transactions. Thus, when the interest rates increase, the quoted value of the capital decreases, and when the interest rates decrease, the value of the capital increases.

This inverse relation between interest rates and price of the bond must be kept in mind. It is preferable to sell them when the interest rates are at their lowest; if one wants to buy some, outside the issue, it is preferable to buy them when the interest rates are at the highest.

13.2.2 Two Forms of Productivity or Yield

It is possible to have two types of productivity or yield:

1. A fixed return taking the form of regular interest.
2. A variable return in the form of a gain in capital by selling before the expiring date.

A loss in capital is also possible if one must sell when the interest rates are high, and the value of the bond is below par or below the price paid when bought.

13.2.3 The Risk

Bonds, as a rule, involve fewer risks than other forms of financial investment because they are credit titles. The issuer must pay the interest and in case of bankruptcy the capital is protected, at least partly, because the holders represent creditors. Nevertheless, holders cannot avoid devaluation. Inflation reduces the value of the capital in the long term. The bond rating is an important consideration to mitigate the risk of default.

Bonds, like some other investments, also have re-investment risk. The capital at maturity, or if the bond is sold early, may not be able to be re-invested at a similar or greater fixed revenue return, and might earn less.

13.2.4 Return

Return is proportional to risks. The higher the risk, the more the investor will demand in the form of a higher return. As a rule, bonds are less risky than stocks; therefore, the investor should not expect its total return (interest and appreciation) to be greater than that of a stock. However, still considering the question of risk, the holder of a bond is entitled to expect a return superior to what the holder would have received if the money had been placed in a bank account.

It should be noted that fluctuations in the price of a bond are even more important as the maturity date is further away and the interest rates offered are lower.

13.2.5 Return After Taxation

Increase in capital and revenue from interest are not treated alike by the tax authorities. From a fiscal standpoint, increase in capital is preferable to revenue from interest. Thus, for the same return on settlement, the return after taxation is liable to differ according to whether capital or interest is involved.

13.3 LONG-TERM INVESTMENTS

Effective management requires that a fair proportion of District or Regional resources be deposited in profitable investments. Forms of long-term

investment are numerous and various including but not limited to:

1. Titles: stocks, bonds (corporate and government).
2. Real estate: lands, buildings, offices, etc.
3. Mortgage loans.
4. Commodities.
5. Hedge funds.
6. Private equity.

13.4 STOCKS

Shares are property titles and not credit titles. They make the owner a member of a company, as for example: limited company, a cooperative union, etc. The shareholder owns a certain amount of the capital of the company.

13.4.1 Common Stocks

The holders of common stocks are the real owners of the firm, and at the rate of one vote for each common stock possessed, they elect the members of the Board of Directors of the company. The dividend on common stock is not compulsory and may be left out by a decision of the Board of Directors or of the general assembly.

13.4.2 Preferred Stocks

Preferred stocks include certain rights and privileges that common stocks do not offer. On the other hand, the shareholder often does not have the right to vote in general assemblies.

13.4.3 Characteristics

“Stocks” are equity titles. As opposed to bonds, they allow the owner to benefit by the improvement of the financial health of the business and to hope to obtain a dividend and/ or an increase in the value of the stock on the stock exchange market.

13.4.4 Risk

The risk for the investor of seeing the capital decrease is higher than in the case of bonds; and in the event of the liquidation of the business, the shareholder is not assured of recouping the original invested capital.

13.4.5 Return on Investment

When an investor takes on a higher risk, a higher return is expected, but is not guaranteed. Stocks enable the investor to receive:

1. Dividends which may vary according to the rate of development of the business.
2. Profits in capital which may be very high and can easily compensate for devaluation resulting from inflation.

If there is an Investment Committee, the Investment Policy Statement should detail terms and responsibilities. It should be clear if the committee is in an advisory role or has investment decision authority.

13.5 CONSTITUTION OF THE SECURITIES PORTFOLIO

The constitution of a portfolio for a Brother who has not been trained specifically in administration, is a laborious task which cannot be

improvised. It is essential to ask the advice of experienced advisors. These can be Brothers of our Institute or qualified lay people. We must entrust the management of our funds to well-established investment companies known for their professional competence in the analysis of investments. We need to provide the investment manager clear investment goals and objectives related to income, growth, time horizon and risk tolerance.

13.5.1 Diversity of an Efficient Portfolio

An efficient portfolio must include a certain variety of investments to minimize the risks:

1. Variety as to the asset class: bonds, deposit certificates, stocks, etc.
2. Variety as to the time: maturity dates for bonds expiring over a period of 5 years or more, according to the needs; government bonds of less than one year.
3. Variety as to the country where the investments originate, especially in certain countries where the currency is weak, where inflation devastates the economy.

13.5.2 Negotiability of an Efficient Portfolio

An increase in inflation often leads to higher rates of interest, with the result that the portfolio is vulnerable to inflationary pressures, especially a portfolio containing solely investments with a fixed return. Therefore, bonds must be included which have variable rates and or convertible bonds, whose value increases as prices rise.

13.5.3 Security of an Efficient Portfolio

To make sure capital is safe, one should:

1. Invest in well-established companies with a solid reputation and a good credit rating, an important volume of business and a prosperous future in view.

2. Generally, give preference to any investments guaranteed by governments, over those of private companies.

13.5.4 Monitoring Investment Returns

The return on money invested depends on the following factors: rates of interest, risk, inflation, exchange rates, rates of state levying. These various factors must be examined regularly to modify, when necessary, the make-up of the portfolio and its benchmarks.

Certain Districts maintain bonds or long-term investments, unaware of the fact that some of them have decreased in value and that the original capital received, after a certain number of years, will have lost a part of its purchasing power because of inflation. One must be aware of the risks involved in these investments.

13.5.5 When to Sell an Investment

Long-term investors with a proper asset allocation will have periodic reviews for rebalancing purposes. Consult with the investment committee before selling an investment to protect the capital of the Institute or to make an important gain that might otherwise be lost. However, do not try to time the market.

13.5.6 Understanding Risk vs. Returns

Be suspicious of rates of interest that are higher than the average of the market; they frequently conceal an extra risk.

13.5.7 Tax Advantages

One must consider the tax advantages related to diverse investments in the countries where the Institute can derive benefits.

13.5.8 International Markets

It is preferable to invest in the assets of different countries, in stable international markets.

The economic and political instability of a country very often makes the international diversification of investments financially indispensable to protect the financial patrimony.

13.5.9 Compare Investment Returns According to Relevant Benchmarks

One must know how to compare the returns of the different investments according to one set of criteria. Certain methods show a percentage of return noticeably superior to that of other companies. Beware of those apparent advantages. Make certain to compare your investments and managers with benchmarks for similar investments and similar management styles.

13.5.10 Management of Buildings

In the case of the acquisition of buildings, care must be taken to make sure that upkeep and supervision are assured. The choice of persons to see to this should be made in the light of the importance of property. They could be competent members of the Institute or an efficient property management firm. Care must also be taken to ensure that the title of ownership and transfer of ownership are appropriate.

13.6 INVESTMENT POLICY STATEMENT

Those responsible for a District, for a Region or for the Center of the Institute must establish and implement an Investment Policy Statement based on pastoral, educational and mission priorities, and financial needs.

13.6.1 Objectives of Long-term Investments

The normal objectives of long-term investments are the following:

1. To safeguard capital, which means maintaining the nominal purchasing power by the annual equivalent of the inflation rate (time depreciates money).

2. To receive a normal profit.
3. To increase the capital to meet future needs (pension funds).
4. To use totally or partially the money available in case of urgent needs.

13.6.2 Analysis of the Financial Situation

An analysis of the present or future financial situation of the District can make it necessary to adopt a variety of investment policies:

1. If normal resources are not sufficient to balance the budget, it is possible to have recourse to the annual revenues of the portfolio designated to cover deficits, using all or some of the revenues.
2. One may not need these revenues for the time being. They can be reinvested and so contribute to the increase of the capital; these are the two main approaches which should normally govern the constitution of the portfolio, whose purpose may be either greater productivity of revenues or an increase in the capital as a whole.
3. One could also adopt a mixed policy that considered the annual need of all the disposable revenues and combined a slight revaluation of the

capital. Such policies must remain easily modifiable and consider the national or the international economic situation.

13.6.3 Prohibited Investments

The old saying that “money has no smell” cannot inspire the conduct of those responsible for determining the investments of their Institute. More and more Congregations are sensitive to the moral aspect of the use of their invested capital by companies.

It is undoubtedly difficult for an administrator working on his or her own to bear in mind all the recommendations of the defenders of the code of ethics. The administrator should exercise due diligence in the selection of investments.

Areas of investment prohibited for the Church and for the Religious Congregations are:

1. The production, the importation, or the distribution of pornographic material.
2. The support of prostitution and human trafficking.
3. Projects relating to organized gambling.
4. Abortifacients.

5. Illegal drugs.
6. Projects or businesses that have a negative impact on the environment.

on a quarterly, annual or a three-year basis.

13.6.4 Other Areas

As regards other areas, the tactics followed may range from the refusal to invest, to trying to establish a dialogue among the shareholders of a company, to bring about a change of policy. Among the areas that should be referred to in the Investment Policy Statement should include:

1. Adherence to established Catholic Church guidelines and civil established norms, guidelines commonly known as environmental, social and governance investing criteria.
2. Respect for human rights in countries with a repressive government, or in a company.
3. Asset allocation.
4. Discrimination.
5. Ecological responsibility.
6. Manager(s) selection process.
7. Manager allocation.
8. Estimated deposits and withdrawals –

9. Management fees.

10. Performance guidelines – establish agreed upon indices with managers and timeframe.

11. Meetings – attendees – frequency.

12. Reporting requirements – by whom and to whom, and frequency.

13. The composition of the Investment Committee.

Chapter 14

Stable Assets

14.1 STABLE ENDOWMENT

The notion of “stable endowment” is referred to in the following canons:

CAN. 1285

“Solely within the limits of ordinary administration, administrators are allowed to make gains for pious purposes or Christian charity out of the movable goods which do not form part of the stable endowment.”

CAN. 1291

“The permission of the authority competent by law is required for the valid alienation of goods which, by lawful assignment, constitute the stable endowment of a public juridical person, whenever their value exceeds the sum determined by law.”

By “stable endowment” is meant the total of goods that must be maintained on a permanent basis to ensure that financial obligations are covered and that the aims of the institution are fulfilled. These goods can be: claims, buildings, properties, bank deposits, shares and bonds, securities, in other words, any goods with a financial value that can be converted into ready money.

The idea of a stable endowment was introduced to comply with the needs of modern economy which does not rely primarily on real estate or property. It includes the property of the juridical person, which constitutes the permanent capital which ensures financial security. It can be made up of either personal property or real estate. The adjudication of both is the responsibility of the juridical person.

It is therefore necessary that competent Superiors, in accordance with the norms of their Institute, establish clearly what constitutes at present the stable endowment, and make appropriate decisions.

14.2 RESIDUAL SURPLUS AND CAPITALIZATION

Residual surplus is the cash and resources remaining at the end of the fiscal year, and is equivalent to the increase of the clear and tax-free financial patrimony of the District; the increase is equal to the surplus of accounts, i.e., income less expenses.

Capitalization consists of accumulating currency values or stocks to make a profit by means of investments.

14.3 THE DISTRICTS AND FINANCIAL PATRIMONY CONSERVATION

All administrators have the responsibility to maintain the financial patrimony of the Institute, in keeping with the goals, spirit and the nature of the local institution. Consequently, they should use the sums available after paying all expenses, by successfully investing them, according to the aims of the juridical person.

The District Bursar should suggest measures to be taken to meet the financial obligations of the District keeping funds for future construction, improvements, repairs, acquisitions, for a period that could extend over ten years, as well as endowments of specific funds established in the District.

14.4 SPECIAL FUNDS

There are legitimate issues that may require the holding of special funds by a District or an institution:

1. Funds available but included in the budget approved by the competent Major Superior in view of, for instance, repairs or new buildings.
2. Provision for lay collaborators working in our establishments, in view of the time when they retire from their jobs.
3. Assets that must be available to pay fixed taxes.
4. Money that has been accepted with the approval of the competent Major Superior in view of specific purposes, as expressed by the donors, for the benefit of a community, an establishment or one of the funds of the District.
5. Funds to cater for retirement needs of Brothers, their well-being and health care, the return of missionaries and their care.

Each District may establish other funds, organize them, and specify their objectives. The Brother Visitor must pay special attention to the state of District funds.

14.5 CONTINGENCY FUNDS

Districts must establish and maintain retirement funds for elderly and infirm Brothers, by planning with other Districts, by having recourse to public or private establishments, or by a combination of several of these ways.

14.5.1 Purpose of Such Funds

1. Assets belonging to these funds can be used to help elderly and infirm Brothers.
2. These funds can provide financial help to communities with elderly Brothers who have reached a predetermined age.

The assets of a contingency fund cannot be loaned. The reason for this is to preserve their real purpose.

14.5.2 Other Aspects of Contingency Planning

It is advisable to investigate the possibility of establishing a fund in the District (not necessarily as a stable and profitable endowment) along the lines of a mutual fund. Each Community would contribute a pre-determined monthly share. With this fund, help could be given for major expenses, for instance for surgery, for dentures, and for other medical needs. This approach could be of great help particularly to our small communities.

When working Brothers are subject to civil laws and to social security, they must abide by such laws. It should be noted that the relationship of a Brother with the Institute is religious; there is no employer-employee relationship. Whenever possible, consideration should be given to paying into the local social security system on behalf of the Brothers when it is beneficial.

Chapter 15

Business Purchases and Disposals

15.1 GENERAL PRINCIPLES

Before taking a final decision about a sale, purchase, construction, renovation, or extension of a building etc., the District Council will express its approval or disapproval of the request, after taking into consideration the advice of its Economic Council.

If the expenses are beyond his powers, the Brother Visitor must first write to Brother Superior General for his permission to proceed with this expenditure, (cf. Rule 149.3).

If the project is financed by debt, a separate request must be presented for each with a plan to service the debt. A copy of the balance sheets of the last two years should be added to the report.

15.2 PURCHASE OF PROPERTY OR REAL ESTATE

AD 6.10.1

“For all purchases exceeding the upper spending limit of expenses not requiring authorization, the Brother Visitor will send Brother Superior General documentation including the following:

1. Reasons for the purchase.
2. The location and a brief description of the property or building to be purchased.
3. The names of the owners who are selling and of the body that is buying.
4. The price of the purchase in the local currency and in US dollars.
5. The total cost of the transaction, including all expenses, and any conditions attached.
6. Details of how the purchase will be funded, annual financial statements for the previous two or three years, and forecasts for the future.
7. Various opinions (that of the District Council, the District Economic Council...).”

15.3 PURCHASE OF MAJOR EQUIPMENT

AD 6.10.2

“Normally, where building is concerned (cf. 5.4), the cost of equipment must be included in the total cost. In this section, we are referring rather to non-educational establishments run by the Brothers, like printing works, bookshops, agricultural land, etc... Documentation sent to Brother Superior General should include:

1. The reasons for the purchase.
2. Brief description of the use of the equipment in question.
3. The name of the organization making the purchase.
4. The cost of the purchase including all taxes.
5. Details of how the purchase will be funded.
6. Various opinions (District Council, District Economic Council...)."

15.4 CONSTRUCTION, DEVELOPMENTS, AND MAJOR REPAIRS

AD 6.10.3

"If the building in question is a school, a retirement home for elderly Brothers or a nursing home for infirm Brothers, or a house of formation, etc...; or if the alterations and major repairs are to be made in an already existing house, the documentation sent to Brother Superior General will include the following information:

1. Reasons for the proposed building renovations.
2. The name of the contractor doing the building, alterations, or repairs.
3. A description and the plans of the proposed building.
4. The expected cost (estimate) of the work in the local currency and in US dollars.
5. Various opinions" (District Council, District Economic Council...)."

NOTA BENE: Include the funding plan and balance sheets for the last two or three years.

15.5 DISPOSAL OF ASSETS / ALIENATION OF PROPERTY

Alienation is the transfer of property rights either in return for payment or free of charge, of goods belonging to the Institute, to a physical person, or to a juridical entity.

These movable or immovable goods, sacred or secular, are the property of an ecclesiastical moral person (the Institute, according to the Code of Canon Law) even if according to the Civil Code they are the property of a physical person, in our case a Brother, or of a non-canonical moral person.

In addition, alienation also means any act by which a “jus in re” (right in the matter) is conceded to somebody else, with the result that the property itself, even if kept, is devalued, and henceforth the situation of the owner is altered.

For example: renouncing an active constraint, accepting a passive constraint, conceding the right of litigation, transaction, compromise, pawning, mortgage, etc.

CAN. 1291

“The permission of the authority competent according to the norm of law is required for the valid alienation of goods which constitute by legitimate designation the stable patrimony of a public juridic person and whose value exceeds the sum defined by law.”

CAN. 1294, § 1

“Normally, goods must not be alienated for a price lower than that given in the evaluation.”

CAN. 1294, § 2

“The money obtained from alienation must be carefully invested for the benefit of the Church, or prudently expended according to the purposes of the alienation.”

15.6 DOSSIER TO BE TRANSMITTED IN THE SALE OF LAND OR BUILDINGS

AD 6.10.7

“For the sale of land or buildings, the request for authorization from Brother Superior General should be accompanied by the following information:

1. The reason for the sale.
2. The location and a brief description of what is to be sold.
3. The value of what is being sold in the local currency and in US dollars.
4. The use of the proceeds from the sale.
5. Various opinions (District Council, District Economic Council...).”

15.7 CIVIL AUTHORIZATION

CAN. 1296

“When alienation (of ecclesiastical goods) has taken place without following the prescribed canonical formalities, but is valid in civil law, the competent authority must carefully weigh all the circumstances and decide whether, and if so, what action is to be taken, namely personal or real, by whom and against whom, to vindicate the rights of the Church.”

15.8 DISPOSAL TO RELATIVES OR EMPLOYEES

CAN. 1298

“Unless they are of little value, ecclesiastical goods are not to be sold or leased to the administrators themselves or to their relatives up to the fourth degree of consanguinity or affinity, without the special written permission of the competent authority.”

15.9 ABUSES TO BE AVOIDED

Brother Visitors and Community Directors will make sure that no abuses occur especially when a Brother is sent to another Community, when a Brother dies, or when a Brother leaves the Institute.

When a Brother receives an obedience for another Community, the Director, with the advice of the Community, must authorize what he takes to the other Community. When a Brother leaves the Institute, the Brother Visitor is the one who authorizes articles that can be taken. Following the death of a Brother, the Director must make sure that manuscripts and objects that would be suitable material for the Archives are preserved, not destroyed.

Chapter 16

Construction Projects

16.1 BEFORE STARTING WORK

Before starting construction or renovation project begins, care must be taken to:

1. Appoint a committee to study and supervise the project and its execution.
2. Choose an architect or a qualified expert to develop plans.
3. If the project is significant enough, engage a project manager to ensure the proper execution and cost management of the project.
4. Appoint a lawyer to draw up the contract, wherever this is the practice.
5. Secure a construction permit if this is required.

16.2 PLANS, BUDGETS, AND ARCHITECTS

Plans and specifications are to be given to a competent committee appointed by the District Council with the responsibility of supervising the project until its completion.

Bids must include all costs; all taxes included. The committee must ensure that the bids correspond to the needs of the community, to standards and soundness and security, and to authorized expenses. The estimates must include not only the expenses required to purchase the land, the cost of construction, the cost of infrastructure, i.e., the drainage, the sewage system, the purification of soiled water..., and architects and engineering.

The plans and final specifications should be drawn up to meet the requirements of local building codes. A specification book of conditions is also required to help the contractor entrusted with construction. The contracts can be given for a fixed sum or according to the estimate.

16.3 ARCHITECT

The appointment of the architect requires the approval of the District Council. The architect must be informed all of expectations. The contract should stipulate:

1. The special requirements and needs of the building in question.
2. The number and the type of rooms.
3. Their distribution and their means of communication.
4. The fees, the conditions governing construction work, and the project completion date.
5. The process for the approval of change orders.

16.4 COMPETITIVE BIDDING

All major construction work will be put to bid accompanied by the detailed and descriptive estimates drawn up by the architect. The bid will be put out to enough firms to encourage competitive prices. The legal formalities of the country concerned must be respected.

16.5 INSURANCE

Before signing any contract, proof of insurance is required from the architect and from each of the contractors. Architects and contractors must be properly insured against all professional risks through the completion of the job or during the legal period of warranty.

It is advisable and recommended, even if no law of the country requires it, to take out special insurance guaranteeing the completion of the work in case of default of firms (for instance in case of bankruptcy) and guaranteeing similarly the setting right of all construction defects during the legal period of the warranty.

Chapter 17

Donation and Gifts to the Institute

17.1 DEFINITIONS

Gift: a gift is something offered gratuitously for nothing in return.

Donation: a donation is the act of transferring ownership of goods subject to conditions and/or obligations.

17.2 GIFTS THAT DO NOT ENTAIL OBLIGATIONS

Personal property gifted to the communities or to the establishments that are dependent on them, may be accepted by the Director; moreover, he must not refuse to do so without the permission of the Brother Visitor. It is advisable that the Director examine, with the Community or his council, the gift to be received and the use to be made of it. If the value of the gift exceeds what is allowed by the Brother Visitor, the Director will inform the Brother Visitor. The Brother Visitor will then give his instructions regarding the best use to be made of the gift, either by the Institute or by the establishment.

17.3 DONATIONS INVOLVING CONDITIONS OR OBLIGATIONS

Donations could be for pastoral work to be undertaken or maintained or for financial benefits. The consent of the Brother Visitor, after the advice of his Council has been given in writing, is required to authorize a moral person of the Institute to accept pastoral obligations dependent on a donation. Donations linked to constraints are not to be accepted without the advice of the Brother Visitor unless the obligations are minimal and for a length of time not exceeding a period of five years.

17.3.1 Power to Refuse

The possibility of refusing gifts and donations is the privilege of the Brother Visitor once he has taken the advice of his Council.

17.3.2 Acceptable Donations

Gifts to fund studies may be accepted with the approval of the Brother Visitor. Such donations may be intended for study grants for the Brothers, for students, for lay teachers in our establishments, for missionary organizations, for our social educational work, for the support of our older and retired Brothers. These donations must be incorporated into one of the funds of the District, according to their destination and their objectives.

17.4 PRECAUTIONS

Donations dependent on a lifetime pension should be avoided. If accepted, local civil laws must be followed. Such donations could possibly conceal a violation of the civil law or of fiscal regulations. The capital must sometimes be kept until the death of the donor. Other precautions include:

1. Avoid assuming obligations regarding donations before receiving written permission.

2. Inform the benefactor that the Institute does not accept in perpetuity the assignment of goods and any benefits that accrue from the donation for a fixed and unchangeable purpose.
3. The donor must authorize the Brother Visitor to spend the income and even the capital of the donation for other purposes than those stipulated in the act of donation when this seems advisable for the glory of God and the well-being of others. The Brother Visitor cannot change the purpose of the donations without the advice of his Council and the permission of the donor.
4. The contract must always be in writing.
5. Certain risks must be borne in mind: loss of capital, devaluation of capital or of income, currency fluctuations.
6. It must be stipulated that legal obligations can never exceed the capital, or the income derived from it.

Chapter 18

Loans, Donations, and Gifts Made by the Institute



18.1 OUTSIDE THE INSTITUTE

AD 6.10.4

“A request to borrow or make an external loan below the official limit does not require authorization. When the amount exceeds this limit, it must have the approval of the Brother Superior General.

The application for authorization will include:

1. The reasons for loan.
2. The name of the borrower and name of the lender.
3. The sum being borrowed and the annual rate of interest.
4. The duration of the loan.
5. The repayment plan for the loan.

6. Two or three annual reviews of the borrower or the borrowing agency.
7. Differing opinions (District Council, District Economic Council...), photocopies of letters of guarantee or surety, granted in some countries by local authorities or by other bodies, granted in some countries by the local authorities or by other agencies mortgage requirements.”

18.2 WITHIN THE INSTITUTE

AD 6.10.5

“Authorization will be requested from the Central government of the Institute only above a limit equal to twice the usual upper spending limit. If this doubled spending limit is exceeded, the file forwarded to the Brother Superior General requesting authorization will include:

1. The names of the contracting parties.
2. The reasons for the loan.
3. The cost and prescribed conditions.
4. A copy of the proposed contract for signature by the Bursar General, as a witness of the central administration of the Institute.”

18.3 LOANS TO RELATED PARTIES AND DEPOSITS FROM OTHERS

18.3.1 Loans to Relatives

It is wise and safe for a Director or for a Brother Visitor to avoid making loans to a relative or to a next of kin. If, however, this must be done in certain special circumstances, permission must be obtained beforehand from the Brother Visitor with the advice of his Council. In the case of the Brother Visitor himself, he must have the consent of his Council.

18.3.2 Deposits From Persons Outside The Institute

Directors and Administrators are not allowed to receive funds from persons outside the Institute, either in cash or in securities, or other valuables, etc., except for serious reasons, with all precautions taken, and with the written permission of the Brother Visitor. In all cases, due diligence must be exercised to ensure the source of the funds is legitimate.

In such cases, deposits in cash by persons who want to evade taxes etc. must be refused.

When a deposit is given back to its owner, care must be taken to insist on a receipt from the depositor, certifying that the deposit has been given back and that no appeal can be made against the Community, the District, or the Institute.



18.4 DONATIONS AND CHARITABLE GIFTS

18.4.1 Outside the Community

R. 40.4

“The Brothers are careful to ensure that the pooling of the fruits of their work does not lead to collective wealth. Rather, they share generously with their Brothers, with Districts most in need, and with the poor.”

Budget estimates should allocate certain sums of money to poor people and charitable organizations.

18.4.2 Donations to Relatives

The Brothers will avoid giving, without good reason, Institute money to their relatives, friends, acquaintances, or others through filial devotion or imprudent compassion.

18.4.3 Gifts of Goods

In the case of gifts made outside the Institute in movable or immovable goods (lands, buildings, money), care must be taken to abide by the prescription regarding alienation of goods (see Chapter 16), and more specifically, the permission to be obtained from the Brother Superior General and his Council.

18.5 LOANS TO OTHERS

If, however, in an isolated and very serious case (for instance to help our collaborators: teachers, employees) it seems advisable for the District, the Community or the establishment to lend money or goods to someone, this can be done only in a case where repayment is assured. The amount and the conditions of a contract valid in civil courts must be written down, as should also the date when the payment is due and other specifications.

It is the responsibility of the District Council to establish the practical norms of lending. It should bear in mind the labor and fiscal legislation of the country concerned.

18.6 COMMITMENT AS A PERSONAL GUARANTOR

It is forbidden for a Brother to guarantee personally, in any way whatever, sums of money, loans, the solvency of another person, etc.

Chapter 19

Insurance

19.1 DEFINITION OF DAMAGE

In insurance terms, damage results from fires, floods, cataclysms, accidents, robberies, civil disobedience, etc.

19.2 BROKERS

In all these matters, a qualified insurance broker must be consulted.

19.3 CHOICE OF THE BROKER

Several brokers are invited to submit in a bid. The brokers should be familiar with the needs of religious institutes. Insurance providers/brokers should have no conflicts of interest.

The insurance portfolio must be entrusted, if possible, to a single brokerage firm. Otherwise, there could be confusion as to whether an item is insured by one firm or by another.

19.4 ANALYSIS OF RISKS

To determine needs, different risks should be analyzed according to the categories listed below.

19.4.1 Potential Risk of Light Losses

The amount the Community can self-insure has to be considered. Also, in some cases, will the premiums be higher than the coverage? What coverage should be chosen?

19.4.2 Potential Risk of Successive Losses

This refers particularly to motor vehicles. The insurance agent or company, realizing the obligation of paying each year a rather high sum for several minor claims or accidents, will tend to include this amount in the premium of the coming renewal. It is advisable then to study the possibilities of increasing the coverage. In addition, more rigorous criteria could be adopted regarding high-risk drivers.

19.4.3 Potential Risk of Major Losses

These are fires, floods, cataclysms, in other words, serious damage. In contracts of this nature, care must be taken to consider the type of activity pursued in the establishment, the cost of replacement of the buildings and of their contents.

19.4.4 Risks Involving Personnel and Others

Crime or theft coverage offers protection to the insured should an employee embezzle funds. All establishments should have this type of protection and be realistic in their approach to people.

Obtaining insurance coverage to indemnify directors and officers in the performance of their normal duties is encouraged.

19.4.5 Comprehensive Insurance

To determine whether certain risks regarding possessions should be excluded from our insurance policies, it is advisable to ask, at the same time, for a comprehensive insurance policy with extended comprehensive protection with different coverage. Based on the insurance premiums proposed by the insurance agents, we would then be able to evaluate the effects of mutual insurance clauses.

19.5 PRACTICAL ADVICE

19.5.1 Texts

Read the insurance policies in full. Pay attention to the following points:

1. Date of the policy.
2. Amount.
3. Description of the buildings.
4. Description of the contents.
5. Amount of coverage.
6. Exception clauses.
7. Whether the policy is on a claim incurred or a claim made basis.

19.5.2 All Risks Insurance

The all-risks protection offers a greater security for a minimal difference in price.

19.5.3 Full Value

This clause means that, after a disaster, the broker will indemnify the loss without considering the depreciation of the damaged property.

Indemnification at real value (which is the depreciated value) means in fact that the depreciated value on the day of the disaster will be what the cost would have been to replace a property when the disaster happened, minus a percent for each year since the day of the acquisition for a piece of furniture, and since the day of construction for a building. Periodic reappraisal of the property should be conducted.

19.5.4 Changes

When the time for modifying, buying, or acquiring new buildings arrives, the broker must be contacted without delay.

19.5.5 Subcontracting Parties

Insurance certificates exist for subcontracting parties. Subcontracting parties must provide proof of insurance before commencing work. It is our right to ask a broker to write out an insurance certificate which will indemnify the



Institute. A surety bond, when the value of the work to be executed justifies such coverage, may be required.

19.6 RESPONSIBILITY FOR INSURANCE

The District Bursar is responsible for procuring insurance coverage.

19.7 INSURANCE SPECIFICATIONS

It could become desirable to prepare a document, listing insurance requirements and to ask three or four brokers to put in a bid. In this field, as in many others, competition may produce big savings.

19.8 INSURANCE FOR PROPERTY BUILDINGS AND CONTENTS

Some requirements for insuring property and buildings include the following:

1. Consider insuring for a large percentage of the replacement value and have the insurance representative review replacement value every three (3) years.
2. Review claims on a three-year rolling basis. If there are no (or few) claims, consider increasing the deductible in exchange for a discount on the premium (reserve the savings).
3. Notify the insurance representative if there is a renovation/addition that adds value to the location.
4. Has there been a significant increase or decrease in utilization? This may be a factor in setting the premium.
5. Take care in selecting options on physical damage to cars. Consider no collision coverage on older cars (6 years) in exchange for a decreased premium.
6. For fine art and other valuable items, if relevant, document how its value was determined, and whether you have provided documentation to your insurance broker.

Chapter 20

Personnel and Ethics Codes

20.1 JOB DESCRIPTIONS

There should be written job descriptions for directors, officers and trustees, employees, volunteers, and consultants. The work of the Institute will be more easily accomplished, and problems will be avoided, if all involved understand what is expected of them and the limits of their authority.

20.1.1 Chief Executive Officer

A comprehensive description of the chief executive officer's duties should make clear his or her job responsibilities.

20.1.2 Other Employees

Likewise, all other employees should have written job descriptions and be advised of performance expectations. Volunteers should also have job descriptions.

20.2 PERSONNEL POLICIES

Personnel policies, including vacation and sick leave policies, health insurance and other benefits, evaluations, ordinary and overtime compensation, conflicts of interest and a code of ethics, and grievance procedures (including protections for “whistle blowers”) should be in writing and given to all employees prior to hiring, with changes in policies communicated on a regular basis.

Appropriate training and ongoing professional development should be arranged for all employees. New directors, officers, employees, and volunteers should be trained by those who are familiar with the organization and its operations. There are many organizations that provide free or low-cost training for board members and others within the organization, and there are numerous resources that provide guidance in developing training. For all involved, familiarity with the organization’s internal controls is essential.

Consideration should be given to performing criminal and financial background checks for those in senior positions.

20.3 CONFLICTS OF INTEREST

Directors, officers, trustees, and others who serve a non-profit organization should not have any personal or business interest that may conflict with their responsibilities to the organization. To avoid such conflicts, it is wise to have a “conflict of interest policy” that clearly states the procedures to be followed if a board member’s personal or financial interests may be advanced by an action of the board.

The conflict-of-interest policy should require an individual to fully disclose any interest the individual and/or the individual’s family has in any entity that does business with the organization and that any change in the information concerning potential conflicts should be provided to the organization immediately. The policy may be set forth in the organization’s bylaws. The policy must require that such individual may not participate in any decision to approve doing business with the individual or any entity in which the individual has an interest, and such decision must be made by a disinterested majority of the board of directors or trustees.

20.4 CODE OF ETHICS

The organization should have a code of ethics addressing issues such as transparency, disclosure in fundraising solicitations, integrity in governance and diversity.

There are many examples of written policies regarding conflicts of interest and other ethical matters available. Consult them to assist you in drafting your organization's ethics and conflict of interest policies. The policies should be discussed with the organization's attorneys and auditors prior to adoption.

20.5 SIGNED STATEMENT

All board members, employees, volunteers, and consultants should be given copies of both policies and sign a statement acknowledging that they have received them.



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