

## A GUIDE FOR CHURCH STEWARDS

In a recent column, “Administering Church Goods,” *Health Progress* 90, no. 4 (July-August 2009): 11-13, I spelled out some of the general canonical norms governing various forms of administration that we find in Catholic Church-related institutions. Now let’s examine some of the very practical points that canon law gives to assist administrators in carrying out their stewardship responsibilities at all levels.



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Canon 1284.2, one of the longest canons in the *Code of Canon Law*, lists nine particular responsibilities of administrators. We can examine these in turn. But first it would be good to note this canon reminds all administrators, no matter what their responsibilities may be, that they are to perform their duties with the diligence of a good householder. While individuals do not own church goods, if they have accepted responsibility for their proper administration, they should deal with these goods in the same way they would their own property.

1. The first duty is **vigilance against damage**, arranging suitable insurance contracts. Such insurance policies could, if possible, cover the replacement value of church goods when buildings, etc., are being insured. However, because sometimes administrators would not wish to replace existing structures, canon law does not prescribe any particular type of insurance; it simply outlines the principle. Experience shows clearly that old insurance policies should never be discarded. Claims can come up many years after a policy has expired, but the incident leading to the claim may have arisen during the period of coverage.

2. The second duty is to **see to civil protection** for church property. The way in which this obligation is carried out will depend on the existing civil legislation in the country. In North America, civil incorporation is the most com-

mon vehicle. At times, particularly in the context of frequent litigation, it is appropriate to have more than one civil corporation. Each time church goods are incorporated separately, it is important to make certain that appropriate reserved powers have been foreseen so that the canonical stewards can also exercise their responsibilities over the assets. However, when more than one corporation is established, the temptation is to wish to keep as much control as possible over additional corporations. We should keep in mind that the greater the control, the less the protection arising from separate incorporations. The wording of this second duty implies that no matter which form of civil protection is used, the goods are still considered to be ecclesiastical goods, remaining subject to canonical norms.

3. The canon also reminds administrators that they must **observe both canon and civil law**, as well as respect the intentions of donors. In particular, administrators are to take special care that damage will not be suffered by the church through the non-observance of civil law. The code does not refer to the type of damage — it could be material, it could also be otherwise; for instance, loss of reputation. Thus, if administrators did not observe labor laws, did not pay the required taxes, gave false tax donation receipts, etc., difficulties could arise. There are some awkward situations to be faced when administrators (and superiors) consider certain provisions of the secular law to be unjust (for example, regarding the hiring of undocumented aliens), but the presumption is that such laws are just unless proven otherwise.

4. Administrators are also to **take care of income and produce arising from goods**. If, for instance, the donors have given a sum of money to be invested, the proceeds of which are to be used for a given purpose, then the administrator is to see to it that such intentions are observed. The norm of this section of the canon could also be applied by investing the funds in accounts that produce a good rate of interest — avoiding schemes and risky transactions that promise great returns.

5. A further obligation is to **take care of loans**, paying interest on debts and repaying capital. Usually a debt that is not repaid within 20-25 years is considered to be a very long-term debt, and special provisions should be made to guarantee available funds as long as the debt remains. In general, the church does not like operating on borrowed funds, although it is often necessary to do so, especially when new buildings are being constructed.

6. The sixth obligation is to see to the **proper investment of surplus funds**. The consent of the diocesan bishop is required for the “investment” of funds which are considered surplus. Investment is generally considered to be the conversion of resources from an unproductive form to a productive one. It is not simply the placing of money in a bank or credit union, but usually entails the purchasing of stocks, bonds and the like, or investment in land for future development. In the strict sense, it is a relatively permanent conversion of money into other goods, either movable or immovable, which will be preserved as stable capital and will produce additional goods. In the broader sense, however, it means depositing money in a bank or in other appropriate instruments to protect the money and receive appropriate interest. This latter form of “investment” does not require the diocesan bishop’s permission.

7. While it seems obvious, the canon repeats a principle of sound administration: **Keep proper accounts**. This would mean keeping honest accounts, not having various sets of books! Because of charity and government reporting laws applicable in North America, we usually have

not had too much trouble with this norm. Yet recent cases of embezzlement of church funds have shown that the temptation is still there on occasion for persons to falsify the books.

8. As part of accountability procedures, administrators are to **prepare an annual report or financial statement**. This statement, which is usually made public to those concerned, is subject to prior review by the appropriate finance committee or by some other church body. Canon 1287.2 provides that administrators are to render accounts to the faithful concerning the goods which the faithful have given to the church.

9. The final specific obligation is to **keep suitable archives**, not necessarily in the place itself. Safety deposit boxes could be used, diocesan archives or the archives of the sponsoring religious institute, and so forth. If satisfactory security is not available (if, for instance, the juridical person does not have a secure vault), arrangements can be made to place such archives in trust elsewhere.

Paragraph 3 of Canon 1284 adds a further obligation, but, this time in the form of a “strong recommendation”: In addition to preparing and presenting the annual report noted above, administrators are also to draw up each year a budget of income and expenditure and work within the limits of the approved budget. However, the canon notes that it is left to particular law to make this an obligation and to determine more precisely how it is to be presented, i.e., according to accepted accounting and business practices.

There is very little in this canon that would not be found already in sound accounting and business management practices. Yet, the canon serves as a reminder to all those who are entrusted with the administration of church goods that they also have an additional responsibility: that of acting as a good steward in the name of the church.

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