The Synodal Assembly is requested to resolve as follows:

Poor decisions and developments in the financial management of individual German dioceses have sparked scandals in recent years. This has revealed deficient control structures, but also a lack of professionalism among decision-making bodies as well as among some of those who are supposed to advise and supervise them.

Consultations were held, decisions were made and supervision was carried out within a small network of individuals in some dioceses, and at times they consistently shut themselves off from the public. Later, after the scandal became known, they made a new start in terms of personnel and organisation more difficult. All this has done great harm to the credibility of the Catholic Church in the public eye, and has harmed the reputation of the bishops among the faithful.

The financial constitution of many of the Church’s legal entities needs reforming. The Synodal Assembly limits itself at this point to the diocesan level in order to initiate the reform process there in an exemplary manner.

_The status quo and the need for reform_
The universal Church’s law provides for two bodies in the financial management of the dioceses, namely the Diocesan Property Management Council and the College of Consultors. Their members are appointed by the bishop, but according to canon law they are to exercise relatively comprehensive rights of co-determination and co-decision. The “supervisors” in both bodies were mainly decision-makers from the ordinariates in the German dioceses until only a few years ago, in other words the subjects of supervision themselves. By contrast, the additionally-established diocesan church tax councils in Germany, most of which are elected, were independent and remain so. The competences of these councils however were and still are very limited in some dioceses.

Almost all the dioceses have reformed their financial constitutions in recent years. Comprehensive separation of personnel between supervisors and supervisees has thus been largely ensured in the property management councils of all the dioceses. Apart from this, however, a patchwork of diocesan regulations has emerged which differ from one another markedly, amongst other things with regard to the independence of the Diocesan Property Management Council from the bishop, and to the competences assigned to the bishop or to the Church Tax Council.

Inconsistent accounting standards mean that no one has a reliable overall picture of the financial health of the German dioceses, their episcopal sees and foundations. This fuels suspicion about the wealth of the Church, and also nips necessary reform discussions in the bud. Examples are the bundling of activities at the level of the Bishops’ Conference, as well as the reform of the interdiocesan financial settlement in light of dwindling church tax revenues.

Financial scandals have rarely had legal ramifications for the individuals involved. Despite some progress having been made, many dioceses do not meet the transparency and supervision standards for asset management that apply to state activities, to companies, and in general terms to everyone in larger organisations. The personal liability of the individuals involved in cases of intent and gross negligence must also be explicitly regulated in the future.

This includes an independent financial audit to review and supervise the processes and procedures of accounting of all legal entities at diocesan level. The process of asset management in the dioceses and other ecclesial legal entities, such as associations and societies, but also parishes, calls for binding standards to be established with regard to transparency, independence, supervision, accountability and qualification, as well as the professionalism of those involved.

Furthermore, it is important to sharpen the focus on the ethically-sustainable management of the Church’s financial and real estate assets, and to demand principles of good investment policy, for example according to recognised criteria for social and environmental standards, as well as organisational management, much more consistently than before. Special attention is paid here to the standards of Christian social proclamation, including its further development in Pope Francis’ encyclicals *Laudato si’* and *Fratelli Tutti*.

The necessary framework regulation and its content
For the above reasons, the Synodal Assembly resolves that a binding framework regulation is to be enacted for the financial constitution of the German dioceses. This code is to become legally binding on all German dioceses by virtue of a decision of the bishops with a two-thirds majority, and confirmation by the Apostolic See, after a request for the allocation of competences by the Apostolic See (general decree in accordance with Canon 455 CIC).

As in the existing relevant regulations of some dioceses, as well as in some existing drafts for good governance and investment guidelines, the framework regulation should assign most of the supervisory competences to a higher *finance council*, independent from the diocesan bishop, as already exists to some extent today, for example in the diocesan church tax council and in the committees or bodies determined by it in terms of personnel.

The finance council is to have a particular right to decide on the annual diocesan budgets (budget authority). The council, or a body subordinate to it, is to exercise the rights of participation which, in accordance with the CIC, accrue to the property management councils of the diocesan legal entity (including the episcopal see and the Church’s foundations). It is to regularly call for accountability on the part of all those who are involved in important financial decision-making processes. If it judges that poor decisions and developments have occurred, it is to initiate liability and disciplinary measures in the individual case.

The majority of the members of the finance council are to be directly or indirectly elected by the faithful in the diocese concerned. The council itself, and its subordinate bodies, are to be composed according to competence criteria and other relevant aspects such as diversity. Furthermore, it is to be ensured that at least half of those elected pay church tax if possible.

Such a reorganisation of the finance system within the jurisdiction of the German Bishops’ Conference will put an end to the currently applicable arrangement according to which the cathedral chapter acts as a consultative body in financial matters, amongst other things because it regularly lacks the necessary economic competences and qualifications for this task.

The framework regulation is to leave open the concrete form of the implementation of the finance council. It can be established additionally. Other existing supervisory bodies in a diocese can be brought together and developed into the envisaged finance council. One of the existing bodies can also function as a finance council, and where appropriate can be equipped with additional competences, or can be modified by other rules to determine its members.

Furthermore, binding *rules* are needed for the *minimum qualification* of the decision-maker, their advisors and their supervisors. Church foundations that have been established or are active on the territory of a diocese are obliged to disclose their finances to the finance council of that diocese on an annual basis. The involvement of individuals who are connected with the diocese via a ministry or a professional activity is therefore bound to fulfil the aforementioned transparency obligation.

*Rules for accounting and financial reporting* must include the mandatory disclosure of current market prices of financial assets and current land prices for real estate that is not put to pastoral use. It is mandatory to set up a financial audit independent of the respective diocesan bishop for the aforementioned audit and supervisory functions. The framework regulation for the financial constitution of the German dioceses therefore also includes overarching guidelines for the implementation of the diocesan financial audit.
The Synodal Assembly resolves that a binding framework regulation for a financial constitution of the German dioceses is to be elaborated, and if possible adopted in the framework of an allocation of competences by the Apostolic See in accordance with can. 455 §1 CIC. Notwithstanding further arrangements in individual dioceses, this is to include an independently-elected finance council for each diocese with budgetary authority for the annual diocesan budgets which is to act as the property management council of all diocesan legal entities, either directly or through subordinate bodies, and regularly demands accountability on the part of the decision-makers.

Furthermore, the Assembly provides for the establishment of a financial audit function that is not subject to instructions, and includes rules on accounting and financial reporting, as well as for the minimum qualification of the players involved in financial administration and its supervision.

The Synodal Assembly resolves to establish a working group with twelve members to elaborate a framework regulation for the financial constitution of the German dioceses within 24 months.

The German Bishops’ Conference applies for the corresponding allocation of competences in accordance with can. 455 §1 CIC on the basis of these tasks and competences.

The German Bishops’ Conference and the Central Committee of German Catholics is to each appoint six members of the working group by 31 May 2022. The working group is to elect a chairperson from among its members. It is to draw up rules of procedure, and may vote with a two-thirds majority to call in advisors.