

## **Diocese of Dallas Policy on Expenditures**

### **Summary and Applicability**

“*Entity*” means any diocesan entity (parish, parochial school, diocesan high school, seminary, Catholic Charities of Dallas, Inc., St. Joseph’s Residence, Inc., Texas Catholic Newspaper, Calvary Hill Cemetery, etc.).

Each Entity’s operating and capital expenditure budget, as well as a single or project expenditure above a certain amount, or any lease with a term greater than one year, require certain level(s) of review and approval in order to assure donors and supporters of prudence, accountability and fiscal responsibility.

“Expenditures” include the aggregate amount due on any contract or lease.

The required review and approval levels and processes are described herein.

### **Leases**

See separate policy on leasing real estate or equipment (whether as lessor or lessee). Requests for those approvals should be directed through the Chief Financial Officer.

### **Budgets**

Prior to the 15<sup>th</sup> day preceding the start of the Parish or Entity fiscal year, the Finance Council or Entity board of directors shall approve an operating budget and a capital budget for the succeeding fiscal year.

### **Entity Approval**

Any expenditure or project in excess of the *lesser of \$25,000 or 5% of prior year’s ordinary annual revenue* and that is not reflected in a budget that has been approved by the Parish Finance Council or Entity board of directors requires (i) specific advance written approval by the pastor or administrator (or president) and (ii) the advance written consent (see Policy on Finance Councils, Section 2.5 regarding the process for obtaining consent) of the Entity’s Finance Council or Entity board of directors.

### **Diocesan Approval**

In addition to Entity Approval above:

- (a) (i) Any expenditure or group of related expenditures in excess of \$50,000 that is not a recurring operating expenditure reflected in a written budget that has been approved by the pastor or administrator (or president) and the Finance Council or Entity board of directors), or (ii) all sales of real estate, or (iii) any sale of another

asset valued in excess of \$50,000, or (iv) acceptance of a donation of any real estate, requires the advance written approval of the Bishop.

- (b) Any capital improvement or repair/renovation project that involves a projected cost in excess of \$50,000 requires review and prior written approval by the Diocesan Building Commission (in addition to the approvals required of the pastor or administrator (or president)), the Finance Council or the Bishop. If the project involves alterations of worship space, the project also requires the review by the Committee for Sacred Places.
- (c) Any financing or refinancing with any lender, whether secured or unsecured, requires the prior written approval of (i) the Bishop and (ii) the Diocesan Committee for Financing through the Diocesan Chief Financial Officer.
- (d) Each fundraising campaign for capital projects, endowment funds, etc. must be approved in advance in writing by the Bishop in accordance with the requirements of the USCCB norms relative to Canon 1262.
- (e) Initiation of litigation or arbitration requires the prior written consent of the Bishop. Any settlement of litigation, arbitration or other types of adverse claims for an amount that exceeds \$50,000 requires the prior written consent of the Bishop.

### **Extraordinary Administration**

In addition to the requirements for Entity Approval and Diocesan Approval above:

In accord with canon 1277 and the complimentary norms of the USCCB, the following are to be considered **acts of extraordinary administration**. In order for these transactions to be canonical valid, the Diocesan Bishop must obtain **the consent** of the Diocesan Finance Council and the College of Consultors before he can grant approval:

- (a) Initiating a program of financing by the issuance of instruments such as bonds, annuities, mortgages, bank debt or any other form of borrowing in excess of \$750,000 (at any Entity level).
- (b) Resolving an individual or aggregate claim(s) (whether asserted in litigation, arbitration or otherwise) by financial settlement in excess of \$750,000.
- (c) Engaging in the regular management or operation of a trade or business that is not substantially related to the performance of the religious, spiritual, educational or charitable purposes of the Church, even if the purpose of such trade or business is to generate income to support Church activities.
- (d) Entering into any financial transaction or contractual agreement, the terms of which address matters involving an actual or potential conflict of interest for the

pastor, parochial vicar, parish administrators, business managers or any member of the Finance Council.

- (e) Filing a petition for relief under Title 11 of the United States Code (commonly referred to as the United States Bankruptcy Code).
- (f) Leasing of property owned by an Entity when (i) the market value of the property to be leased exceeds \$100,000 or (ii) the lease has a term of one (1) year or more.