COUNCIL FOR THE MANAGEMENT OF FINANCE AND MATERIAL RESOURCES

STATUTES[1]

SECTION 1. PURPOSE AND FOUNDATIONS OF THE COUNCIL

Article 1. The purpose of establishing the Council for the Management of Finance and Material Resources (hereinafter: the Council) is to support the recovery and stabilization of the Ordinariate's financial and economic system, and to organize transparent, accountable, purposeful, targeted, and efficient operations in compliance with the law, for the comprehensive well-being of the Armenian Catholic faithful (Principle of Integral Human Development, Social Doctrine of the Catholic Church).

Article 2. The Council is established based on:

- The requirements of Canon 263 of the Code of Canons of the Eastern Churches (CCEO);
- The necessity for more transparent, manageable, and efficient operations within the Ordinariate's systems of finance, accounting, and property management;
- The necessity to have a system in maximum compliance with the legislation of the Republic of Armenia, international financial, property management, and accounting standards, and modern requirements;
- The importance of fulfilling financial and property management obligations assumed before international partners more efficiently.

SECTION 2. FUNCTIONS OF THE COUNCIL

Article 3. The functions of the Council are:

1. To oversee and provide counsel in the following areas:

A. Management of all financial revenues and expenditures, namely:

- Effective management and full documentation of income, which includes: program revenues, regular or extraordinary financial assistance designated for annual current expenses, individual donations, revenues from potential profit-seeking programs, as well as donations provided for sacraments/services in parishes, church collection box donations, and donations made for the purchase of candles;
- Effective management, justification, transparency, and full documentation of expenses, which includes: program expenses and reports, current expenses of the Chancery (Ordinariate) and parishes, payments for salaries, social assistance, medical insurance, and the fulfillment of tax obligations.

B. The real and movable property ownership of the Ordinariate and the parishes, their acquisition, donation, and alienation, and their full documentation.

2. To conduct a professional assessment of the needs required to ensure the Ordinariate's financial stability, and accordingly, to develop the Ordinariate's Financial and Property Management Guidelines, which must be anchored on the fundamental principles of the Social Doctrine of the Catholic Church, the canons of the CCEO, the legislation

[1] Here is the English translation of this sentence, ensuring the terminology stays perfectly aligned with the previous sections: "In developing these Bylaws, we have relied upon the requirements of the Code of Canons of the Eastern Churches (CCEO), the findings and recommendations of the study on the Ordinariate's financial and economic system conducted in January 2025 by the German auditing firm Empacta, as well as the guidelines 'DIOCESAN FINANCIAL MANAGEMENT (A GUIDE TO BEST PRACTICES)' by the United States Conference of Catholic Bishops (USCCB)."

of the Republic of Armenia, and the requirements of modern international professional experience. The strategy shall be reviewed every five years.

3. To develop realistic plans for fundraising and self-income generation—including business and social business models—and their application, and present them to the Ordinary.

4. To develop a general Procurement Policy Guide.

5. To develop a Human Resources Management Guide.

6. At the end of the year, to develop and submit for the Ordinary's approval the Ordinariate's budget for the following year, with projected revenues and expenditures (CCEO Canon 263, par. 5).

7. To analyze the budget performance of the current closing year, which must be prepared and presented by the Finance Officer / Eparchial Economus (CCEO Canon 262, par. 4), and submit a written evaluation, compare it with the results of the mandatory annual independent audit, point out deficiencies, and submit counsel for their rectification (CCEO Canon 263, par. 5).

8. At the end of each semester (6 months), to examine the six-month financial revenue and expenditure reports, analyze them, and present a written evaluation to the Ordinary, pointing out deficiencies and providing counsel for their rectification.

9. At the end of each year, to examine the real and movable property management reports and inventory, and present a written analysis.

10. At the end of the year, to evaluate the appropriateness, efficiency, and outcomes of implemented programs from the perspective of financial, property, and human resource management.

11. The Council also provides counsel regarding the following:

1. The appointment of the Finance Officer (Eparchial Economus); furthermore, it may propose candidates or express a position regarding the candidate or candidates proposed by the Ordinary (CCEO, Canon 262, par. 1);
2. The removal of the Finance Officer (Eparchial Economus);
3. Important vendor-related (procurement) and financial decisions—such as the alienation or donation of church property or a legal entity belonging to the Ordinariate, the value of which exceeds 500,000 AMD;
4. The selection of an independent auditing firm;
5. Communication with the auditing firm and oversight of the exchange of documents and data;
6. Investment policy;
7. Internal control of the Ordinariate's financial and property relations.

12. The Council must give its consent or refuse it to the Bishop in the following matters:

1. Mortgaging church property;
2. Assuming credit obligations (loans);
3. Engaging on a regular basis in commercial activity or business, the nature of which is essentially not directly related to the religious, spiritual, educational, or charitable purposes of the Church and aims at generating income with prospects of developing business or commercial operations;

4. Engaging in financial or contractual activities whose terms involve a real or potential conflict of interest for the Ordinary Archbishop, the Auxiliary Bishop, the Vicar General, or the Finance Officer (General Supplier) of the Ordinariate.

SECTION 4. NATURE AND COMPOSITION OF THE COUNCIL

Article 4. Nature and Composition of the Council

The Council is strictly advisory (consultative) in nature and does not constitute a member of the governing body of the "Armenian Catholic Church Religious Organization".

The Council is composed of clergy and laity whose membership list is approved by the Ordinary. The members of the Council must obligatorily include:

- *ex officio*, the Ordinary himself as President (CCEO, Canon 263, par. 1);
- *ex officio*, the Finance Officer / Eparchial Economus (CCEO, Canon 263, par. 2);
- *ex officio*, the Chief Accountant;
- *ex officio*, the Program Activities Coordinator of the Ordinariate;
- Civil law specialists;
- Finance or accounting specialists.

Article 5. The Council adopts decisions only in relation to the execution of its functions and regarding proposals and documents submitted on behalf of the Council. Decisions are adopted by a majority vote. If the number of Council members is even, internal decisions are adopted with the advantage of the Ordinary's casting (double) vote.

Article 6. The term of membership in the Council is five years, with the possibility of reappointment. This principle does not apply to *ex officio* members.

Article 7. All members of the Council bind themselves to maintain the principle of absolute confidentiality regarding the non-disclosure of information made accessible to them during the course of the Council's work.

Article 8. The Canonist of the Ordinariate must clarify the function and role of the Finance Council within the procurement and supply system of the Ordinariate and evaluate the compliance of its operations with the Code of Canons of the Eastern Churches.

SECTION 5. AUDIT OVERSIGHT RESPONSIBILITIES OF THE COUNCIL

Article 9. The Council has a responsibility to oversee the financial reporting process of Ordinariate entities and to advise the Bishop in matters pertaining to financial reporting and the annual financial audit.

However, it is not the responsibility of the Council to provide expert assurance regarding the financial statements or the annual financial audit. Furthermore, Ordinariate officials are responsible for the preparation of the financial statements, for the fair presentation in the financial statements of the entities' financial position, results of its activities and cash flows in conformity with internationally accepted accounting principles, and for the design and implementation of its systems of internal accounting control.

Furthermore, the Council is advisory to the Bishop, in most matters, and discharges its duty by (1) acting in good faith; (2) utilizing the care that an ordinary prudent person in a like position would exercise under similar conditions; and (3) acting in a manner that they reasonably believe to be in the best interests of the Ordinariate.

The inquiries, discussions and reviews required in the following key responsibilities are to be performed by the Council or may be wholly or partially performed by a specially formed Audit Committee. However, if any such matters are assigned to a special Audit Committee, the Council should require the Audit Committee to report fully all significant matters or findings to the Council.

Article 10. Key Audit Responsibilities

Systems of Internal Accounting Controls

The Council has the following audit responsibilities:

1. Inquire whether Ordinariate officials are setting the appropriate tone by communicating the importance of internal controls so that all individuals possess an understanding of their roles and responsibilities;
2. Inquire whether Ordinariate officials are using independent firms to review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of a systems breakdown;
3. Discuss with the independent auditors any internal control recommendations made during the course of their audit and inquire from both the outside auditors and Ordinariate officials as to whether internal control recommendations identified by the independent auditors have been implemented;
4. Inquire of the independent auditors, Ordinariate officials and legal counsel about any suspected or confirmed fraud, illegal acts, or deficiencies in internal controls;
5. Regarding complaints pertaining to accounting and auditing matters:
    - **a.** Inquire whether procedures have been established for the confidential, anonymous submission by employees of concerns regarding questionable accounting and auditing matters; and
    - **b.** Review the receipt and treatment of complaints received regarding accounting or auditing matters that were submitted by any party, internal or external to the organization.

Article 11. Compliance with Laws and Regulations

The Council has the following audit responsibilities:

1. Review the findings of any examinations by regulatory agencies;
2. Review with the legal counsel any legal matters that could have a significant impact on the financial statements.

Article 12. Compliance with the Code of Conduct and Other Management Policies

The Council has the following audit responsibilities:

1. Ensure that a policy addressing ethical conduct is formalized in writing and that it is communicated to all employees and volunteers. It is recommended that eparchial employees annually sign statements acknowledging that they understand and are complying with the policy;

2. Ensure that whistleblower and anti-fraud policies are formalized in writing and that they are communicated to all employees and volunteers. It is recommended that eparchial employees annually sign statements acknowledging that they understand and are complying with the policy;
3. Periodically obtain updates from management and the general counsel regarding compliance with the Code of Conduct;
4. Periodically obtain the results of all reported fraud and whistleblower investigations;
5. Inquire whether conflict of interest forms have been received from appropriate officials and reviewed for conflict issues.

Article 13. Financial Reporting

The Council shall:

1. Before the audited financial statements are issued to the public, meet with Ordinariate officials and the independent auditors to review the annual financial statements and the results of the audit. This meeting should take place not later than approximately four months after the end of the fiscal year;
2. Ask Ordinariate officials and the independent auditors about significant risks and exposures, the accounting and disclosure of these risks and exposures in the annual financial statements and plans to minimize such risks in the future. Also, ask the auditors their assessment of the quality of accounting principles, the degree of reasonableness of estimates and about other significant judgments made by Ordinariate officials in preparing the financial statements and disclosures;
3. Ask the independent auditors to report on and to discuss the following:
    - **A.** All changes to significant accounting policies and practices used by the Ordinariate, including critical accounting estimates, and how current and anticipated future events impact those determinations;
    - **B.** All changes in alternative treatments (accounting and disclosure) of financial information within generally accepted accounting principles for policies and practices related to material items that have been discussed with Ordinariate officials, including the ramifications of the use of such alternatives and the treatment preferred by the auditors; and
    - **C.** Other material written communications between the auditors and Ordinariate officials. The following are examples, not all-inclusive, of written communications that should be reviewed:
        - **C.1.** Schedules of material unadjusted differences and a listing of material adjustments and reclassifications not recorded, if any, for all entities;
        - **C.2.** Ordinariate management’s representation letter for the audit of the financial statements;
        - **C.3.** Reports on observations and recommendations on internal controls;
        - **C.4.** The engagement letter for the audit of the financial statements;
        - **C.5.** The audit firm’s independence in relation to all Ordinariate entities; and
        - **C.6.** The final billing for services rendered, if different than the pre-approved amount.
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Article 14. Independent Auditors

The Council shall:

1. Recommend to the Bishop the appointment or discharge (termination of contract) of the independent auditors;
2. Recommend all audit, review and attest services, all agreed-upon procedures, and all other services to be performed for all Ordinariate entities by the independent auditors;
3. Review and confirm the independence of the independent auditors by:
    - **a.** Reviewing the non-audit services performed by the auditors;
    - **b.** Reviewing the auditors' lead and concurring audit partners' rotation schedules; and
    - **c.** Recommending approval of the independent auditors' fees.

Article 15. Other Matters

The Council shall:

1. Meet with the independent auditors and Ordinariate officials in separate executive sessions to discuss any matters that the Council believes should be discussed privately;
2. Ensure that significant findings by the independent auditors are received and addressed on a timely basis;
3. If necessary, recommend to the Bishop that he institute special investigations and, if appropriate, hire special counsel or experts;
4. Advise the Ordinariate concerning the possible hiring of a member of the audit engagement team for a financial reporting oversight position in the Ordinariate;
5. Annually review and update this document, as needed.

Yerevan, Armenian Catholic Ordinariate, July 17, 2026.

I hereby approve:

✠ Most Rev. KEVORK NORADOUNGUIAN
Titular Archbishop of Sebastia,
Ordinary of the Armenian Catholics of Armenia, Georgia, Russia
and Eastern Europe

Fr. HOVSEP GALSTYAN
Chancellor of the Ordinariate