Accounting and control rules at the Society of Jesus - 1646 to 2005
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Abstract

Our paper aims to study the evolution of internal accounting and control rules that have been in force at the Society of Jesus since the middle of the 17th century to the present day. In particular, we have examined five books of “Instructions on Temporal Administration”/ “Instructions of the Administration of Goods” from 1646, 1894, 1935, 1979 and 2005. The rules are described related to events within and outside the Society of Jesus. A careful reading of these texts reveals the effort made by the Jesuits to draw up organization-wide guidelines on how to act in relation to all the economic issues that are linked to the financial administration of this religious order, with religious considerations not only being the pervading, underlying base for the instructions but also at times being closely integrated with financial administration itself. We present examples where financial administration and policies are framed within Jesuits’ religious goals and principles, including the vow of poverty, and detailed examples of processes in which the sacred and the secular are jointly managed, suggesting a sacred-secular integration, rather than a sacred-secular divide.

By studying the evolution of rules at a single religious organisation, we are moving the focus somewhat away from the more prevalent macro/societal level analyses and towards a more micro-level view, in line with Cordery’s (2015) recommendation. Indeed, our work may be located at a meso-level, since we are also providing a useful basis for micro-level studies at particular sites within the Society, across time and space. Considering this organization-wide normative and guiding formal framework is useful to make sense, interpret and orient research of local practices in specific sites.

Keywords: Jesuits, accounting rules, financial management, sacred-secular divide, sacred-secular integration
Introduction

Religious organisations have been studied by many scholars, including by management (see for example, Miller 2006) and accounting history scholars. An extensive review of contributions on the theme of religion in accounting literature undertaken by Cordery (2015) noted a total of 90 articles over three decades. Two prevalent themes contained within this research were accountability and the sacred-secular divide. However, as Cordery (2015, 23) suggests many of extant studies are focused on macro perspectives (see our literature review later), and while a trend is emerging, more studies on micro-type issues are to be welcomed. Taking this a step further, Cordery (2015) cites only a handful of studies which detail management/internal accounting at religious organisations.

This study is a response to Cordery’s call and specifically, this paper details the evolution of internal accounting rules over time at the Society of Jesus, or the Jesuits as they are more commonly known (a term we adopt hereafter). By studying the evolution of rules at a single religious organisation, we are moving the focus somewhat away from the macro/societal level. At the same time we are also providing a useful basis for micro-level studies at particular sites within the Society, across time and space. Considering this organization-wide normative and guiding formal framework is useful to make sense, interpret and orient research of local practices in specific sites. For example, it enables to distinguish between practices emerging from these global instructions, practices diverging from them, or practices representing a ‘localisation’ of those instructions, when local actors adapt those organization-wide rules to suit their local context (e.g. Cruz et al., 2011) – indeed, a possibility which some instructions explicitly raise. In addition, this analysis enables researching the issue of the sacred-secular divide, a topic which has attracted significant attention. Indeed, considering organization-wide rules is useful not only to study whether and how this divide exists within the Society, but also between the Society of Jesus and the society at large - for example, Jesuit rules may or may not be similar to societal rules at a point in time.

The focus of this paper is analysing written, formal, organization-wide instructions on financial matters, defining principles, goals, constraints, relations, controls and procedures. It includes instructions about finance, accounting and control (both internal and external), and also about ‘operational’ aspects which have some kind of relationship with these topics – ranging from the construction of buildings to ‘strictly religious processes’ (for example, the distribution of masses to be celebrated). As formal rules setting orientations and control mechanisms, they are part of the administrative control system (Malmi and Brown, 2008). The influence of religious principles is also embedded in these formal instructions, and it may be expected to play a particularly salient role among the members of this organization. Therefore, cultural controls (Malmi and Brown, 2008) are also involved through two mechanisms: the formal controls and self-control; however, our focus in this paper is the formal, administrative control based upon the five analysed Instructions.
The remainder of this paper is structured as follows. The next section provides a review of some extant literature from both accounting history and contemporary accounting sources. This is followed by brief history of the Jesuits and our research methods, which includes our theoretical framing. We then describe the accounting rules adopted by Jesuits over time, from the 17th century to the present day. The rules are described across three distinct time periods and related to events within and without the Jesuit society, drawing on our theoretical framing. The paper concludes with some suggestions for future research and notes some limitations of our research.

**Literature on accounting and religion**

The extant accounting and business history literature on religious organisations is surprisingly not extensive, and we now summarise the extant literature, and later in our methods section we briefly summarise literature on the concept of rules.

In the past decade or so, a relatively small number of studies with a religious focus have been published in the three main accounting history journals\(^1\). We now summarise these chronologically. A 2006 special issue of *Accounting History* offers seven papers on “Accounting and Religion”. A paper by Baker (2006) explores discourses on the wealth of Abraham in the Old and New Testament, and in particular how the discourse changed. The analysis reveals that in the Old Testament, “Abraham’s wealth was praised because it was derived from God” (Baker, 2006, 165) while in the New Testament “the only way to enter heaven is through rejection of wealth” (ibid). Carmona and Ezzamel (2006) provide a useful overview of the extant literature on accounting and religion at the time. Some words from their abstract summarises the paper well:

The lack of academic interest in studying accounting in religious institutions is rather perplexing, given the prominence of such institutions in most historical and contemporary societies, both spiritually and economically (Carmona and Ezzamel, 2006, 117)

Cordery (2006) describes accounting in the Wesleyan Methodist mission to New Zealand. The mission dates to the 1820s, and given cultural differences, Cordery suggests early missionaries may have been more likely to focus on sacred matters and beliefs than on secular things like accounting and stewardship. However, the analysis of letters of missionaries reveals accounts of expenditure and regular lists of inventories. Espejo et al. (2006) recount how Spanish brotherhoods did not comply well with the requirements of a census conducted by the civil authorities in 1769 to establish, amongst other things, their financial status. The responses were not complete or consistent. In 1783, a law to regulate the brotherhoods was passed, but strangely as Espejo et al. (2006) note, it did not “prescribe any process of accountability for the brotherhoods” (2006, 144).

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\(^1\) *Accounting History, Accounting History Review* and *Accounting Historians Journal.*
Finally in the *Accounting History* special issue, Prieto et al. (2006) report in detail on accounting in a Spanish monastery, noting that although the accounting methods used were common at the time, how “the specific characteristics of the sophisticated method used by the Benedictine monks served both accountability and decision-making purposes” (ibid, 242).

With the possible exception of Prieto et al. (2006), all the above mentioned studies are at a more macro level, and provide little evidence in how and why accounting was practiced by religious organisations. This pattern continues with studies like those of Dobie (2008) and Derks (2008), but Dobie (2008a) does provide some detail of accounting at Durham Cathedral Priory. More recent studies such as Gatti and Poli (2014) (on accounting and the papal states) and Leardini and Rossi (2013) (on power and accounting) maintain the more macro focus. Outside the accounting history literature, there are some religious-focused studies in the general accounting and business literature. Booth (1993), similar to Laughlin (1988), noted a dearth of research on accounting in churches and religious organisations and suggested a research agenda which should be followed using what he termed “incomplete theorisations” (1993, 60) to build up comparative research over time. A key theme emerging from these two papers is a sacred secular divide, with both authors contesting that accounting as a secular practice may not align to religious values. This theme is echoed in more recent contemporary works such as Jacobs (2005), Bigoni et al. (2013) and Banos Sanchez-Matamoros and Funnel (2015), but these works suggest that accounting and spirituality are more aligned that previously suggested. Some other contemporary literature studies links and compares modern-day management practices to those of religious orders over the centuries to seek out lessons for contemporary business (see for example, Feldbauer-Durstmüller et al. 2012, Hiebl and Feldbauer-Durstmüller 2014, Rost et al. 2010). The logic to such literature is that something can be learned from organisations that have survived for centuries. In the context of this study, Hiebl and Feldbauer-Durstmüller (2014) could be viewed as a more micro-level study, as it details the role of a cellarier in a Benedictine Abbey and compares this to a modern-day CFP role.

Some Jesuit-specific research is also found in the general accounting and business literature. Work has been undertaken by Paulo Quattrone, primarily from a more macro viewpoint. His 2004 paper provides an extensive and rich view of the Jesuit organisation, and while detailing some elements of accounting and accountability practices, its focus is primarily the influence of non-economic arguments on the development of these practices e.g. “an absolutist ideology of the Roman Catholic doctrine during the Counter-Reformation” (Quattrone, 2004, 674). He does mention the *Instructio pro admiistratione rerum temporalium collegiorum ac domorum probationis Societatis Jesu*, a book we refer to later, but does not explore or discuss it in great detail. This *Instructio* according to Quattrone (2004, 665):

ruled the relationships among the Provincial, the Rectors of the various colleges and the Procurators of the colleges. These rules, in brief, concerned what today would be described as management control and auditing.
Quattrone (2009) does not specifically focus on accounting or control within the Jesuits, rather explores a treatise “Trattato del libro doppio domestico col suo essemplare, by the Jesuit Lodovico Flori”. By examining this and another early accounting treatise, he offers insights on how accounting can be spread through society aided by visual presentation, praxis, communication medium and organisation. Quattrone (2015) extends these two prior works into the realm of institutional logics\(^2\). He concludes that the logics of the Jesuit organisation, was not “anchored permanently in a substantive logic” (ibid., 411) in that while there were centralised administrative procedures, the local Jesuit communities and missions were flexible to their context.

This brief review of literature, we would argue, has a common theme in that it is primarily focused on the societal or macro role of accounting within a religious context. This is reflective of Cordery’s (2015) call for more studies of internal accounting practices of religious institutions and orders. Interestingly Cordery’s call is almost a decade after Carmona and Ezzamel’s (2006) comment that research on the interactions of accounting and religion was sparse. While some research has since been added, as outlined above, it is probably quite fair to say research is still sparse. We hope this study will add somewhat to overcome this.

**Background and method**

To set the context for this study, this section provides a history of the Jesuits and details the methods we adopted. The history of the Jesuits is long, detailed and may be told from many views. Thus, for this paper we merely provide a brief account focusing on major events in the Society’s history. For this we draw mainly on the work on John W. O’Malley SJ, a renowned Jesuit historian and author. While O’Malley has written many volumes, a summary narrative written in 2014 titled *The Jesuits: A History from Ignatius to the Present* has been particularly useful here. Unless noted otherwise, this is the source of information in the following paragraphs.

**Brief history**

The Jesuits trace their origins to a man from the Basque region of Spain, namely Ignatius of Loyola. Ignatius was born in 1491 and in 1509 took up arms with the Duke of Nájera. In 1521, he was injured at the Battle of Pamplona and so began his journey to a religious life. In 1528, he moved to Paris to study, first at the College de Montaigu, and a year later to College Sainte-Barbe. While at Sainte-Barbe, he formed friendships with six others. In 1534, these friends vowed to travel to the Holy Land but passage was not possible. On August 15th, 1534 they offered themselves to the Pope for any ministries he thought best. By spring of 1539, the group of friends was now ten in number and they decided to form a new order and submitted a founding document (the *Formula*) to the Holy See for approval. On September 27th 1540, the Society of Jesus came into existence with the publication of approval for the order by Pope Paul III. Ignatius was elected

\(^{2}\) Thornton and Ocasio (1998, 804) define institutional logics as “the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space".
the first Superior General the following year, which he held until his death in 1556. The *Formula* envisaged the Society “as engaging primarily in [...] ministries of preaching and hearing confessions” and these were “itinerant and without geographical limits” (O’Malley 2014, 4) - in essence a missionary order.

According to O’Malley (2014), the Jesuits distinguish themselves from other orders of the time in a number of ways, making them suspect in the eyes of contemporaries. They did not wear a religious habit, retained their family names, elected the Superior General for life and did not recite matins and vespers - the latter being an almost defining characteristic of an order at the time. Another new undertaking by the Jesuits was a decision by Ignatius to staff and manage schools for young laymen. They grew rapidly and by the time Ignatius died in 1556, the Jesuits had more than 30 schools in operation. As noted by O’Malley (2014, 14) “schools ate up money [...] , they were perpetually in debt and drove the Jesuits into undertaking a most mundane occupation, money raising”. He further notes that “in time the Jesuits took steps to ensure adequate resources for prospective schools” (ibid, 24), suggest some form of financial management became entwined within the order. The First General Congregation (GC) - the GC is the supreme governing body of the Society of Jesus - took place in 1558, two years after the death of Ignatius. Part of the work undertaken by the First GC was to examine and approve the Constitutions - the spiritual foundations of the Society as written by Ignatius. As we will reveal later, matters of accounting and finance were regularly discussed at the 36 GCs up to and including 2016.

The Jesuits continued to grow, but was to face what O’Malley (2014) describes as a calamity in 1773. In 1769, Pope Clement XIV was elected and four years later he abolished the Society. The reasons are complex, but briefly the combination of the stabbing of Louis XV by a Jesuit pupil and financial risk-taking by Antoine Lavalette, the Superior General in Martinique gave anti-Jesuits reason to seek action. By 1764, Louis XV had suppressed the Society in France, with Spain following suit in 1767 and then the Kingdom of Naples and Duchy of Parma in Italy. At this time Pope Clement XIII supported the Jesuits, but according to O’Malley (2014), his successor (Pope Clement XIV) showed readiness to suppress the order to support his election. The Jesuits were suppressed by Clement XIV until Pope Pius VII removed the suppression in 1814 as the political climate of Europe stabilised post the Napoleonic Wars. O’Malley (2014) notes that the restored Society was reborn into the early stages of the Industrial Revolution. Although this implied much change, the Jesuits concentrated on getting their own house in order first. They gradually expanded again in Europe, China, Africa and the United States. By 1945, the Jesuits ran or were engaged with 4,500 schools with over a million students.

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3 However, the 36th GC, held in 2016, has not yet had any effects in the documents analysed in this paper, which precede this date, although it reveals that their revision has been requested.

4 At this time, there were about 600 Jesuits, mainly in Europe, down from 22,500 in the middle of the eighteenth century.
After the Second Vatican Council (1962-1965), Pedro Arrupe was elected at General the 31st GC. The Aruppe years, to his death in 1981, saw much social change to which the Jesuits reacted by reviewing both their governance structures and advancing their role in combating social injustice. After Arrupe’s death, Pope John Paul II, to the Jesuits surprise, informed them he would appoint the next General. By September 1983, a reconciliation been made, with Peter-Hans Kolvenbach elected as General by the 33rd GC a position he remained in until 2008. He was succeeded by Adolfo Nicolás. As noted by O’Malley (2014), from 1945 to 2000, not only did the Jesuits expand globally, with many former missions maturing into provinces. Most new members entering the Society now came from outside Europe and North America. Confirmation of this came for sure in March 2013, with the election of Jorge Mario Bergoglio from Argentina as the first Jesuit pope in history. As of January 2013, there were 17,287 Jesuits5.

Method

Our key sources for this study are archival documents and published works on the Society of Jesus, and thus our method is similar to typical archival studies. Our sources have been acquired in two ways. First, textbooks on various GCs, administration of the Society and the general history have been acquired through normal library sources – see more detail later. Second, as part of a separate but related study, we have had contact with some Jesuits who guided us towards some additional library and internet sources. This allowed us to acquire, or have access to, versions of the “Instruction on Temporal Administration” (ITA), which is more recently (2005) termed “Instruction on the Administration of Goods” (IAG). These Instruction texts are very detailed in their content and we summarise them later. The ITA and IAG span a time period from 1646 to present. Similar written books guide the lives and administration of other religious orders, but to a lesser extent on administrative matters. For example, Hiebl and Feldbauer-Durstmüller (2014) refer to the Regulae Benedicti of the Benedictine Order, which they note contains a chapter on how a cellarer (which they equate to a modern-day CFO) should conduct themselves. We examined five such books of instruction, from 1646, 1894, 1935, 1979 and 2005. For the first four books, we had full public access. On the 2005 book, we had full access but limited authorisation to use it, as this text is still in force – see more detail later.

To put a theoretical framing to this study, we draw on the concept of rules. In contemporary management accounting research, many works draw on both rules and routines (from an Old Institutional Economics view) - including Burns and Scapens (2000), Lukka (2007), Oliveira and Clegg (2015), Quinn (2014), van der Steen (2011) - to study how accounting changes or remains stable. However, as argued by Quinn (2011) and Oliveira and Quinn (2015), rules and routine can (and indeed should) be separated conceptually to understand accounting change. Here, we take this on board and focus on accounting rules. Oliveira and Quinn (2015) suggest rules should be defined broadly, and may be formal, considered as internal cognitive structures (human actors) or be technologically embedded rules (non-human actors). Taking the historic nature of this study

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into account, we do not take on board the notion rules as internal cognitive structures because human actors are not within the scope of our methods. However, formalisation and codification is a feature of much organised religion; for example, Canon law is noted as being the first modern legal system in the Western world (Berman 2009). Additionally, while not technology in the information systems sense presented by Oliveira and Quinn (2015), the timeframe covered by this study includes the ongoing development of technologies in printing, communications and indeed the development of accounting itself as a technology. With a definition of rules to hand, we also need to consider how rules can change - as this study details the evolution of accounting rules at the Jesuits over time. Oliveira and Quinn (2015) note how rules can change within an organisation through gradual change in actions or through the effects of technologically embedded rules. More importantly for this study, they also note how rules (and routines) may be affected by external forces such as “technological change, economic shocks, legislation, external consultants, new entrants into the organization and so forth” (ibid, 517). While these may typify modern-day external forces, the principle that rules are affected by factors external to an organisation is applied similarly in this study.

**Jesuit accounting and control rules**

To detail the evolution of accounting rules at Jesuits, we divide the time span of this study into three distinct periods. For each period, we describe the rules in general and offer some insights into the factors which may have caused change.

*Rules from 1646 to the Great Depression (1929)*

O’Malley (2014) noted the Jesuits as avid record-keepers (see also Alden, 1996, p. 617 on the “scrupulosity” of Jesuit record-keeping, and many examples in the 1540-1750 period, pp. 617-620). While this may have been so, from 1540 to 1646 there were no formal written guidelines on keeping accounting records. Thus, we can only assume that records, while likely kept in most instances, need not have been in any particular format. As noted earlier, the Jesuits grew rapidly in the first century or so, mainly due to an increasing number of Colleges - which were the Jesuits main interface to the lay community. A summary of the first seven GCs from 1558 to 1616 provided by Padberg et al. (1994) makes several references to decrees on the financial aspects of running Colleges. For, example, the 2nd GC in 1563 decreed (Decree 8) the number of colleges should not be increased unless well founded (financed); the 3rd GC in 1573 (Decree 43) noted how long not well founded Colleges should be sustained with alms or income; the 6th GC in 1608 (Decree 46) ordered remedies be found to pay off debts of some Colleges. By the 8th GC in 1646 decrees were made to dissolve several Colleges in Italy and to impose penalties (Decree 15)\(^6\) on Superiors who burden Colleges with debt.

\(^6\) This decree noted specific penalties should not be legislated for, but imposed at discretion.
In the context of this paper, Decree 60 of the 8th GC is a particularly relevant starting point. This decree required each Local Superior (man in charge) and Procurator (finance officer) must “render an account of the household finances and write down in his own handwriting how much he had received and how much he is turning over to his successor” (Padberg et al. 1994, 299). The decree also states:

Finally, an instruction should be drawn up on this matter, to be approved by Our Very Reverend father and communicated to the provinces, according to the decrees of this congregation (Padberg et al. 1994, 299)

This instruction referred to above was published in 1646 as the Instructio Pro adminstratione rerum temporalium Collegiorum, ac domorum probationis Societatis Jesu⁷, or in English Instructions for the administration of temporal matters of Colleges and Houses of Probation the Society of Jesus⁸. This was the first Instruction to specifically address accounting with the Jesuits. The reasoning for the Instruction coming about at this time seems to be the increasing growth (and indebtedness) of Colleges as noted earlier. O’Malley (2014) also notes that war, plague and shifting political regimes also contributed. The Instruction consists of 16 pages, providing written instructions (rules) for Provincials, Procurators and Rectors⁹. The instructions to Provincials are more detailed and we have summarised them in Table 1. The 1647 Instruction also provides a template for the accounts of the Province to be sent to the General, which is reproduced in Figure 1. Interestingly, the instructions for the Provincials also notes “what is said for the whole Province applies to individual Colleges”, which presumably implies that each College would prepare a statement like that shown in Figure 1.

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⁷ The year of publication is subject to controversy. Our source for the original Latin text, http://books.google.ie/books?id=rY_hEo23msQC, indicates 1646, the same year of the Decree 60. However, the Instruction contains a sample report (see Figure 1, further below) indicating the period “From 20 May 1647 until 30 Aug 1648”, which may suggest a later publication date - particularly, 1648. This would represent a two-years time lag after the Decree - a plausible period, particularly considering that it was the first time that the Jesuits produced such an instruction. However, we have used 1646 as the publication year, to remain aligned with the only available source of this document.

⁸ This is our own translation. A house of probation is “a place for testing one’s vocation” where the first two years of Jesuit formation occur (see http://www.jesuitica.be/assets/file/Schineller_JesuitGlossary.pdf).

⁹ A Province is typically a geographical area, which is led by the Provincial. There were 83 provinces as of 2013 - see http://www.sjweb.info/news/ensPDF.cfm?PubNumID=188&DownLang=1. A Rector is the director of a Jesuit community (a house where Jesuits reside). A useful outline of the hierarchical organisation of the Jesuits is given in Quattrone (2004).
<table>
<thead>
<tr>
<th>Area</th>
<th>Instruction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts preparation</td>
<td>Should be done speedily and accurately, annually (p1)</td>
</tr>
<tr>
<td></td>
<td>Should be a comparison to previous year (p7)</td>
</tr>
<tr>
<td></td>
<td>Regular administration of economic business should be done by experts alone (p5)</td>
</tr>
<tr>
<td></td>
<td>Books of settlement and account to be maintained (p7)</td>
</tr>
<tr>
<td></td>
<td>Accounts subject to inspection by Visitor (internal auditor) (p9)</td>
</tr>
<tr>
<td>Expenses</td>
<td>Least necessary expenses should be incurred (p1)</td>
</tr>
<tr>
<td></td>
<td>Must be accurate and acceptable to Provincial (p16)</td>
</tr>
<tr>
<td>Income</td>
<td>Colleges not to impose contributions, unless needs of Seminaries make it a must (p3)</td>
</tr>
</tbody>
</table>

Table 1 - summary of instructions to Provincials, 1646

*Actual Report*
From 20 May 1647 until 30 Aug 1648

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Monies received (in notes)</td>
<td>900</td>
</tr>
<tr>
<td>In other forms</td>
<td>480</td>
</tr>
<tr>
<td>Total</td>
<td>1,380</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Monies paid (in notes)</td>
<td>800</td>
</tr>
<tr>
<td>In other forms</td>
<td>430</td>
</tr>
<tr>
<td>Total</td>
<td>1,230</td>
</tr>
</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>There remains in money</td>
<td>50</td>
</tr>
<tr>
<td>Wheat, oil and wine</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
</tr>
</tbody>
</table>

Figure 1 - Provincial account report template, 1646
For Rectors, the instructions note he should know “the habitual state of the temporal business from the College books”. This suggests they should also keep books of account in the same way as the Provincial (see Table 1). Further instructions for the Rector note the Procurator should manage and record all monies from whatever source, and no new “building” should proceed without authority from the Provincial. For Procurators, the 1646 Instruction notes his office is defined by five headings: 1) that the rules of the College are preserved; 2) incomes are not decreased but increased; 3) where the College is in debt, all necessary things be done to cope in an opportune manner 4) that business affairs and monies be dispensed in a correct manner; and, 5) that reasons for giving and receiving monies stand up to scrutiny. The Procurator is also charged with ensuring title of lands, maintaining books (see above) and verifying the returns (of the harvest) from farms.

After 1646, the Instruction described above remained in place until 1894. The 24th GC took place in 1892, the fifth GC post the suppression of the Society. Luis Martín was elected General, and following Decree 22, he was entrusted to “undertake the preparation of an ordinance [...] on temporal administration, to help us avoid various risks and undesirable consequences”, the reasoning being “the very nature of temporal possessions which we use has notably changed in today’s world” (Padberg et al. 1994, 487). What the changes were is not noted, but in the almost 250 years since the 1646 Instruction, the general business and economic environment had changed dramatically - for example, the Industrial Revolution occurred, tax laws were common, company laws were introduced, inheritance laws introduced and paper money was primary means of exchange. Thus, in 1894, Martín published the *Ordinatio der Rerum Temporalium Administratione* or Ordinance for Temporal Administration\(^{10}\). This Ordinance consisted of 31 pages and covered several matters of administration, some of which are related to accounting and controls. The *Ordinatio* begins by noting the changed economic system and circumstances, the indebtedness of Colleges and the need to comply with what is lawful. The early paragraphs (6-9) refer to the establishment and/or existence of a missionary fund (*arca missionis*), a foundations/pious causes fund and a seminary fund (*acra seminarii*) and to the administration of same. Later, these funds are specifically referred to under an Administration heading, which suggests each be accounted for. Unlike the 1646 Instruction, there are no suggested templates or formats of any accounting reports, but paragraph 43 notes books of account keep by the Procurator are to be accurate, identify sources of income and keep an accurate records of inventories and assets. Paragraph 46 adds that the books be examined by the Superior and a Minister (an administrative assistant) to the Superior at the start of each month and to take not of any important items.

The 1894 *Ordinatio* also introduces several administrative controls, or more specifically policies and procedures (see Malmi and Brown 2008) around accounting and finance, which are summarised in Table 2.

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\(^{10}\) The expression “Temporal Administration” refers to the administration of material goods (movable and immovable) under control of a religious order or church.
<table>
<thead>
<tr>
<th>Ordinatio paragraph #</th>
<th>Policy/procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>To have a fixed salary income e.g. in a College</td>
</tr>
<tr>
<td>18</td>
<td>All matters of temporal administration are ultimately the responsibility of the General. Provincials, Rectors and Procurators are responsible for the administration of Colleges and/or Houses&lt;sup&gt;11&lt;/sup&gt;.</td>
</tr>
<tr>
<td>22</td>
<td>Provincial or local Superiors cannot alienate (sell) immovable goods or mortgage them without the authority of the General</td>
</tr>
<tr>
<td>23</td>
<td>If monies must be borrowed out of necessity, caution should be used and the state of the House/College be brought before Consultors&lt;sup&gt;12&lt;/sup&gt;</td>
</tr>
<tr>
<td>25</td>
<td>Monies should not be given to another, if there is a risk of loss</td>
</tr>
<tr>
<td>26 and 27</td>
<td>Superiors should not let expenses exceed income, and expenditure should not be superfluous</td>
</tr>
<tr>
<td>31</td>
<td>Contributions to the expenses of Colleges can be imposed with permission of the General</td>
</tr>
<tr>
<td>33</td>
<td>Colleges should contribute to the seminary fund</td>
</tr>
<tr>
<td>38</td>
<td>Colleges should not impose excessive contributions</td>
</tr>
<tr>
<td>39</td>
<td>The Provincial can approve extraordinary expenditures to 5,000 francs</td>
</tr>
<tr>
<td>40</td>
<td>New buildings (capital works) are to be approved by the General. He must be furnished with plans and reasoning for the building and it should be fit for purpose, but not extravagant</td>
</tr>
</tbody>
</table>

**Table 2 - summary of accounting/finance policies and procedures from the 1894 Ordinatio**

**Rules 1935 - 2005**

In 1935, four decades after the publishing of the 1894 *Ordinatio*, a new *Instruction for Temporal Administration* (ITA) was drawn up. The reasoning for the 1935 Instruction is “to give practical rules concerning the use and applications of the juridical definitions and prescriptions contained

<sup>11</sup> A “House” refers to a place where a community of Jesuits live. It is under the authority of a Superior and must have at least an oratory. This it may be more than one physical building.

<sup>12</sup> These are advisors to the Provincial, Rector or local Superior.
both, in the 1894 Ordinance for Temporal Administration and in some recent additions of the Code of the Canon Law\textsuperscript{13\textdagger} (Ledóchowski 1935, iii). The more detailed 1935 ITA consists of 91 pages and from the outset it points out that administration must be prudent and wise, and all the actions of importance must be recorded in writing. Among these actions are of course accounting and account books. It also includes many items on the investment of money, presumably something which became more relevant following the Great Depression of 1929.

In relation to account books, the 1935 Instruction provides key guidelines from a number of aspects. First, it notes method, noting the account books should be carefully kept, using a clear and uniform method. Second, it notes control. In this respect, there should be different accounts for different houses or funds - although administered by the same person - and separate accounts in all houses in which different bodies have ownership of goods. Third, accounting processes are noted. A definition of common accounting terms is offered, as well as a list of the account books required and description of the manner in which these must be prepared and kept. The account books are shown in Table 3.

<table>
<thead>
<tr>
<th>Day Book</th>
<th>This records receipts and expenses. It is noted as “the basis and life” of all the other books. To make sure figures written on this book are accurate, the Instruction recommends to enter them provisionally in a rough book.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book for revenues</td>
<td>This includes details such as the date on which a contract was entered into, the amount and how long it is to last.</td>
</tr>
</tbody>
</table>
| Book for liabilities and assets | where a complete description of each item is contained, including lists of:  
  - bonds held, listed in geographical order  
  - debts, specifying what obligations have been undertaken and which movable or immovable assets are to be burdened by them,  
  - immovable assets distinguishing those that are the Society’s property and those rented by them. |
| Inventories | which must be updated and accurate, and include a separate and distinct note for articles of value or precious images. Four types of inventories are required:  
  - sacred furniture,  
  - of all other furniture,  
  - of articles which belong to pious associations, whose headquarters are in the House  
  - articles which do not belong to the Society. |

Table 3 - Account books to be prepared in each House

\textsuperscript{13} This refers to a 1917 Code of Canon Law, the first official comprehensive codification of Latin Canon Law.
Hierarchical positions related to the process of preparing and examining the accounts are well defined in the 1935 ITA. The Local Superior administers the goods belonging to an individual House, but under the eye of the Provincial, who administers the temporal goods of the whole Province. The Provincial in turn must render an account to the Father General. The Local Superior carries out his functions by giving careful and particular instruction to officials, especially to the Minister and Procurator, and at the same time drawing on their advice. The Minister attends to daily purchases and lesser repairs and directs lower officials. The Procurator watches over all temporal administration of the House and sees that the terms of budgets are fulfilled and the monies provided spent in accordance with it. Both Minister and Procurator must aid each other in the execution of their offices. At the end of each month and year, statements of the affairs and of the financial situation of each House are to be prepared by the Procurator. It is noted that it is desirable that these use the same ledger headings as those in the statements sent to the General in Rome. As regards to the monthly statement of accounts, it is suggested they “might easily be called the one thing which contains everything else” (paragraph 175, p.70). Tables 4 and 5 present a summary of the main features of the monthly and annual statements, together with some comment drawn from the ITA.

<table>
<thead>
<tr>
<th>Elements</th>
<th>A statement of the receipts and expenditure during the preceding month</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A statement of the credits and debits at the end of the month</td>
</tr>
<tr>
<td>Jesuits involved</td>
<td>Each month the Procurator in the presence of the Minister provides the Superior with the monthly statement</td>
</tr>
<tr>
<td>Aims/useful for….</td>
<td>The Superior must study the statement to have a full knowledge of the financial condition of the House</td>
</tr>
<tr>
<td></td>
<td>Based on the financial condition, the Superior must put into practice without delay whatever seems conducive to the prosperity of the household.</td>
</tr>
<tr>
<td></td>
<td>To make the process more efficient, the monthly statement must be carefully examined by the Superior and Minister before the meeting where the statement is “officially” presented. At the end of the meeting the Superior must sign the statement of accounts, so that the Provincial has proof that the meeting has been held.</td>
</tr>
</tbody>
</table>

Table 4 - features of the monthly statement
<table>
<thead>
<tr>
<th>Elements</th>
<th>yearly receipts and expenses, giving first the totals of the individual headings of the year’s receipts and expenditure, then their total.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>cash balances both at the beginning and at the end of the year.</td>
</tr>
<tr>
<td></td>
<td>movable credits and debts</td>
</tr>
<tr>
<td>Jesuits involved</td>
<td>The annual statement of accounts is prepared by the Procurator, and after being approved by the Superior must be sent to the Provincial.</td>
</tr>
<tr>
<td>Aims/useful for….</td>
<td>The annual statement of accounts presents a state of affairs for one year easily comparable with that of another year, so that the cause of any increase or decrease may be found. It provides the Provincial with an essential insight into the administration of each house.</td>
</tr>
</tbody>
</table>

**Table 5 - Features of the annual statement**

Each year end, the 1935 ITA notes a control is carried out by the Provincial with the assistance of the Revisor (essentially an internal auditor), to make an accurate audit of the affairs of each House. In particular, the Revisor must a) examine the books of accounts, b) get an accurate knowledge of each house investments, liabilities, revenues and expenses, and c) examine whether the affairs have been well administered and every title related to properties obtained. The ITA also reminds the Provincial not to forget the words of the previous 1894 *Ordinatio* - “nothing is of great help in domestic administration than that the books be examined, not in a perfunctory manner, but seriously and in detail” (paragraph 220, p.90). Additionally, the 1935 ITA notes that accounts are to be sent to Rome to Father General. First, a *status temporalis annuus Domus* (annual temporal statement) is to be sent at the end of the visitation (audit) of a House together with the report of the Visitor, and second a *status temporalis triennalis Domus* (tri-annual temporal statement, every third year along with other triennial documents).

The 1935 ITA also states that in each Province there must be 2 Arcae: an *Arca Sumptuum Communium* and an *Arca Seminarii*, and 2 other Arcae are desirable and useful: an *Arca Fundationum* and an *Arca for Pious Purposes* (table 6)
<table>
<thead>
<tr>
<th>Arca Name</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Arca Sumptuum Communium</em>&lt;sup&gt;14&lt;/sup&gt; (Common fund)</td>
<td>Covering the expenses incurred on account of the common good of the Province, such as, the maintenance of the Provincial and his curia, their journeys, and also the journeys of the Consultors of the Province, among other expenses.</td>
</tr>
<tr>
<td><em>Arca Seminarii</em> (Seminary fund)</td>
<td>The maintenance of Ours&lt;sup&gt;15&lt;/sup&gt; who are undergoing their probation, or engaged in studies, Ours who, in houses of probation or study for Ours, hold official positions, Ours who are aged and infirm, Ours of lesser Seminaries of the Society and candidates for the Society (with some restrictions).</td>
</tr>
<tr>
<td><em>Arca Fundationum</em> (Foundation fund)</td>
<td>Meets the costs for the beginning and completion of houses, and makes loans at a very low interest or interest free to houses.</td>
</tr>
<tr>
<td><em>Arca for Pious Purposes</em> (Pious causes fund)</td>
<td>Pious purposes outside the Society, such as, bursaries for students, support for the missions or for Spiritual Exercises.</td>
</tr>
</tbody>
</table>

Table 6-The Province *Arcae*, 1935 ITA

The Procurator must render an account of the Administration of the Arcae to the Provincial in writing at least every six months. The Revisor is responsible of the audit of these accounts at the end of every year and of the report to the Provincial and to his Consultors. In spite of the clear guidelines included in the 1935 ITA, they were not implemented immediately by all. According to Decree 26 of 28<sup>th</sup> GC, held three years later in 1938, insufficient observance of the 1935 ITA was causing great harm in many Provinces (Padberg et al. 1994, 604). In particular, the Decree insisted on the rendering of accounts by the Procurator in Houses, the audit of Province funds by the Revisor, permission that Local Superiors must ask for when extraordinary expenses exceeded their limits and the need to provide new Procurators with specialised training.

As previously mentioned the 1935 ITA also sets out rules on the investment of money. Investment is defined as the “changing of money into a productive form” (paragraph 64, p.29). Any investments should be done prudently, safely, profitably and exclude an appearance of trading or speculation. The investment may take the form of immovable goods (e.g. lands, farms), movable goods (e.g. bonds, shares) and houses or other buildings. On immovable goods, some advantages and disadvantages of investing in land are described in the ITA as per Table 6.

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<sup>14</sup> This is the term used in the header of the 1935 ITA on p.79. The introductory sentence of the section describes the fund as “Sumptus Communes”, and the term Arca Sumptus Communes was also used.

<sup>15</sup> “Ours” refers to the Jesuits themselves.
<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Free from changes to which bonds are subject</td>
<td>● Danger of confiscation</td>
</tr>
<tr>
<td>● The possession of land of moderate size is recommended when Jesuits</td>
<td>● When it is administered by Jesuits special skills are needed to enjoy a</td>
</tr>
<tr>
<td>cultivate the land and its product is used for their immediate needs.</td>
<td>sufficient income</td>
</tr>
<tr>
<td>● When it is given to externs Jesuits receive less rent than secular traders</td>
<td>● It may give the appearance of wealth</td>
</tr>
<tr>
<td>do</td>
<td>● Its alienation has restrictions</td>
</tr>
</tbody>
</table>

**Table 7 - advantages and disadvantages of investing in land**

On investment in movable goods, the key type being bonds, the 1935 ITA notes that the greater part of money must be invested in Government bonds, loans to colonies, and municipalities, rather than in shares. On the investment of money in bonds, the ITA insists in the avoidance of trading in bonds and even the appearance of trading. It is noted that to increase the security of investments, money is to be placed in several kinds of bonds, from different countries and companies. Also, whether the Society buys bonds (or shares), it must pay attention to the purpose of the entities chosen for the investment, excluding those which have an unlawful or questionable purpose. In particular, the trade forbidden consists in buying bonds (stocks or shares) with the intention of selling them as soon as their value increases, and repeating this action over and over. The general rule establishes it is advisable to choose bonds whose value is hoped to remain. Nevertheless, some circumstances may appear that recommend changes in investments. For example, selling bonds is permitted if it is possible to obtain others more profitable and not less secure; or there is a danger of loss, because current valuation is notably higher than purchased and this will not be maintained; or the annual dividend remains the same while the value of the bonds increases notably. On investment in shares, the 1935 ITA recommends to choose preference or debenture shares rather than ordinary. Regardless, any shares purchases should be held for the short-term only, and shares should be from entities that meet the requirements for profitability and safety. Buying shares in newly-formed entities is to be avoided, as is the purchase of unquoted shares.

In December 1979, a new *Instruction on Temporal Administration* was published, replacing the 1935 Instruction. In its preface, Father General Arrupe noted “because today the economic conditions throughout the world have changed, to say nothing of the manner of doing business, it has seemed useful and indeed almost necessary to draw up a new Instruction”. The 1979 Instruction is much longer than the 1935 one, containing 221 pages and takes into account, among other issues, reforms of the structures of Temporal Administration of the 32nd GC which from 1974. These changes were closely connected to the revision of the Jesuits Statutes on Poverty,
which required “distinctions between the Jesuit religious community and the institutional works
or apostolates served by that community, and with clear accountability and appropriate control of
the separate finances of the two” (Padberg 1994, pp. 40-41). To achieve this, the 1979 Instruction
introduced new rules and explained with in greater detail many rules that were already within the
1935 Instruction.

This elaboration of detail is particularly true of those parts that state the tasks to be carried out by
the different people responsible for administration. In fact, the 1979 Instruction starts by listing
the chief functions of Temporal Administration, setting out the numerous tasks which are involved.
In particular, the description of the Provincial’s role and of people to assist him in his decisions is
set out. The Local Superior’s role, and his relationships with subordinate officials and with the
Provincial are also more widely expressed than in 1935 Instruction. On his role, the 1979
Instruction includes new aspects such as a “duty of ensuring that the distinction between apostolic
institute and community is applied” (paragraph 167.11). Thus, he must be assisted by the Directors
and Bursars (Administrators) of the works dependent on a house and the Bursar should give an
account to the Superior or to the appropriate Director.

The 1979 Instruction, besides replacing the word “Procurator” with “Treasurer”, states the
functions of Treasurers, the Provincial and the Local, much more clearly than in the 1935
Instruction and highlights the expert knowledge and skills required to be a Provincial and a local
Treasurer due to his relevant role in Temporal Administration. This latter point stems from a
demand included in Decree 26 of the 28th GC, that was held after the publication of the 1935
Instruction, on the need of providing new Procurators with specialized training. In fact, the 1979
Instruction encourages (paragraph 8) the continual study of the science and technique of
administration, law, finance and organization, for all the Jesuits involved in administration, as well
as the preparation supplied by their spiritual formation. The 1979 Instruction also clarifies
(paragraph 211), that Provinces, “as distinct from communities and apostolic institutes, are capable
of owning even productive goods and of receiving stable and assured revenues from invested
capital”.

Table 7 identifies the four Province Arcae (funds) as per the 1979 Instruction, namely the Arca
Seminarii, Arca Praevisionis, Arca Fundationum and Arca Operum Apostolicorum.
<table>
<thead>
<tr>
<th>Acra Name</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arca Seminarii</td>
<td>The maintenance: Of Ours who are undergoing their probation, or engaged in studies, Of Ours who, in houses of probation or study for Ours, hold official positions Of Ours who are engaged in the work of permanent or on-going formation Of minor Seminaries and candidates for the Society (with some restrictions).</td>
</tr>
<tr>
<td>Arca Praevisionis</td>
<td>Support of the aged and the sick members of the Society.</td>
</tr>
<tr>
<td>Arca Fundationum</td>
<td>Meets the costs for the beginning and completion of houses and makes loans at low interest or interest free to apostolic institutes, seminaries and communities.</td>
</tr>
<tr>
<td>Arca Operum Apostolicorum</td>
<td>Makes grants for ordinary expenses and operating costs: Retreat houses for the use of externs, bursaries for pupils in our institutes, works for the dissemination of Catholic doctrine through mass media, charitable works within and outside the Society</td>
</tr>
</tbody>
</table>

Table 8 - The Province Arcae, 1979.

In comparison to 1935, Arca Seminarii no longer applies to the care expenses of the aged and the sick; a new Arca, Arca Praevisionis, meets this specific goal, indeed quite unrelated with formation expenses. The Arca Operum Apostolicorum promotes, among other works, ones similar to those included of the Arca Causarum Piarum for Pious Purposes” per the 1935 Instruction. And finally, the former Arca Sumptuum Communium has been removed from the 1979 list of Arcae, although this Instruction warns, like in 1935 that the common expenses of the Province must not be covered with stable revenues. Unlike the 1935 Instruction, which only mentions that the Procurator of a Province must provide the Provincial with an estimate of the expenses of the Arca Seminarii for the coming year, paragraph 201.18 of the 1979 Instruction adds that he must prepare budgets for the coming year, for the common expenses account and for all the Arcae of the Province.
Accounting, and possibly more so control, are the key element of the 1979 Instruction and we now outline some of the most prevalent. First, on accounting methods, the 1979 Instruction (paragraphs 30-32 and 183), notes that a general template of accounting reports to be produced for each Province, and this should be suitably adapted in accordance with generally accepted principles of accounting in the nation concerned, and should meet all civil, fiscal and social security regulations. This, it suggests, leads to a desirable uniformity in accounting among the various categories of works, institutes and communities, at least in the same country. In addition, the accounting methods should be easily intelligible and adapted to the particular circumstances of each work, community or institute. For example, in small communities or works of minor importance, it may be sufficient to produce an annual account of receipts and payments, of the cash in hand and at bank, and of debtors and creditors. Nevertheless, in bigger communities double entry bookkeeping should be used and a more elaborate presentation of their periodical accounts is required, with notes and supporting documents, so that the financial and economic position may be thoroughly understood. To support these methods, Appendix III of the 1979 Instruction includes a Latin-English glossary of accounting terms, as well as the forms that must be followed to present the financial statements. This Appendix, attempting to ensure uniformity using accurate accounts of income, expenditure, assets and liabilities, was not a feature of the 1935 Instruction.

Second, the 1979 Instruction does not explicitly mention accounting books as the 1935 Instruction did. Nevertheless, we can identify some similar key records, such as the day to day accounting, records of securities, written cards for each item of immovable goods, cards for inventories of movable goods, and a special book of mass stipends. However, the planning and budgeting system and internal and external controls have gained more prominence. Paragraphs 40-48 describe, among other issues, the kinds of budgets, their usefulness, periodic comparison between budget and actual figures, and tasks carried out by people involved in budget preparation and approval. Paragraphs 49 and 55 highlight that the objective of the internal control is to protect Society property, and to ensure that individuals who share the administrative work remain honest and that confidential matters are not made public. To achieve this control goal, the 1979 Instruction mentions different instruments that may be useful for an internal supervision, accounting areas more open to risk and preventive measures, such as the rotation of personnel or auditing practices. In relation to risk areas, two useful examples (among others) relate to the alienation of property and contracts of debt. In both cases, the 1979 Instruction (unlike the 1935 Instruction), contains a very detailed description of permissions, the causes that lead to these acts, forms to be completed and relevant information to carry out these decisions. On steps to be taken for the preparation to the presentation of the financial statements, the duties of those engaged and the goals to be achieved are very similar to that described in the 1935 Instruction, although their description is much more detailed.
Third, the 1979 Instruction contains new information on the Province Treasurer’s tasks. All communities or apostolic institutes must send the Provincial the annual balance sheets and other financial and statistical information. According with paragraphs 235.1 and 235.2, the Province Treasurer must collect all these reports, examine them, make his comments and separate them in two groups, depending on whether the information is sent to Rome or not. Additionally, paragraph 235.3 also adds the following documents, to include supporting notes and explanations, which must be prepared by the Province Treasurer and sent by the Provincial to the Father General in Rome:

- An annual report of the Province Arcae and of common expenses of the houses, works and institutes. In particular, he must prepare the annual balance sheet, the statement of revenues, expenses and changes in fund balance, and the statement of changes in the financial position. These reports must be presented using “standard” forms, detailing assets, liabilities, fund balance, revenue and expenses of each of the Arca, as well as common revenue and expenses. Accounts must be audited and prepared following nationally recognized accounting principles.
- Statistical information forms for houses, works or institutes and the Province.
- A copy of long duration contracts.

As mentioned, the 1979 Instruction pays more attention than the 1935 one to control issues. In this regard, both Revisors, the Revisor Domorum, who supervises communities and institutes, and the Revisor Arcarum, who is in charge of the internal supervision of the Province, play a key role. The issues to be examined by these Revisors, according to the 1979 ITA, are more numerous than the ones considered in 1935 ITA and are described with greater detail. In particular, Paragraphs 231, 232 and 239 mention explicitly that the examination carried out by the Revisors must include consideration of Civil law as well as Canon Law (both of the Church and of the Society) especially relating to acts of extraordinary administration and the observance of the norms of the Instruction. Both Instructions state that the Revisors must examine the accounts and analyse the financial position, as noted earlier for the 1935 Instruction. In addition, the Revisor Domorum must make an inspection to see if the building needs repairs and, in some cases, examine the management of investments. The Revisor Arcarum must also send his ex-officio report in a sealed envelope to the Father General. Paragraphs 51-52 also note that if the civil law requires it, an independent external audit may be appropriate, although its notes that “this will sometimes be less convenient” and if internal supervision methods work, the external audit should be avoided to reduce costs.

On the investment policy established in the 1979 Instruction, some new rules are introduced in comparison to the previous instruction. First, communities (Paragraph 88) cannot own permanent investments to produce revenue for their own benefit, whereas Seminaries, Houses of study, Colleges and Infirmaries are allowed to hold such investments. Provinces and the Society as a
whole can hold such permanent investments, as can Houses, but only on behalf of Apostolic institutes. Second, investments in real estate can be made by shareholdings in Property Investment Companies, provided that the company owns first class real estate property in easily identifiable places, does not use its properties for immoral purposes and pays satisfactory returns (paragraph 99). Third, participation in an Investment Trust (mutual fund) or the formation of a mutual fund internal to the Society within a Province or region are alternative ways of investing in securities that could offer some advantages (Paragraphs 102.5 and 103). On investing in shares, it notes some purchases which must be avoided that were not mentioned in the 1935 Instruction, such as shares of companies owned by relatives of Jesuits (Paragraph 107.3) or companies located in places where strict regulations are not in force (Paragraph 104.2 even names some countries). Fourth, the purchase of jewellery or works of art is to be avoided, due to the fact that these goods do not meet the requirements of marketability, safety and sound return, and can cause scandal (Paragraph 109). Finally, it insists on the idea that not only skilled Jesuits but also laymen should be consulted in order to optimize the Society’s investments. Any experts must be trustworthy, have no conflict of interest and properly remunerated (Paragraph 101).

Contemporary rules (2005 to present\textsuperscript{16})

In 2005, two and a half decades after the 1979 Instruction, a new Instruction on the Administration of Goods (IAG) was drawn up. Although some copies of this 2005 IAG fell in the public domain, our ensuing analysis is bound by an agreement with the Jesuits, since the IAG is still in force (as of 2017) and for internal use only. Nevertheless, our agreement allows us to present a high-level analysis which is still informative and allows for comparison. Given the likely difficulty of researchers to access the original publication, we are providing a wider scope view of its contents, within the limits agreed. Finally, since the IAG is a contemporary document, this limitation will obviously not affect the bulk of the research on the Jesuits, which focuses previous periods.

The 2005 IAG, with a total of 252 pages, includes a Preface by the Superior General, Peter-Hans Kolvenback, and the Statutes on Religious Poverty in the Society of Jesus. Both set the background and motivation underlying the IAG dispositions. In the single-page preface, the General mentions the need expressed by the Provincials in a 2000 meeting to “present a more coherent picture of the vow of poverty and deepen the way today’s Society lives it” (p. x). As a response, in 2003 he updated the Statutes on Religious Poverty, drawing upon various decrees of the GC and legislation of the Generals on this matter throughout the Jesuits’ history. The IAG therefore emerges to complete these norms, revising and updating the previous Instructions (as reviewed above) and aiming to “instruct and counsel Jesuits and others about the role of poverty in our management of the goods (…) that are entrusted to us” (p. x). In line with previous Instructions, this 2005 update

\textsuperscript{16} As already noted, the 36\textsuperscript{th} GC, held in 2016, has requested the 2005 IAG, as well as the underlying Statutes on Religious Poverty, to be revised. However, to the authors’ knowledge, such revision has not been made yet.
is further justified by economic changes, such as “globalization, the exponential growth of information, the appearance of the Euro, the speed with which information is made available, etc.” (p. x). This reviewed IAG was “done from an evangelical perspective” and “takes into account our way of proceeding” (p. x) and since “the IAG has as its (...) principal source the Statutes on Religious Poverty” (as the 1979 Instruction), the two documents were published in a single volume. The Statutes on Religious Poverty in the Society of Jesus, with 33 pages, has three parts on 1) General Principles, 2) Personal Poverty (discussing the vow of poverty, common life and Jesuits’ common way of living in external matters) and 3) Poverty in Common. This latter part analyses the sources of revenues, the distinction between communities and apostolic institutions and how poverty applies to the two types of institutions, the sharing of goods and the poverty of the society as a whole and of the provinces. An Appendix provides detailed dispositions regarding the yielding of administration and the disposition and renunciation of property.

The 201 pages of the IAG itself start with an introduction, in chapter 1, clarifying its nature, objective and audience and norms nature and their discernment, and it distinguishes between actual instruction and explanation/advice. Chapter 2, on “Legal Aspects and the Basics of Financial Administration”, discusses the role, importance and characteristics of financial management within the Apostolic service within the Jesuits and the general legal framework. It also introduces important concepts for financial administration, in particular introducing basic control mechanisms for ordinary and extraordinary financial administration, the administration limits (Cifra-Limite) and permissions applicable for each hierarchical level, as well as the definition of surplus and excess goods. After distinguishing between the goods, rights and obligations (owned by the Society, entrusted to the administration of the Society, or to a particular Jesuit), it indicates person who administer the goods, in hierarchical terms and co-workers - which may include laity - while concluding that financial administration is the responsibility of all. The structure of the following section on how to administer is aligned with a typical structure of a management textbook, providing practical advice for planning, organization, coordination, execution and control. The numerous relationships related with financial administration (and, therefore, the relations within the Jesuits and outside entities involved in these relationships) are identified, as well as legal, planning and accounting and financial documents involved. Accounting principles and documents are given particular salience. The potential necessity and convenience of using consultants and other types of aid within the Society is acknowledged, and instructions to archive various types of documents are provided. One final section expands on the necessity of mechanisms of control and auditing, identifying permanent and occasional means of internal control, and concluding with an analysis of the types of contributions expected from the accounting rendered to superiors.

The three following chapters detail the financial administration at three different levels: local, province and the General level, respectively. Chapter 3, focusing on the local level, starts by resuming the important distinction between Communities (or Houses) and Apostolic Works (or
simply ‘Works’, or Institutions), which is relevant throughout the entire IAG. Works can have a wide variety of situations, so this chapter distinguishes the various types of works regarding their ownership and the Jesuit’s responsibility (whether the works are owned by the Society or entrusted to it) and regarding their dependence or independence to a particular Jesuit community. Detailed identification is made regarding various types of works not owned, ranging from works founded or promoted by the Society but titled to or governed by another entity, to a work under the individual direction of a Jesuit. Sections of Chapter 3 identify people responsible at the local level, their functions and authority, again distinguishing between communities and works. For communities, it identifies: the local Superior / Superior of a community; the Minister of the community / Assistant to the Minister (sub-Minister); the local Financial Administrator / Treasurer; and the Finance Committee. For Works, it identifies: the Director of a dependent work; the Director of an independent work; the Administrative officials; the Finance Committee; and the Boards of Trustees or Directors (when required). While the descriptions of these functions already provide relevant indications about the tasks assigned to each position and relationships and reporting lines between those positions, an additional section expands on these relations, emphasising the importance of norms of internal control and even audits.

Chapter 4 analyses Financial Administration at the Province level. It first identifies assets administered at the province level, among others, the four funds (Arcae), as presented below, and the people responsible and their functions and powers: the Provincial, the province Treasurer, the Revisor of province Financial Administration, the Revisor for houses (communities) and Works, and the province Finance Committee. Again, the relations established between these people are expanded when detailing the activities, regarding: planning, organization, coordination and financial reporting. The administrative division by the four basic funds of the Province (Arcae) remains as defined in the 1979 ITA, but English translations are added (as in the 1935 ITA): the Arca Seminarii is also called the Formation fund; the Arca Praevisionis is the Aged / Infirm fund; the Arca Operum Apostolici is the Apostolic fund and Arca Fundationum is the Foundations fund (cf. Table 7). However, additional funds are mentioned, namely a Common fund (or Operating fund); the Trust and Agency Funds; and other funds. Coordination with the local Administrators and mutual technical and financial help between province Treasurers is also discussed. The chapter also discusses financial reporting: by those who work with the Provincial; by the Provincial; and by independent auditors. This chapter concludes with three sections discussing relationships of assistance between Provinces (how Provinces can collaborate, specific organizations to provide assistance, fund-raising outside the boundaries of the Province and how lay persons can participate), the unification and division of Provinces, and the constitution and operation of Conferences of Major Superiors.

Chapter 5 continues the analysis of Financial Administration, but at the level of the General. After briefly defining the powers and responsibilities at this highest level, it explores the functions and faculties of those involved- the General; the General Treasurer and his co-workers; the Revisor of
General Financial Administration and the Finance Committee of the General. This chapter finalises by describing the objectives and operation of the Charitable and Apostolic Fund, or FACSI, controlled at this level. Chapter 6 covers the main functions of financial administration, devoting particular attention to the general concepts and procedures in the acquisition of goods (all sources of income received, as well as purchases), administration and alienation of goods, while leaving the practical procedures to the following chapter. It starts out by describing when incorporation of companies and other civil entities is required to represent the Society, from a civil perspective. Turning then to acquisition of goods (i.e., sources of income received), it distinguishes income from persons (from work, Mass stipends, Pensions and other compensations, and the destinations that can be given to these types of income), from productive activity or by accepting donations (both general norms and particular ones regarding unrestricted donations, restricted donations, restricted donations that involve long-term commitments and restricted donations as non-autonomous pious foundations). Several dispositions regarding the important aspect of purchases are also included under this heading.

Chapter 6 devotes particular attention to investments. It specifies general indications about powers to invest and what to look for, and avoid, in an investment. It provides numerous, and very specific instructions and advices on different types of investments, distinguishing between investments in fixed assets/real estate and in securities (movable assets). It also clarifies what are licit and ethical investments, and prohibited and illicit investments – restating the general prohibition against engaging in business activities and then providing a specific list of business activities that are prohibited. After this extensive subsection on investments, the section of administration of goods continues by analysing loans (both to persons outside the Society and within the Society), renting of property, receiving deposits, employees (dependent or autonomous), co-workers and volunteers, and some final notes on other work contracts and registered trademarks and copyright. The chapter also details the alienation of goods, providing general concepts on alienation in the strict sense (of sale of property) and in the broad sense (when it affects the asset ownership, as further described below). This is followed by a lengthy list of juridical regulations, defining requirements, formalities and rules for alienation, and points on sales (e.g. of items in excess or at teaching institutions, and quasi-commercial sales). Broad sense alienation is then explored, regarding rentals, exchanges and similar agreements, debts (including several important cautions), mortgages, donations and alms; and actions against illegitimate alienations are explained.

Chapter 7 elaborates on practical ways to proceed in financial management, providing more detailed guidance and instructions about matters discussed at a more general level in previous chapters. The budgets or (as indicated in the table of contents, the “presuppositions”, a reflection of having been translated from the Spanish original version) are analysed first, in line with the importance given to this document in previous sections. It states who and when budgets should be prepared, defines details of the approval process, emphasises the need to control the budget on an ongoing basis and what to do when expenses exceed budget by 20%. The chapter continues and
expands instructions and advices of previous chapters on mass stipends, purchases, investments, alienations, debts, buildings, contracts for work or services with employees, accountability (“rendering an accounting”) and a final section on applications to and reporting on grants from FACSI. Of these sections, the one on buildings is particularly detailed, giving step-by-step guidance and key points to consider regarding construction and/or substantial remodelling and ordinary maintenance and repair. The section on “rendering an accounting” is of particular interest, expanding the broad indications previously sketched at the end of Chapter 2 and the financial reporting lines established in subsequent chapters, across the multiple hierarchical levels from to the General.

Chapters 8 and 9 provide forms, and respective explanatory notes, to be used in the multiple interactions and communications previously defined. After four initial forms for FACSI purposes, all other (eleven) forms are for reporting to Rome. Nine of those forms are for the Province level: the statement of financial position; the statement of activities; the revenues, expenses and changes in net assets of the operating fund; the year-to-year comparison of the financial position of the four permitted funds (the Arcae) and of the other funds, as well as forms regarding the respective activities of all these funds; statistics and analysis (mostly, basic demographic and financial ratios); and a list of assets. The two final forms are for the financial reporting of Houses and Works to Rome, including both financial and non-financial variables and ratios. The chapter finalises with extremely detailed notes on how to fill the forms. Finally, Chapter 9 contains an 8-page glossary of accounting and finance terms relevant to the Society.

Discussion

Our confidentially agreement prevents us from presenting in this paper many detailed comparisons between the 2005 IAG rules and the preceding instructions, in particular identifying continuities and changes in defined rules or in the importance attributed to particular topics. Therefore, in the ensuing discussion, whenever detailed contents of the instructions are needed, reference will only be made to instructions up to the 1979 ITA. However, overall, the 2005 IAG is mostly an update and development of the previous instruction, and no major differences exist between the general orientations of the two documents.

The above analysis of the five Instructions issued throughout the centuries unambiguously show more continuities than disruptions. The overarching message of the Instructions remains the same, stemming from the underlying (and stable) religious principles – in particular, those related and a consequence of the Jesuits’ vow of poverty, as elaborated in-depth in the Statues on Religious Poverty. Rules included in the successive Instructions are completely updated to the time and context where they were written. For example, regarding accounting, the 1979 ITA states that “large administrative units such as universities can profitably make use of an electronic computer
or mini-computer” (paragraph 33). Or, in relation to investments, it’s evident that the regulators had a deep knowledge of the different options that could be chosen to invest money in the late 1970s.

The five Instructions reveal, in each revision, a substantial increase in the importance attributed to accounting and control issues. Recent versions emphasise ensuring proper accounting, internal reporting and control (and even external control, by “independent auditors”, as stated above – IAG, 2005), and compliance with legal practices. Furthermore, the instructions are clearly made with the purpose of assisting users with a wide range of competencies in accounting and finance, particularly taking into account that many of the people undertaking accounting and finance functions in the Society (in particular, of course, Jesuits) will have their main background in religion and related areas.

Therefore, the instructions combine both general principles and precise rules, as well as practical instructions and mere advices, on religion, management, finance, accounting and control. As it could be expected, and has already noted, religious principles permeate all documents. The IAG (2005) (the document analysed in the remainder of this paragraph) was “done from an evangelical perspective” and having as “principal source the Statues on Religious Poverty” (Preface, p. ix). Chapter 2 starts precisely by making “Apostolic Service in the Society of Jesus (…) a point of departure” (p. ii) to the entire document, and by providing “[a] fundamental understanding of financial management in the Society” (p. ii). Religious principles are present in the many references to the need of living according to, and providing evidence to the outside of, the vow of poverty (and, in a less prominent way, the ultimate goal of aiding the poor). In turn, these principles are translated into practical terms in terms of what the vow of poverty represents and how it can be achieved within and through the many aspects of financial management. General management principles are visible, for example, in chapter 1 when traditional areas of management – planning, organization, coordination, execution and control – are applied to “good financial administration”. General financial principles and concepts, but also detailed information, are covered in several parts of the document, but the section on Investments, in chapter 6, is particularly rich. General accounting principles and concepts are mentioned, for example, in chapter 2, as well as “accounting and financial documents in particular” (p. iii), going down to very detailed rules or mere advices on aspects like “archives” (p. iii) and “budgets” (p. vii) (including the multiple stages of their usage, from their “elaboration” and “approval” to “ongoing control” – p. vii), and even detailed “Forms for Reporting to Rome” (p. viii). Regarding control, again both general principles and detailed instructions are available, ranging from indicating multiple forms of control (conceptualised in textbooks such as Merchant and Van der Stede (2007) in the well-known taxonomies of action, personnel and results controls) to more detailed aspects, like recommendations to segregate some activities.
The analysis of the 1935 and 1979 Instructions provides similar and additional evidence of the integration between the sacred and the secular fields when the administrators deal with economic matters. This relationship is extraordinarily clear from the very beginning of the 1935 ITA, when paragraph 6b states “the close connexion between temporal and the twofold end of our Institute”, warning of the harmful consequences derived from both, the shortage of funds and the waste of money. Paragraph 7 adds “temporal administration must be spiritual, in keeping our poverty”, what means that “temporal goods must be considered as means to the carrying out of the spiritual end of our Institute” (paragraph 8). Jesuits in charge of the administration must act as stewards - not as owners - in relation to the “special possessions of Our Lord Jesus Christ and the patrimony of His poor” (paragraph 5). So, taking economic and financial decisions leading to an efficient management of goods seems to be a key element to support the religious ends of the Society of Jesus.

Both Instructions, the 1935 and 1979 ITAs, state that the Society of Jesus should comply with the civil law in the administration of their goods. Particularly, the 1979 ITA encourages the administrators to comply with the Society of Jesus statutes, the ecclesiastical law and the civil legislation of their country - including issues such as employment, taxation and accounting. Not only is there no conflict in meeting the requirements of civil law, but its accomplishment seems to be vital to an efficient administration. For example, both 1935 and 1979 ITAs warn that all documents and deeds relating to Jesuit rights must be drawn up in legal form so they could be used in a civil court. In this case, the accomplishment of the civil law let the Jesuits counter possible claims to property and keep their patrimony.

The above integration between religion, management, finance, accounting and control may be interpreted as an indication of some degree of integration between the sacred and secular, that has been suggested in the literature, and that we here label ‘macro-level integration’. Moreover, and very significantly, there is also a very clear ‘micro-level integration’, at the level actual practices in which the sacred and the secular are jointly managed.

The topic of the “Distribution of masses” will illustrate this ‘micro-level integration’, drawing upon the detailed instructions of the 1979 ITA (Part II – “Management of some particular business transactions” – “Art. III – Distribution of Masses”, paragraphs 156-166)\textsuperscript{17}. It starts by stating (Paragraph 156) that “[a]nyone receiving stipend Masses from externs must at once give them to the Treasurer for distribution; or at least inform the Treasurer as soon as possible of the number of Masses said and hand in the full stipend for the funds of the community. Furthermore, Mass stipends must not be left to the free disposal of any one of Ours in such a way that he could directly

\textsuperscript{17} In the 1935 ITA, the topic of Distribution of Masses is analysed in paragraphs 156-166, and the overall orientation is similar to the 1979 ITA, described here; in the 2005 IAG, this topic is analysed in paragraphs 514-528.
dispose of them for the benefit of relatives, friends or the poor”. Paragraph 157 further states that “[m]asses may be transferred (italics in the original) directly between community Treasurers of the same Province. It is for the Province Treasurer to transfer stipends to the General Treasurer or to the Treasurer or houses of another Province”. Paragraph 165 states that “Our communities may not retain more obligations for Masses to be offered by their members than can be fulfilled within a year [footnote omitted]. Any surplus intentions and stipends should be sent in good time to the Province Treasurer, at least at the end of each year. Similarly, Provinces should pass on surplus Masses to the General Treasurer, so that in due time they can be distributed. The obligation of passing on Masses “ad instar manualium” comes into force at the end of the calendar year in which they should have been said. The obligation of passing on manual Masses comes into force one year after they have received, unless the donor wishes otherwise”. This disposition reflects a ‘capacity constraint’ of Jesuits to carry out this ‘operational’ (sacred) activity within a given time (paragraph 160 indicates the suggested formula to calculate “a moderate space of time = 30 + n + n/2” in which masses should be celebrated), given prevalent rules on the subject, that we may conceptualise as ‘quality-assurance’, against a ‘mass production’. In addition, and most importantly for the discussion around the sacred-secular divide (or integration), two remarks can be made. First, this process involves both ‘operational staff’ (the celebrants) and ‘financial staff’ (the various treasurers indicated). Second, managing within extant (socially-constructed and religiously-based) ‘production capacity’ constraints entails an internal reallocation of this ‘production’ across ‘sites’, along with the underlying revenue (the Mass stipend).

Indeed, the very title of this Part II of the 1979 ITA (“Management of some particular business transactions”, as mentioned above) frames the distribution of Masses as a ‘business transaction’ within the Jesuits. Therefore, the above description clearly shows how this process to manage ‘operational’/“business” (sic.) aspects (the distribution of Masses) entails managing related financial aspects (the Mass stipends), with the involvement of both ‘operational’ and ‘financial’ actors. We therefore label this a “joint sacred-secular process”, providing a clear example of a lack of a sacred-secular divide; indeed, and on the contrary, it provides a clear example of a sacred-secular integration.

Two additional brief examples of such integration are now provided. As a first example, paragraph 164 of the 1979 ITA requires that “[m]ass stipends must not be spent before the Masses have been celebrated for which the stipend was given”. This disposition relates the three events of funds receipt, ‘operational’ activity and funds expenditure, restraining expenditures until the actual execution of the ‘operational’ activity justifying the previously received revenue. Again, accounting, treasury and operational aspects are intertwined, with some parallels to the accounting principle matching principle, and an overall goals of financial prudence, delaying the moment when funds can be spent, is certainly present. A second, donations can also imply certain restrictions, defining which use may be done to the funds. Again, the sacred and the secular have to be managed jointly.
Therefore, the sacred and secular are, in these particular aspects, totally integrated. However, this by no means suggests an economic/financial oriented approach, as we stated at the start of this discussion. On the contrary, the various Instructions set limits to the types of investments and business activities, including a “general prohibition against engaging in business activities” (p. vi) (chapter 6), and detailed dispositions promote conservatism and prudence over financial gain, as well as gratuity over income and profit (which is indeed explicitly mentioned as something to be avoided, by taking appropriate ‘business’ decisions based on financial and accounting considerations and concepts). However, it must be acknowledged that these general dispositions basically mirror general dispositions at the general Church level, rather than being specific to the Jesuits.

**Final comments**

This paper is totally focused on the written regulations of the Society, and therefore excludes from its scope an analysis of the practices of the Society throughout the centuries. We are aware of literature (e.g., Alden, 1996; Dusausoit, 2012) exploring instances of controversies around Jesuits’ commercial activities (such as “participation in the fabled silk trade of the Orient, in the sandalwood commerce of Macao, in the cloth, pepper, and gem trades of India, and in the sugar and forest-products trades of Brazil” - Alden, 1996, p. 529) or activities related with lending and borrowing (see Alden, 1996, pp. 552-567).

Historical research on actual practices is of course extremely relevant, and probably even more relevant than the one we modestly present here, since if rules are not enacted, they lose their relevance. However, knowledge about the formal rules, prescribing procedures to influence practices, is also required for that literature, to enable comparisons between actual and prescribed practices and hence infer about their origin and, most importantly, about their internal legitimacy within the Society of Jesus. Given that this paper identifies and reviews the various instructions valid across more than four centuries, whose public knowledge is limited or inexistent, it may contribute to further research on practices, now more informed about the applicable regulatory background – although we acknowledge that consulting the original sources here revealed will be essential to actually support that research. We also acknowledge that in-depth knowledge of relevant regulations would need to include the numerous other publications referenced in the Instructions (other codes from the Jesuits or the Church, manuals, etc.); such large scope is beyond the ambitions of this paper.

Additionally, it should not be presumed that there is a unidirectional ‘causal’ path from rules to practices. In fact, these Instructions not only intend to state rules, based on religious considerations and other regulations, in order to prescribe practices, but they also occasionally refer to “our
common ways to proceeding”, i.e., to current practices engrained among the Jesuit community, at a global or at a local level. One such example is the 1935 ITA indication of a form “in use in several Provinces” (paragraph 147) for priests to record their Masses. While we can obvious identify a regressive process (since current practices have been influenced by previously defined rules, and so on) ultimately leading towards an initial source (religious reasons), these “common ways” often refer to very practical aspects, in particular regarding local contexts. As such, there is also some openness to, on less important and mostly pragmatic matters or when merely recommendations (rather than regulations) are at stake, to accommodate extant practices within rules, but using a wide formulation broadly referring to extant practices, without actually specifying them.

Finally, and of course, new editions of regulations contain some contents which are merely, or basically, reproductions of extant ones. Therefore, assuming that those extant rules were already being enacted, then no change in practices is being prescribed by the new edition of regulation, but merely intends the continuation of current practices.
References


