



# *Administration Directory*

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2012

*Part one: principles*

# Part one

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# Part one

## *Principles*

### *Preamble*

The Second Vatican Council has invited us to revise our conducts and structures in order to recover as much as possible the spirit of our “Founder” and the specific nature of our charism so that our presence in the world may be more prophetic.

Its innovative spirit also extended to the Finances of our Institutes, exhorting us to adopt simple but effective and transparent management tools that allow us to manage wisely the goods entrusted to us by Providence.

The Constitutions and General Chapter decisions explain the charism and purpose of our Congregation, its activities, criteria and internal structures: we must refer to those documents whenever we carry out or consider an action involving our administration.

The Administration Directory is a document containing the principles and rules; it is a simple handbook that, in its individual sections, allows us to:

- a)** understand what are the needs and the spirit of the finances of our Congregation; what are the general principles that underpin it; who are the people and which are the structures of reference and the rules that set their tasks and relations (Principles).
- b)** identify tools, technical explanations and regulations that can help us to carry out the service adequately, in a univocal and competent manner, in all areas of the finances of the Congregation (Operating Handbook).
- c)** collect forms referring to legal obligations in accordance with the laws of every District (attachments).

The Administration Directory is meant to help administrators, and bursars in particular, to use and manage the goods of the Congregation.

## Introduction

### *A fundamental responsibility for the life of the Congregation*

**1.** Providence entrusts economic resources and goods to the Congregation not that it hold on to them as its own precious property but that it may use them to fulfil its charismatic plan. The fact of owning goods, whatever they may be, in itself turns us into Providence's stewards of those goods. The nature of economic management must therefore be in line with the nature and goals of the Congregation.

**2.** Because of the activities we are involved in at the service of universal charity, our relations with the local churches, the respect we owe to all the faithful who, with sacrifice, help our works to survive, the quality of life of our Congregation, finances cannot be regarded as a marginal and secondary matter.

**3.** This Directory, which provides technical guidance to help manage finances in a functional and transparent way, is to be studied in depth by all Sisters, especially by those directly in charge of this service, in order to avoid the risk of misconceptions and ambiguous practices that damage the credibility of the Congregation and consequently of the Church.

**4.** The Sisters who are responsible for the administration of temporal goods must always bear in mind the Congregation's global project. They must remember that *"Religious communities have the right to possess whatever is required for their temporal life and work [...]. Nevertheless, they should avoid every appearance of luxury, excessive wealth and the accumulation of goods."* (Perfectae Caritatis, 13).

**5.** Administrators must carry out their responsibilities sustained by Christian and human virtues like:

- honesty in using and disposing of resources, knowing that they are accountable to God and to the Sisters;



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- transparency, as a consequence of honesty and as proof of the fact that there is nothing to hide;
- competence and precision, as indicators of their devotion to the service that has been entrusted to them;
- a sense of justice, meaning that in their relations and use of economic resources they are ethical and comply with - the laws in force in the countries in which the Congregation works;
- the awareness of having to report to the higher authority to make the necessary checks and set guidelines for the future.

**6.** Furthermore, at all levels of responsibility, administrators must beware of the subtle but actual temptation of feeling they are the owners of the goods they are called to manage.

**7.** Administration cannot be improvised. Adequate formation provides the basic knowledge that allows all sisters to carry out day-to-day business. However, it is necessary to undergo continuous training and to keep abreast of management and administrative procedures, seeking when necessary the advice of experts, in order to carry out one's duties in the best possible way and to address new situations and issues as they arise.

## **Chapter 1**

### **General economic principles**

#### **Preface**

**8.** Our Congregation is present in various countries of the world and, wherever it carries out its work of universal charity, it acts in keeping with the policies of the local Church and complies with the civil laws of the host country.

**9.** The notion of religious poverty understood exclusively as austerity belongs to the past. In fact, today there is a new dimension of poverty, which is experienced as sharing, communion of goods, an economy based on communion and solidarity.

The goods that Providence places in our hands are to be used to cover the needs of the sisters and to serve universal charity and evangelization.

#### **1.1 The social and administrative responsibility of religious institutes**

**10.** The sisters must be animated by a deep sense of social responsibility. They have the duty to know, make good use of and watch over the goods that have been entrusted to them.

Therefore, in keeping with our charismatic plan, we should favour initiatives and invest our energies in situations where there is greater poverty, setting priorities and allocating resources on the basis of previously approved projects and programmes.

**11.** The new and ever-changing social issues require of us that we draw up serious programmes and adequate plans in order to avoid that the presence of the Congregation in a given territory be temporary or even inopportune.

**12.** In managing their resources, religious institutes must be accountable first and foremost to their members and to the Church to which they belong. As communities of consecrated life, they thus have the opportunity to show how seriously they take their responsibility in this area.



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## **1.2 General rules for a sound administration**

**13.** Some rules that help to run the works and communities well:

- Anyone who is called to manage money and other assets must report to the Local or District Superior.  
The Local Superior must report to the District Superior.  
It is the duty of the District Superior to check the transactions personally or through the District Administrator.  
It is the duty of the Superior General to supervise the work of the District Administrator either personally or through the General Administrator.  
The General Administrator checks and goes over the accounts of the Districts. To do this she may avail herself of the help of lay co-workers.
- A good administrator does not rely solely on her memory.  
All administrative documents must be accurately filed in the records archive.  
A schedule of periodic commitments and payments must be kept so that even in the absence of the person in charge all obligations can be fulfilled (payments, renewal of permits, etc.).  
All administrative acts carried out according to the required legal procedures and relating to maintenance, collaboration, paid employment and other contracts must be filed tidily so as to be easily retrieved when needed.
- Day-to-day business, urgencies and emergencies must not prevent an administrator from devoting time and attention to future projects.  
Social changes caused by the world financial crisis require sensible decisions involving the fixed assets, tangible assets and activities of our Congregation. By thinking up, planning and submitting proposals to the General Council we avoid being caught by surprise so that we can carry out our mission with responsibility.

- As far as possible, recurring expenditures should not exceed current receipts. The annual budget, which contains the projected recurring expenditures calculated on the basis of adequate and prudential criteria, should not include recurring expenditures in excess of the projected receipts. If this were to occur, one must try to reduce costs by cutting down on the purchase of goods, consumption, etc., in the light of a sober and simple lifestyle. One should never decide to incur an expense without having first made sure that there are sufficient resources available to cover it.
- All efforts should be made to ensure that income is higher than expenditure. If at the end of the year, after all expenses have been covered, there is a surplus (unless it is otherwise decided by the benefactors in the case of a donation), it will be used to:
  1. pay up debts, wholly or in part;
  2. increase the fund of the Congregation as a reserve for future expenses;
  3. foster the communion of goods.

An administrator does not fulfil her duty simply by balancing income and expenses. In fact, she must not only focus on the current needs of the religious community and works but also envisage their future requirements. For this reason, if a surplus is registered, it should not be used for unnecessary expenses.

- Benefactors should be kept informed about the projects that are being implemented thanks to their donations, which are a gift of Providence and precious resources for the works of the Congregation.
- Only necessary extraordinary expenses may be incurred which have already been approved by the competent authorities (Const. 197 § f) and can be covered with the available resources. In order to plan an extraordinary expense the following is required: a if it is so required by the importance and type of intervention, experts possessing the necessary knowhow should be consulted in order to get a qualified opinion;



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- b the estimate should include the upfront expenses to be incurred as well as the economic consequences, such as an increase in recurring expenditures (the need to hire new staff, maintenance, new taxes) or the decline in current receipts;
- c the extraordinary expense must have been approved and included in the global project of the Congregation;
- d in the most important cases, the Sisters must be informed in order to hear their opinions and suggestions.

Only in exceptional circumstances is it possible to incur more than one extraordinary expense at once.

- Sometimes an extraordinary expense cannot be deferred. If there is not money available to cover it a loan can be taken out following a specific procedure (Const. 206).

The project regarding such an extraordinary expense must include an indication as to how much time and in what way the loan will be paid back (principal + interest). It is not enough to rely on hope or on the promise of gifts by one or more benefactors, or on the promise of contributions or donations by public or private entities. Often such promises are not kept, exposing to the risk of the Congregation and its apostolic work suffering material and moral damage.

- There must be transparency in the administration of money and other goods. For this purpose, instruments must be employed such as:
  1. A unified *chart of accounts* for all works and Districts;
  2. Several balance sheet models responding to the fiscal requirements of every country and the needs of the Congregation;
  3. Standard reporting forms that make it possible to understand the management actions, which are to be described using the same technical terminology;
  4. The implementation of the suggested tools and procedures in order to better carry out this office and/or supervise the work of the co-workers.

### ***1.3 Support and collaboration of the laity***

**14.** In the Congregation today it is useful for the Financial Administrator to be supported in her work by lay co-workers who must possess the necessary skills and be particularly sensitive to the aims of the Congregation. They must report to the Sister in charge on a regular basis.

## **Chapter 2**

# *Finances in the Code of Canon Law*

### **Preface**

**15.** The Church must be faithful to Christ by conforming to the Gospel in its every action.

Canon Law prescribes how to be faithful to Christ in the social arena and addresses the nature and finances of Religious Institutes, underscoring the features that distinguish them from civil institutions.

### **2.1 The provisions of Canon Law**

**16.** Abiding by the laws and directives of the Church does not prevent the individual Institutes from developing special characteristics such as, for instance, the interpretation of canons referring to the administration of temporal goods, in keeping with its own Constitutions and policies.

The Congregation, having taken stock of its accomplishments, may, if necessary, choose to change direction even significantly, but always in keeping with the charism. This is what distinguishes it from not-for-profit organizations, which do not have the same autonomy to change direction inasmuch as they have limited powers.

### **2.2 The charismatic plan and the evolution of ministries and services**

**17.** Religious Institutes have contributed to the establishment of many social, religious, educational and charitable works in the countries in which they operate. Knowing the problems that contemporary society is faced with makes it possible to identify the new needs and hence the new forms of apostolate. The Institutes, encouraged by the Documents of the Church, are invited to maintain, conduct and improve their activities according to the needs of the time and places, introducing the suitable techniques and adequate tools.

### ***2.3 Bearing witness to Christ through the evangelical counsels***

**18.** Religious Institutes and not-for-profit organizations pursue different objectives. Although they are often engaged in the same social work, religious institutes must prove

- the constant devotion of their members, which flows from a personal observance of the evangelical counsels,
- their belonging to and union with the Church,
- the sobriety of their lifestyle,
- their commitment to share through an economy based on communion,
- and finally their credibility by means of a transparent administration which shows that they are not interested in achieving an economic gain.

### ***2.4 The sisters provide for the financial resources of their institute***

**19.** The Sisters, not as employees but as active members of the Congregation, through their service and work, generate a large portion of the revenues required to support the communities and works. We rely first and foremost on our work. Ignoring this would mean misrepresenting the current financial situation.

**20.** The Congregation must provide for the needs of every Sister: formation, room, board, health, support and care when she grows old. The Sisters have surrendered of their own free will every right over the income generated by their work and, although they live in the community of the religious family, they acquire no rights over the property of the Institute.

## **Chapter 3**

# ***Rules of our proper law governing the economy of the Congregation***

### **3.1 Property and goods of the Congregation**

**21.** The goods of a Congregation consist of immovable assets (buildings and land) and movable assets (all other goods).

They are commonly referred to as fixed assets and are subdivided into three groups:

- intangible fixed assets: software, copyrights, intangibles in general;
- tangible fixed assets: buildings, land, furniture and fittings, systems, machinery, electronic and electrical office appliances, equipment, vehicles and other similar goods;
- financial assets: investments and the like.

**22.** The property of the Congregation (immovable and movable assets) is administered by its members according to the Constitutions and Directory and in compliance with local regulations.

**23.** The fund of the Generalitial House comprises movable and immovable assets, legacies in the name of the Congregation, spontaneous donations to the fund and contributions by the Delegations. It is managed by the Superior General and her Council.

**24.** The Congregation needs economic resources, which are indispensable in order for it to pursue its charismatic plan and to meet the needs of the Sisters. It shall purchase, use, administer and alienate economic goods only as long as it can guarantee its ability to run the works effectively, provide formation to the Sisters, carry out its mission and give to all the Sisters the support they need (Cost.268). Such acts of administration must comply with Canon Law and the Constitutions.

**25.** The entire Congregation – General government, Delegations and every community – must avoid carrying out financial transactions that are contrary to a poor lifestyle.

In order to be consistent and transparent in our economic choices, we must bear in mind the social and economic situation of the places we work in and the approach of the local Church.

### ***3.2 Formation in the area of economic management***

**26.** Knowledge and awareness of the economic situation of the Congregation and its financial prospects for the future underpin the decisions made by the competent Governments.

**27.** It is the task of the General Administration to educate the Sisters to responsibility in economic, management and administrative matters by organizing conferences and meetings and providing educational and information material.

**28.** In every area of administration the General Administrator must keep herself abreast with advances in civil and Church legislation in order to act accordingly and check the results of her own and her collaborators' work, comprehend the advice offered by experts as best as she can, and manage the skills of the people who work with her in a satisfactory way.

**29.** The General Administrator provides the Administrators with the necessary IT book-keeping and filing tools, homogenous accounting and reporting models, for the purpose of stepping up the administration system so that data regarding the economic and financial situation of the whole Congregation may be quickly and easily retrieved.



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### **3.3 The economic and financial organization of the Congregation**

**30.** The economic and financial organization of the Congregation includes: the General Administrator, the District Administrator, the local Administrator.

**31.** Administration at the various levels must be based on a unique, clear system that can be easily checked. The Administration Directory provides the necessary indications and instructions to achieve this. The *Implementation Handbook* (Part II of the Administration Directory) must be implemented and updated by the General Administrator, with the help of co-workers.

**32.** *Inventories* of the goods and payables to suppliers, banks and others must be kept at all levels of administration. They must be signed by the Administrator and by the competent Superior. They must include immovable goods as well as the other goods used by the communities. A copy must be sent to the next level of administration.

## Chapter 4

### *Persons charged with economic management*

#### **4.1 The general administrator**

**33.** The General Administrator is at the head of the general administration, a technical body that coordinates the management of the property of the Congregation and makes financial policy decisions following the directives of the Superior General and her Council (Const. 204-205).

**34.** The General Administrator represents the Congregation in administrative relations with ecclesiastical and civil entities, if necessary by means of the Legal Representatives of the Delegations.

**35.** Every year the General Administrator presents to the Superior General and her Council the individual, aggregated and consolidated *budgets and balance sheets* of the entire Congregation. The documents required must account for the complete economic and financial situation.

**36.** The General Administrator supervises the District administrations with the help of persons she trusts.

It is the task of the General Administrator to:

- Coordinate information relating to the economic situation of the Districts by drawing up the periodic Report which is sent to the respective administrators and presented to the General Council;
- Update the inventory of the goods of the Congregation every year;
- Draw up the general annual report and submit it for approval to the Superior General and her Council;
- Collect data on the economic and financial status of the Congregation for the global report which is to be presented at the General Chapter;
- When so instructed by the Superior General, to provide assistance to the individual administrations by offering advice and suggestions, and reporting back on their situation.



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## **4.2 The district administrator**

**37.** The District Administrator collaborates, in compliance with Canon Law, civil law, and proper law, with the General Administrator in managing and administering the goods of the Congregation, so that it may proceed in unison. With the District Superior, every year she reports to the General Government on the administrative management. If she is not a Councillor, she participates in the Council meetings concerning economic and administrative matters but does not have the right to vote (cf Const. 217-219-222-269).

**38.** Under the responsibility of the Superior, the Administrator manages and administers the goods of the District in compliance with Canon Law, civil law, and proper law.

Every year, the Administrator presents to the Superior and her Council the individual and aggregated budgets and balance sheets of the entire District. She submits a comprehensive report on the economic and financial situation whenever she is requested to do so.

**39.** It is the task of the District Administrator to:

- Implement the District government's decisions regarding finances;
- Coordinate commercial activities;
- Coordinate information on the economic situation of the communities by drawing up a periodic report (model proposed by the General Administration) on the basis of the information sent by the respective local administrators and present it to the District Council;
- Update the inventory of goods every year;
- Draw up the general annual report and submit it for approval to the District Superior and her Council;
- Collect data on the economic and financial status for the global report to be presented at the District Chapter/Assembly;
- When so instructed by the Superior General, to provide assistance to the individual administrations by offering advice and suggestions, and reporting back on their situation;
- Draw up the annual accounts to be sent to the General Administrator.

### **4.3 the local administrator**

**40.** The local Superior is always responsible for the administration of a community, even when a local administrator is appointed by the Superior General (cf. Constitutions 226-229 and Directory 229.1).

It is the task of the local Administrator to:

- Present periodically the accounts of the house to the Superior, who informs the community on the economic situation according to the Community Plan;
- Draw up periodically the accounts to be sent to the District Administrator.

**4.4 End-of-assignment handover** for the Administrator and for the Sisters who manage any activity in the Congregation

**41.** At the end of their mandate, the Administrators and Sisters who manage any activity in the Congregation present to the competent Superior:

- a. A report on her economic and financial administration;
- b. The complete inventory of movable, immovable and financial assets;
- c. A list of the medium- and long-term investments;
- d. All attachments (list of suppliers, banks, loans, receivables, etc.);
- e. A list of commitments and payments (taxes, insurance, privacy, authorizations and other);
- f. A report with relative documentation on pending disputes (civil, fiscal, relating to taxes, social security contributions, etc.).

Part III, dedicated to Attachments, contains a model relating to the end-of-assignment handover.

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#### **4.5 Legal representatives**

**42.** Legal Representatives are appointed by the Superior General and her Council. Representation and tasks vary from country to country depending on government decisions.

**43.** All legal actions taken by the Legal Representative, directly or after deliberation, require a mandate from the Superior General.

**44.** The Legal Representative, with the authorization of the Superior General, may, if necessary, give power of attorney to a trusted person to take legal actions valid in a civil court.

#### **4.6 Consultants**

**45.** According to Canon Law and to the Constitutions, the Congregation can be governed only by its own members. Decisions are taken by the authorities of the Congregation.

**46.** Consultants are to provide professional advice periodically on specific matters.

**47.** In order to carry out his or her mandate in a satisfactory way, the Consultant must interact with the Administrator and have access to all information and documents relating to the task he or she is to carry out.

**48.** The terms of a consultation or collaboration should be put down in writing. It is necessary to indicate the service that is being requested, how it is to be provided, the timeline and duration of the mandate, the terms of payment. The results should also be evaluated.

#### **4.7 Employees and collaborators**

**49.** Relations with employees and collaborators working at the centres and communities of the Congregation require careful management and a deep

sense of justice. In every country in which the Congregation is present, the people who work for us are remunerated in keeping with the local laws and contracts. Employees always receive a fair salary in relation to their tasks, skills and quality of work.

**50.** If substantial projects are outsourced to professionals, craftsmen or workers, a procurement contract is always drawn up, verifying the legal status of the workers employed while protecting their rights and safety.

#### ***4.8 Ancillary staff and volunteers***

**51.** Relations between the Congregation and volunteers are governed by the regulations in force in every country.

## **Chapter 5**

### **The financial assets of the Congregation**

Cf canons 1257 §1, 634:640 of the CJC, the Constitutions and the Directory

#### **5.1 Administration of financial assets**

**52. Administration** refers to all acts of administration that contribute to increase or decrease the patrimony of the Congregation based on the management of Communities, works, movables and immovables.

**53. Ordinary administration** refers to all acts of administration relating to the day-to-day management of the activities and patrimony of the Congregation; such acts do not produce changes. They involve the everyday running of a community or activity and the maintenance of buildings in order to keep them in good condition. The hiring of employees in replacement of others is an act of ordinary administration.

**54. Extraordinary administration** refers to all acts of administration that produce even substantial changes in the patrimony of the Congregation:

- purchase or sale of real estate;
- choice of investments or disinvestments;
- major restructuring or maintenance projects;
- hiring employees that increase the total number of staff;
- expenses that are outside of the normal scope of running a community or activity.

**55. The work of the Administration** involves:

- managing financial resources, investments and real estate;
- dealing with legal matters relating to legal representation, work contracts, procurement contracts, disputes, legislation in general and property;
- liaising with the Major Superiors, Districts, Communities and Works of the Congregation;
- liaising with staff, consultants, suppliers, banks, tax authorities, local employment bureau, and other offices which set out obligations that must be met;

- book-keeping, drafting budgets and balance sheets, statistics, audits and revisions;
- managing the archive containing legal records relating to legal status, ownership of goods, cadaster certificates, investment documents, procurement contracts, contracts with employees, accounting and fiscal records.

## Appendix

### Code of Canon Law

**1.** Indication of the canons dealing with issues of primary importance in the area of administration/finances:

- cc.113-114-115 Juridical persons in the Church: religious institutes.
- c.586 Autonomy of life, governance and preservation of the patrimony.
- c.634 Religious institutes are public juridical persons.
- cc.634:640 Temporal goods and their administration.
- c.636 §2 Rendering an account of their administration: time and manner.
- c.670 Duty of the institute towards its members.
- cc.1259:1272 Acquisition of goods.
- c.1280 Financial bodies.
- c.1283 Inventory of immovable and movable goods.
- cc.1273:1289 Administration of goods.
- cc.1290:1310 Contracts and alienation.
- cc.1299:1310 Pious causes, intentions and pious foundations.

Book V, cc.1254:1310, contains provisions relating to the goods of religious institutes.

Always pay special attention to the canon indicated and to its sections:

- c.1284 § 1 Spirit that must animate administrators

§ 2 Duties of the administrators:

1°.

Vigilance and insurance;

2°.

Safeguarding ownership;

3°.

Observance of the provisions of Canon Law and taking care that damage is not suffered through non-observance of the civil law;

4°.

Collection of goods and income;

5°.

Payment of interests and debts;

6°.

Investments;

7°.

Accounting;

8°.

Annual report;

9°.

Archive and records.

§ 3

Recommends that administrators draw up a budget of income and expenditure; it is then left to particular law to make this an obligation and to determine how it is to be presented.

## *Code of Canon Law analytic reading*

### **2.** Analytic reading of canons relating to finances:

#### Alienation

- of goods belonging to religious institutes: can.638;
- of ecclesiastical goods in general: can.1254, §1;
- Requirements: can.1291:1293-can.1715, §2.

#### Administration

- Guidelines relating to finances: cc.1273:1289.

#### Archives

- Guidelines relating to finances: c.486, §2, §3-c.487, §1-cc.488:491-c.1283, §3-c.1284, §2, §9-c.1306, §2.

#### Temporal goods of the Church

- Notion of ecclesiastical goods: c.1257 §1.

#### Consensus

- Initiatives laying claim to the title "catholic": c.216;
- Schools laying claim to the title "catholic": c.803, §3;
- Alienation of property: c.1292, §1.

#### Financial advice

- Levy on juridical persons: c.1263;
- Finance committee: c.1280-c.1287, §1-c.1292, §1-c.1305-c.1310, §2.

#### Consultation

- Advice or consent: c.127.

#### Donors

- Canonical and civil provisions: c.1284, §2.3-c.1302, §1.

#### Donations

- in favour of the Church: c. 1261, §1-c.1262-c.1266.

#### Group of consultors

- Over financial matters: c.1292, §1.

#### Ordinary

- Notion: c.134, §1;
- Acts having juridical effect: c.474;
- Temporal goods: c.1267, §2 - c.1276, §1 - c.1279 - c.1281 - c.1284, §2.6 - c.1288 - c.1301 - c.1302 - c.1304 - c.1305 - c.1310.

#### Local ordinary

- Notion: c.134, §2-c.474;
- Responsibility towards religious institutes: c.586, §2;

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- Alienation of goods: c.684, §4;
- Financial responsibilities: c.1287, §1;
- Fund raising: c.1265, §1.

## Juridical person

- Juridical persons: cc.113:123;
- Religious institute, province, house: c.634-c.639.

## Poverty

- Invalidation of actions: c.668, §5.

## Prescription

- Reference to civil legislation: c.197;
- Means of acquiring goods: cc.1268:1270.

## Presumption

- Notion and types: cc.1584 : 1586.

## Property:

Acquisition and loss by prescription:  
c.197 - cc.1268 : 1270;  
of the Church: cc.1254 : 1310.  
Financial capacity: c.634, §1 - c.636,  
§1.

## Financial responsibility

of the juridical person: c.1281, §3;  
of the institutes of consecrated life:  
c.639.

## Restitution of the administrator

Prohibition to relinquish arbitrarily:  
c.1289.

## Superior

Alienation of goods: c.638, §3.

## Taxes

Levies and offerings: c.1263 - c.1264.

## Will

of the religious: c.668, §1;  
In pious causes: c.1299, §2 - cc.1300  
: 1302;  
of the goods of religious houses:  
c.616, §1.

## Office

Notion: c.145;  
Power of governance: c.131, §1;  
Religious institutes and financial admin-  
istrator: c.636, §1.

# Part two

## *The implementation handbook*

### *Introduction*

### *Chapter 1* *Administration*

#### **1.1** Accounting

### *Chapter 2* *Planning and budgeting*

#### **2.1** Planning

#### **2.2** The budget

### *Chapter 3* *The annual accounts*

#### **3.1** The balance sheet and profit and loss account

#### **3.2** The chart of accounts

## Part two

# *The implementation handbook*

### ***Introduction***

Our day-to-day life is constantly evolving; the contexts in which we operate are changing deeply and ever more rapidly. This means that we must adapt our administration system to respond to the new management needs. The simple form of administration we have adopted so far is not fit to meet the new requirements laid down by the civil and tax laws of every country. What is more, as a result of the current social and financial crisis, poverty is on the rise and there is a greater need for social justice in the world, so that we are called to manage the ever limited resources we dispose of responsibly and to the best of our capabilities and to offer future prospects.

We need to transition from administration to management!

The implementation handbook presents the tools that are required for the sound management of our resources.

## *Chapter 1*

# *Administration*

### *1.1 Accounting*

**1.** The Congregation must adopt a sound accounting system based on universal standards. The communities and works are to use the same accounting system in order for their accounts to be easy to read and understand. The accounting beginning and year-end dates should also coincide in order to facilitate the comparison, analysis and consolidation of data. Every community and work must adopt an accounting structure suitable for its needs.

**2.** The tools and documents used in administration are:

- **Chart of accounts.** It is a list of all the items contained in general accounting. These items are organized in hierarchical structures of three or more levels. Such levels are most commonly referred to as ledger/account/sub-account or group heading/account/subaccount.
- **Daybook.** It is the document in which transactions are recorded for the first time. It has become almost virtual, thanks to the accounting software currently available; nevertheless, it is essential in order to identify and group together basic entries. In fact, every single basic debit or credit entry can be identified on the basis of its daybook number and date and of the corresponding ledger account.
- **Journal.** It contains the entries in chronological order. For every basic entry (one daybook line) it indicates at least: the date, the corresponding chart of accounts item, the credit or debit amount. It is mandatory for tax purposes but is of little relevance from a management standpoint. The paper document consists of a series of numbered and stamped sheets.
- **VAT registers.** Like the journal, they contain in chronological order all entries referring to a VAT account/subaccount. They are mandatory documents that come with a monthly or quarterly summary indicating whether the tax is to be paid or reimbursed.



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- **Ledger.** It has the same structure as the chart of accounts. It contains all entries relating to each item recorded in two separate columns (credit and debit) and the balance at the time it is written. For special account classes (such as clients and suppliers) the term 'subsidiary ledger' is also used.
- **Financial statements.** They summarize the economic and financial situation of a company and are comprised of five sections: Balance Sheet – Assets, Balance Sheet – Liabilities, Suspense Accounts, Income Statement, Notes to the accounts.

**3.** Works subject to taxation must comply with the deadlines set by local legislation; such transactions are to be recorded in a **schedule of commitments and payments**. It is recommended that all other communities and works register transactions on a daily or weekly basis. Within sixty days of the end of the month, all registrations must be completed, banks and suppliers must be reconciled, the monthly/quarterly trial balance must be drawn up and compared against the budget in order to check whether there are any deviations.

## *Chapter 2*

### *Planning and budgeting*

#### *2.1 Planning*

**4.** Planning is the process whereby we set the objectives that we wish to reach, after having determined their feasibility. We do so by identifying the strategies required to fulfil them and the resources needed to implement them.

**5.** Planning is more than just making forecasts. It involves making decisions as to:

- the objectives we want to reach within a given period of time. These objectives must be **SMART** (**S** = specific, **M** = measurable, **A** = achievable, **R** = realistic, and **T** = time-bound);
- the activities required to accomplish the objectives and the resources (human, material, financial, etc.) needed to carry them out;
- the time, ways and means needed to acquire resources, if they are not available.

**6.** Planning that translates the Mission of the Congregation into specific objectives is known as 'strategic planning' and is long-term.

**7.** Planning that translates strategic objectives into management objectives is short-term; it usually covers one year and is known as 'operational planning'.

Operational planning cannot be distinguished from budgeting because the two processes often overlap.

**8.** Effective planning requires that the following be considered:

- **Needs:** needs are problems detected within the Congregation or apostolic service;
- **Priorities:** the Sisters in a position of responsibility, having identified the needs, must evaluate them in terms of our charismatic plan and set priorities;

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- **Goals:** they are general goals or targets to be set. They are not time-bound and are in keeping with the charism;
- **Objectives:** the result one wishes to achieve within a given period of time is an objective. The Congregation fulfils its purpose by achieving the objectives it sets out for itself. Objectives must be set and must indicate the implementation strategies.

### **9.** The **planning process** involves the following steps:

- consider the aims of the Congregation;
- evaluate the current situation in relation to the aims and objectives;
- make forecasts regarding the present and future;
- present the objectives and strategies to achieve them, listing the activities to be carried out, resources to be used (human, material and financial), and time required;
- assign responsibilities;
- coordinate the activities involved in the process;
- go over and assess the activities.

**10.** In order to reach an objective, programming is required next to planning. It is important to write a clear preliminary report that makes it possible to estimate the activities and resources needed to achieve the objective. Programming involves making an analysis of alternatives, quantifying resources needed and potential benefits obtained, and calculating costs/benefits.

### **11.** Sound programming requires:

- **Setting the programme:** objectives pursue general aims, while programmes pursue specific objectives and must be selected and supported on the basis of the benefits they bring in relation to the resources employed.
- **Programme estimates:** the costs for every programme must be identified through cost estimates. All costs must be included and calculated for the entire duration of the programme.
- **Estimates for multiannual programmes:** if the programme is expected to last several years its costs should be estimated beyond the first year so that the Sister in charge may have a realistic idea of the resources that will have to be invested in the subsequent years.

- **Programme assessment:** it is provided in a report that must set out the various stages of the planning process. It must also present the tools used for monitoring the programme, the indicators used to evaluate the result to be achieved, and a description of how the specific programme fits into the general plan of the Congregation.
- **Programme continuity:** effective planning must allow for an ongoing evaluation of the action undertaken. This is very important in a setting such as ours, in which there is a constant turnover of persons in positions of responsibility. In this way, it is possible for those who take over to identify the aims, embrace the objectives and evaluate the results of a programme according to the original plan. If the results achieved are positive (cost/benefit ratio) the action undertaken may be continued and the programme carried forward.

**12.** Planning in our Congregation is based on some important principles: the need to make all the Sisters aware of the importance of this tool, which makes it possible to use our resources to pursue specific objectives; the need for everyone to be involved in the planning process; a shared interest on the part of all those who participate in the implementation of the programme; an evaluation of the results; an evaluation of how the charismatic plan is pursued through the fulfilment of objectives.

**13.** The **business plan** is a future forecast and as such is subject to risks, inaccuracies and criticalities. Keeping forecasts updated will reduce risks to a minimum inasmuch as unforeseen difficulties or inaccurate forecasts can be corrected in real time.

**14.** The reports that form our business plan are:

- a. the budget (forecast profit-and-loss account and pro-forma balance sheet);
- b. projected financial requirements (operating cash flow).

**15.** The service we render in our works and communities flows from the choices and priorities expressed by the Congregation. Although the Institute



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does not pursue a profit but founds its work on charismatic aims and Christian values, it is nevertheless necessary to constantly monitor the balance between income and expenditure.

**16.** Plans include:

- a. Short-term operational plan (1 year);
- b. Plan based on long-term forecasts: 3-5 years (called strategic plan);
- c. Plans for individual works and projects;
- d. Plans for managing real estate;
- e. General plan or general project.

### ***2.2 The budget***

**17.** The budget is an essential programming and controlling tool in the management of our works, communities and assets. It is indispensable for sound management, inasmuch as it makes no room for improvisation.

**18.** The budget indicates which and how many resources are available, or missing, during a given period of time: the financial year is usually considered. It shows the assets available and the expected receipts and indicates the resources that will be employed during the period considered.

**19.** The budget contains rough projections, which however help us not to lose sight of our objectives and at the same time allow us to check the financial situation and control costs. The budget is especially useful because it helps the central government and the administrator to allocate the necessary resources to specific objectives.

**20.** In the works, cost projections are based on the projected income generated by the activities. In the communities, cost projections are based on apostolic and evangelization projects, the number of Sisters present, the size of buildings, their condition and maintenance required.

**21.** Cost and receipts projections are based on an analysis of the costs and receipts of the communities, activities and of similar projects carried out previously.

**22.** For new initiatives, projections must be made by gathering all useful information from reliable sources and competent persons. Clear and exhaustive documentation must be submitted, offering to the Superiors a clear picture of the situation so that they can make a prudent decision with full knowledge of the facts.

**23.** The budget includes the profit and loss account (see n. 30) that shows the costs, receipts, and any profits or losses. The budget is the set of all projections of the community, work or project.

**24.** Every quarter, the estimated budget must be compared against the summary of costs and receipts in order to identify at once significant deviations and take action promptly, before problems get out of hand or opportunities vanish.

### ***Budget characteristics***

**25.** The budget includes the profit-and-loss projection and the cash-flow budget. The estimate of costs and receipts provides the elements needed to draw up the cash-flow budget. These are the main tools to control liquidity.

**26.** With this tool it is possible to:

- **estimate** financial requirements;
- **identify** needs in due time;
- **verify** the feasibility of a new project;
- **evaluate** the possibility of cutting down the costs of a work or a community;
- **decide** to do extraordinary maintenance on a building;
- **consider** whether to continue or wind up an activity, maintain a community, keep a building;
- **curb** costs in order to be able to dispose of liquid assets;
- **avoid** running out of liquid assets, which would call for the sale of part of our real estate.

**27.** The budget must be drawn up according to a fixed model so that it can be easily compared, read and understood. It must therefore include: the chart



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of accounts model used for bookkeeping entries and the balance sheet model used to draw up the final balance. Criteria, conditions and hypotheses are to be indicated in the notes to the accounts, in order to remember how the calculations were made and to facilitate comparing the data against the final balance. These operations, among other things, allow us to better appreciate how finances work through an understanding of the real relationship that exists between an objective, its implementation costs and the gathering of resources required.

**28.** The annual budget of each community and work must be approved by the competent Superior before the beginning of the financial year to which it refers:

it must be drawn up three months before the end of the financial year by the local communities and individual works;

it must be received by the general administration two months before the end of the financial year;

it must receive the final approval of the general administration one month before the end of the financial year, once the necessary adjustments are made.

## ***Chapter 3***

### ***Annual accounts***

#### ***3.1 Balance sheet and profit and loss account***

**29.** The **balance sheet** summarizes the financial position (assets, liabilities and equity) as of the accounting year-end date (fiscal year closing). It shows the quality and quantity of the assets owned by the Congregation.

**30.** The **profit and loss account** shows the quality and quantity of the financial year results (difference between income and expenditure). It is represented through the items that refer to income (revenues-receipts) and expenditure (costs-charges).

**31.** The **annual accounts** consist of the balance sheet and the profit and loss account. They contain figures relating to the assets, income and expenditure of a community or work referring to a financial year. They register a profit (surplus) if income exceeds expenditure; a break-even, if income and expenditure balance; a loss, if expenditure exceeds income. The annual accounts also indicate if there have been variations in costs or receipts as compared to the budget.

**32.** All of the annual accounts of the communities and works make up the **consolidated accounts**, which represent the economic and financial situation of a District or of the entire Congregation.

**33.** The annual accounts and the management report of the communities and works must be drawn up three months before the end of the financial year and sent to the general administrator, who approves them and unifies the annual accounts in order to draw up the consolidated accounts of the Congregation.



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### **3.2 The chart of accounts**

**34. The chart of accounts** contains all the bookkeeping accounts used by the Congregation to record its transactions according to the *double-entry system* (Footnote) and varies depending on the activities carried out. Its purpose is to obtain analytical information through the subaccounts and, at the same time, summary information through the *ledger accounts*. The chart of accounts includes the list of accounts and the notes to the chart of accounts.

**35. The list of accounts** includes: the balance sheet item, the ledger account and the subaccounts.

A code (usually numeric) is assigned to every subaccount in order to facilitate its identification. This code is subdivided into two parts, which are separated by a dot: the first part indicates the group heading and the second part the relevant account. The first two levels of the list of accounts must be the same for all, while the third level is adapted to the local needs.

**36. The notes to the chart of accounts** explain how the subaccounts work and what the figures they express mean. They contain the code and name of the subaccount, the group heading it belongs to, its content, how it works (the debit entries and credit entries to be made in the ledger accounts and T accounts) and any notes.

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**Footnote:** [In 1494, the mathematician Fra Luca Pacioli, known as il Paciolo (1445-1517), introduced the method of double-entry bookkeeping for the first time in his book “Summa di arithmetica, geometrica, proportione et proportionalita”, in the chapter entitled “Tractatus de computis et scripturis”].

## Part three

# *Annexes*

- Annex 1:** agreement model
- Annex 2:** end-of- assignment handover
- Annex 3:** account books
- Annex 4:** administrative archive of the work
- Annex 5:** inheritance, legacies and donations
- Annex 6:** template for the drawing up of a will
- Annex 7:** outline for the internal regulations of the works



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Annex 1

### Agreement model

Reported below is an agreement model to be used in the case of agreements stipulated between the Congregation and an organization or another religious institute.

#### AGREEMENT

Between

The Congregation (specify the organization involved), with headquarters in....., represented for the purposes of this deed by the Legal Representative (or by the Superior General),..... (first name and last name), tax code.....

AND

The Organization .....

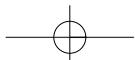
Whereas

.....  
.....

Having premised the above, the parties agree and stipulate

- 1. The preamble is an integral and essential part of this agreement.
- For the Congregation
- 2.
- 3. ...
- For the Organization ...
- 2.
- 3. ...
- For the Congregation ... and the Organization ...
- 2.
- 3.
- 4. This agreement has a duration of..... years, as of.....
- 5. This agreement cannot be cancelled or modified in advance without the mutual agreement of the contracting parties.

Organization	Congregation
General Manager	Superior General (or legal representative)
Date.....	



## ***End-of-assignment handover***

When leaving their office, administrators, those in charge of works and those responsible for managing any activity of the Congregation will hand over the following documents to the relevant Superior:

- *A report on their management and administration activity*
- *A complete statement of assets and liabilities, economic balance sheet and financial budget*
- *A written statement to be delivered to their successor which should read as follows,*

In leaving my office as.....,  
I am handing over to the Superior.....  
(first name and last name) the following documents and information updated to (day)..... (month).....(year).....

### • **Accounting**

- Accounting system adopted: daynote, ledger, records containing profit and loss accounts and depreciable assets;
- Bank accounts, bankbooks, bank account statements
- Cash flow
- Loans: details, motivations, amounts
- Debts: long- term debts, amounts, obligations

• **Clients and suppliers:** with how many clients and suppliers there are outstanding debts and for what amount, when do the debts fall due, what kind of client/supplier relations and supply agreements exist, with which suppliers should contacts be maintained and which should eventually be replaced.

• **Expenditures subjected to authorization:** in the budget, under way, recently completed, authorization details.

### • **Employees:**

- Employee register
- Pay envelopes

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- Service agreements in force: type of service contracted and carried out by each employee, remuneration, seniority, other possible arrangements
- Contributions to social security funds.
- **Professionals and consultants:** name, address and phone number, frequency of consultancy, fees –invoices and advance withholding tax applied.
- **Maintenance:** who is in charge, address and phone number and compensation.
  - Heating system
  - Water supply system and sanitation
  - Masonry work and varnishing
  - Carpenter
  - Electrician
  - Motor vehicle mechanic
  - Office equipment and computer technician
  - Greengrocer and gardener
  - Elevators
  - Fire detectors
  - Other items...
- **Kitchen, laundry, linen cupboard:** persons in charge, systems, supply mode, equipment.
- **Warehouses or deposits:** which, where and how are they used.
- **Vehicles:**
  - Name appearing on the registration card of each vehicle
  - Condition of individual vehicles
  - Maintenance card
  - Who keeps the keys and where
  - Who normally uses them
  - Who is in charge of their maintenance at home
  - Insurance: policies, insurance companies, claim report forms.
- **Office equipment:** features, present condition, users, maintenance technician, maintenance contract, maintenance cards.
- **Insurance:**
  - Fire insurance and insurance against theft
  - Public liability insurance

- Accident insurance
- Insured values or number of insured persons
- Premium, expiration date.
- **Inventory** updated to the day of the handover.
- Purchase invoice of inventoried goods
- Records with depreciations.
- **Archive:**
- Title-deed and origin of real estate
- Register of active and passive rights and servitudes
- Municipal documents
- Agreements with other institutions, dioceses, local, regional or national authorities
- Lease agreements
- Bare contracts, terms and conditions, duration, expiration dates
- Invoices and contracts, building or restructuring contracts under way or planned
- Invoices for motor vehicles, office equipment and furniture
- Wills of the members of the community or others.

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## **Account books**

- 1.** For each area of management involving cash transactions, a ledger should be kept. The ledger should have two columns, one for income and the other for expenditures.
  
- 2.** The following documents should be kept and updated at the administrative office:
  - *Auxiliary supporting records*: ledger, bank account and postal current account register, sales and purchase ledger.
  - *Documentation*: binder containing invoices issued, invoices received and other documents certifying expenditures.
  - *Tax records*: tax assessment notices, customer care contracts, inspection booklets for systems and equipment.
  - *Personnel*: employee register, pay-envelopes, accident book.
  - *VAT*: VAT registers: purchases, corresponding amounts, invoices, payments and statements.
  - *Income*: journal books of prime entries, inventory book, book of depreciable assets, annual tax return.

## ***Administrative archive of the work***

*The archives should contain the following documents:*

- Property deeds: contract of purchase or sale of real estate or assets, along with plans, maps and records;
- Lease contracts, bare contracts;
- Updated land certificates;
- Authorizations by the Superiors to purchase or sell property or for construction work, with the relevant plans;
- Decree certifying the legal recognition of the entity;
- Appointment of the legal representative;
- Deeds of certification of inheritance: deeds of acceptance and government authorizations, wills, legacies, list of charges;
- Copy of mortgage deed and document showing the mortgage installments paid;
- Insurance policies;
- Tax assessment notices;
- Statements and tax payment receipts;
- Caution money certificates (electricity, water and telephone);
- Easement rights: passage of power lines, telephone lines, gas pipes, water pipes, sewage system;
- House plans;
- Plans of the sewage and waste water system, of the water pipes, electrical systems and telephone lines;
- Fitness for human habitation of the buildings, fire detectors;
- Copy of administrative reports;
- Letters and correspondence with banks regarding the granting of credit lines and establishing loan interest rates;
- Records, bank statements, statements of lodged securities;
- Inventory.

*Parte three: annexes****Inheritance, legacies and donations***

Bursars should make sure that donations, legacies and charitable foundations be preserved and administered according to the intention of the benefactor and the needs of the house to which they are left, in accordance with the norms established by Canon Law, the Congregation's own law and the Civil Code. Cash donations made to any of our houses may be accepted by any sister, and as a rule cannot be rejected without a valid reason. In case of considerable amounts of money, it would be prudent to ask the donor or the entity involved to draft a statement certifying the ethical origin of the donation.

Whenever donations are made by means of a legally valid formal deed, the legal representative must be involved, with the authorization of the Superior General.

If a benefactor wishes to leave his or her assets to the Congregation by means of a will, it is important to provide the appropriate name of the entity representing the Congregation at the local level. An inheritance or legacy without fees may be accepted by the legal representative, who must have received due authorization by the Superior General.

The acceptance of any inheritance, legacy or donation involving the payment of fees requires the authorization of the Superior General with the consent of her Council.



## ***Template for the drawing up of a will***

*A will must be written entirely by hand and must bear a date and signature of the bequeather. Two copies should be drafted, one to be kept by the bequeather and the other to be sent to the Superior General in a sealed envelope.*

*Anyone wishing to manifest their feelings or express their reflections (by way of a spiritual will), should use a sheet of paper other than that containing the instructions for the distribution of their estate and economic and financial assets, for the sake of prudence and convenience.*

### **TEMPLATE**

I, the undersigned....., being of sound and disposing mind, hereby revoke all previous wills.

I bequeath the whole of my estate, property and effects, whether movable or immovable, as follows:

I bequeath any estate, property and effects, whether movable or immovable, inherited from my family (describe assets) to...

I direct that any movable or immovable assets in my name as the holder of an executive or administrative post in the Congregation of the Rosminian Sisters of Providence (bank accounts, postal current accounts, securities, motor vehicles, immovable property, etc.) or that I may have received exercising such capacity in the afore-mentioned Congregation, as well as any benefits deriving from my work (salary, termination indemnity, copyright, etc.) and any compensation for damages paid by insurance companies, ... be devolved to the legally recognized entity, ... and that they be used for the purposes pursued by the entity.

signed

place and date

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## Annex 7

***Outline for the internal regulations of the works***

- *Identity and mission of the works of the Congregation ...*
- *Nature of the beneficiaries of the individual works ...*

- **The purpose of staff regulations** is to adopt general guidelines regulating the work and behavior of employees, in compliance with the general principles of diligence, fairness and collaboration, and consistent with the principles of human solidarity and evangelical charity which inspire the activity of the Congregation of the Rosminian Sisters of Providence.

This document thus integrates and illustrates the normative and contractual principles which regulate the employment relationship.

These regulations apply to all the staff directly hired by the Congregation or outsourced by cooperatives.

The provisions contained in the internal regulations especially appeal to the sense of responsibility and collaboration of individuals. However, failure to abide by them may constitute a breach of the regulations under the current provisions of the law and of the contract.

- **The staff** working in our services and facilities is to ensure an effective, humanizing and gratifying service in an attitude of mutual respect of the different roles and competences, and in a spirit of fraternal harmony.

Cognizant of the importance of human relationships, our staff commit to establishing with the beneficiaries of our works and their families relations based on dialogue and readiness to serve. Their attitude towards the outside world will thus be consistent with the spirit and mission of the structure.

From the time in which they are hired, our co-workers are aware of being part of an institution of the Catholic Church. They are thus called to contribute to the achievement of the institute's goals and ensure that the facility reflects the charism of the Institute and with their attitude and respective work.

To constantly develop their competences, the staff shall avail themselves of the tools available for human, ethical, charismatic and spiritual formation and reskilling.

- **Employment relationship:** the administrators of the work, with the consent of the local superior, will fulfill the formalities connected with the establishment, performance and termination of employment relationships with their staff, in accordance with specific procedures. In particular, whenever hiring new staff, they will request the necessary documentation and will make sure that the required medical clearance has been provided, in addition to managing personnel and possible transfers within the facility and organizing work shifts.

When workers outsourced by other organizations provide their services in our houses and/or activities (*Cooperatives, Associations...*), the sister in charge will have to liaise with their manager to avoid any sanctions that might derive from the substitution of labor force. At the beginning of the employment relationship, the sister in charge will deliver a copy of the internal regulations to the employer.

- **On-the-job behavior**

Staff must diligently perform their professional tasks and scrupulously observe the duties connected with their work. In particular, they are to:

Be ready to harmoniously and cordially collaborate with their colleagues in close cooperation with their superior;

- Abide by the measures adopted by management;
- Observe the principles of professional secrecy and confidentiality vis à vis the beneficiaries of the work;
- Observe the standards of good civil and moral conduct and respect religious practices;
- Refrain from taking advantage of their position to obtain personal benefits of any kind;
- Refrain from introducing in the facility and/or circulating books, newspapers, magazines, communiqués or any other material or promoting meetings in contrast with the Catholic Church and the spirit of the Founder;
- Refrain from introducing in the facility beverages or prohibited substances;
- Use exclusively authorized software to perform the tasks required by one's function;

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- The above requirements are pursuant to art. 2104 of the Civil Code, under which “the service provider is to exercise the diligence required by the nature of the service due and the interest of the enterprise”.
- *Non-smoking policy*: smoking is not permitted on the premises of the facility. Transgressors will be required to pay the fines provided for by the provisions in force and will also be subjected to the application of the disciplinary measures pursuant to the collective labor agreement.
  - *Meals and/or cafeteria*: staff are required to eat their meals exclusively in the canteen or in the cafeteria made available to them for that purpose. Meals will have to be eaten exclusively during lunch hours.
  - *Employee work attendance*: recording the hour of arrival and departure at the workplace and the employee’s actual attendance at work are fundamental elements which attest that the service was provided and that the working hours were observed. Employees must therefore record their arrival and departure at the workplace. The supervisor must be notified of any delay and motivations must be provided. Delays will be assessed in terms of their quantity, seriousness and frequency and may determine the adoption of the disciplinary measures provided for in the national collective labor agreement in force.
  - *Leave of absence*: to request a leave of absence for particular personal reasons, employees are required to fill out a special form and submit it to their supervisor for their authorization.
  - *Holidays*: holidays are to be planned according to the criteria set in each facility which must be respected, except for special cases which require authorization by management. The request for holidays outside of the period previously planned will have to be authorized by management.
  - *Sick leave*: employees must readily notify management about sick leaves, as provided for by the national collective labor agreement in force, except for cases in which they are legitimately unable to. In such cases, it will be up to the employee to provide evidence of his or her inability to inform management in advance. Subsequently, employees will be required to send a medical certificate to management within 48 hours of the date of issue. The obligation to notify management also applies in case of a prolonged illness or of the onset of a new disease.

When on a sick leave, employees will be under the obligation to abide by

the provisions of the law and of the national collective labor agreement in force in the sense that they shall remain at home from 10:00 to 12:00 and 17:00 to 19:00 every day including holidays, for they may visited by the doctor of the organization or the social security institute.

In case of absence from work due to an illness beginning the day before a holiday, employees will have to submit a medical certificate bearing the date established by the law, and even resort to emergency medical service if necessary.

- *On-the-job safety*: though the organization is responsible for guaranteeing the proper hygienic working conditions and accident prevention measures, employees must contribute to preventing possible accidents or damage to property. Moreover, staff are to:
  - Abide by accident prevention standards
  - Make prompt and diligent use of the safety, prevention and protection systems installed in the facility
  - Readily report to management any facts or events that may potentially harm people or things. Any accident must also be reported, although it may appear of no consequence at the time in which it occurs. Employees who out of negligence fail to report dangerous situations or who do not use the protection devices installed in the facility may be considered as jointly responsible for any accidents that may occur subsequently, and as such may be reported to the competent authorities.
- *Notifications*: employees are to fill out the documents required by management to improve the organization of the institution. To this end, they are required to report the following,
  - Any change of residence, domicile and telephone number, even if temporary;
  - Any change to their civil status or marital status;
  - The details of any pension benefits to which they are currently entitled and subsequent variations;
  - Any changes to the details of the bank account to which their salary is credited;
  - Potential incompatibilities or conflicts of interest.

In the case of non-compliance with the afore-mentioned provisions, management will decline all responsibilities for any delays or omissions. Man-



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agement will also be relieved of its obligation to pay the tax and social security benefits to which employees would be entitled if they were to promptly report the information.

- *Use of instruments, equipment and systems*: staff must make sure that all the material available and used in the facility is preserved properly so as to prevent any damages. They will also be required to handle such material with great care and diligence.

Breaking or tampering with any type of material due to negligence will have to be compensated at cost value.

The theft of material or any other good owned by the organization will constitute a just cause for dismissal in accordance with the collective bargaining agreements in force, and will also be considered as a criminal offence.

- *Telephone use*: for any external telephone communication, staff will be required to use public telephones, whenever available. Otherwise, they will have to use their own mobile phone but only when taking a break from work. They may receive external telephone calls via the switchboard, but only in emergency situations.
- *Visits by external persons*: during working hours, staff may meet persons external to the organization only on an exceptional basis and for serious reasons. Any such visits will have to be previously authorized by management.
- *Disciplinary measures*: depending on their gravity and recurrence, any violations committed by employees under the provisions of these internal regulations may determine the adoption of disciplinary measures by Management, according to the procedures under law 300/70 and the national collective labor agreement in force.
- *Referral clauses*: for any issue not expressly provided for in these regulations, which are to be circulated and posted on the bulletin board of the organization, reference is made to labor laws, instructions governing the provision of these services and national collective labor agreements in force.