



CATHOLIC DIOCESE OF LANSING

The Diocese of Lansing has policies and procedures in place to make sure that parish funds are handled properly. Stewardship for the salvation of souls requires accountability and transparency in diocesan and parish financial management. This report is intended to inform parishioners about the systems and procedures in place to protect the funds generously donated to support the work of the Church.

What is the financial oversight practiced by the diocese for parish funds?

The bishop has the responsibility to appoint pastors, but the diocese does not manage each parish. The pastor, as the administrator of the parish, and with advice and consultation of his finance council, is responsible for managing parish funds. According to canon (Church) law, all administrators are bound to fulfill their function with the diligence of a good householder. (Can. 1284 §1) Canon law also requires parishes to submit annual financial reports to the bishop.

In 2013-14, the diocesan finance office began taking steps to define and develop an internal audit function, expanding its scope over the past few years. The diocese now employs a director of audit and accounting, as well as a full-time parish auditor. While, in the past, an internal audit was performed only when a pastor change occurred, the diocesan finance office has now performed internal audit procedures at each of its parishes in the past five years.

All the parishes have now been through an internal audit process within the past five years.

These procedures are designed to test and ensure that each parish has adequate internal controls necessary to safeguard both the people who handle money as well as donor intent. Some points of internal control review include, but are not limited to, managing collections, dual safeguarding of cash, the use of drop/depository safes and tamper-proof bank bags, as well as segregation of staff duties. The goal has been to promote an environment that reduces and/or removes temptation, provides protection for both staff and volunteers who handle money, and safeguards donations and other payments to the parish, all while preventing and detecting possible financial misconduct.

At times, the diocesan finance office may uncover a possible improper use of parish funds. If that occurs, outside auditors may be employed to conduct a forensic audit. A forensic audit is a deeper look – a more intense and extensive review of financial transactions over a longer period of time. When concerns appear to be confirmed, as required by law, the diocese then reports these matters to civil authorities.

What is the role of the parish finance council?

The parish finance council, as required by canon law, is advisory and consultative in nature. The members should review the parish budget and receive regular financial statements. Additionally, for large expenditures, diocesan policy requires approval from the parish finance council.

Plans for large expenditures then go to the diocesan finance council for consideration and recommendation to the bishop. Diocesan internal audit reports are given to the pastor and parish business staff, and are to be shared with the parish finance council.

What are the systems in place to help pastors and parishes improve financial processes?

Over the past four years, parishes in the diocese have been migrating to a common payroll system, as well as a common accounting platform. Roughly 90 percent of Diocese of Lansing parishes now use the same payroll system, and two-thirds are using the same accounting platform. The remaining parishes will convert in the near future. Not only do these systems create efficiencies and provide for higher levels of support from internal staff, they also allow greater oversight and accountability. In addition to these systems, an internal audit

subcommittee of the diocesan finance council was established to review the findings of the parish internal audit reports and monitor progress being made to improve processes. This group provides a degree of independence, and helps propose solutions and standards.

The diocesan finance office provides regular training opportunities, as well as a monthly newsletter, to highlight areas of risk and communicate financial best practices. New priests are provided an orientation, and new pastors go through a training program each year. Multiple trainings are offered for parish business staff each year, and parish finance council chairs are invited to meet with the bishop every other year. Each prospective employee is required to have a criminal background check prior to hiring, and a financial misconduct hotline is now available for concerns to be expressed anonymously via phone or email.

Does the Diocese of Lansing have insurance to protect parishes in cases of embezzlement?

Yes. There is insurance that covers loss of funds due to crimes such as theft and embezzlement. If it is necessary and a loss can be proven, parishes may be able to recover much, if not all, of the lost funds.

How are clergy paid?

Contrary to what many people may understand, diocesan priests do not take a vow of poverty. Religious order priests often do. Diocesan priests earn a salary from the parish. They can own personal property. Diocesan priests cannot have side businesses without the approval of the bishop. The average annual base pay for priests in the Diocese of Lansing is around \$35,000 to \$40,000. There is a remuneration schedule that outlines salary, benefits, taxes, and expenses that can be reimbursed, as well as a reference guide for parish business staff and finance council members. Priests are also provided reasonable room and board, usually in a rectory, according to IRS and diocesan guidelines.

What is the status of a priest accused of a crime? Does the diocese pay the attorney fees for a priest who is accused of a civil crime?

Neither the diocese nor the parish will pay for attorney fees for priests charged with embezzlement. The bishop typically decides the status of a priest who is under investigation, or has been accused of a crime. Priests who are accused of crimes are generally suspended from their pastoral duties with pay during the investigation. Bishops may take more extraordinary measures when appropriate, depending on what is discovered during the investigation.

How are funds for Witness to Hope being handled?

Witness to Hope is an initiative of the Catholic Foundation of the Diocese of Lansing. The diocesan finance office provides accounting and oversight services to the Catholic Foundation. Thus, the internal controls and accounting standards followed by the diocesan finance office are in place with respect to the handling of Witness to Hope gifts and pledges. For the past several years, the diocese has posted audited financial statements to our diocesan website. The Catholic Foundation, newly created in 2016, will also undergo an audit which will include all receipts and disbursements related to Witness to Hope. This audit, too, will be publicly available. In addition, per campaign guidelines, an accountability oversight committee of local financial experts and Church leaders will review this financial reporting, especially as it pertains to receipts and disbursements of monies raised by Witness to Hope.

In terms of daily/weekly processing, pledge cards received at the parish are to remain sealed and stored in a secure place until the Witness to Hope parish campaign director visits the parish. Each director will visit each parish at least weekly to collect any pledges received. During these visits, the director and one member of the parish staff (assigned by the pastor) will open the pledges, prepare a report of these contents and then place all of these materials in a tamper-proof bank bag. Together, they will sign and date the sealed bag's exterior; and the director will transport the sealed money bag to the campaign office for processing.

What should a parishioner or finance council member do if they suspect parish funds are not being handled properly?

If you suspect illegal activity of any clergy or church worker: Call the police.

If you are suspicious about a financial matter involving any clergy or church worker/volunteer: Call the Diocese of Lansing Financial Misconduct Hotline: 1-844-446-0009 or go to www.lighthouse-services.com/dioceseoflansing. This anonymous hotline service is available to report any suspected misconduct by clergy or church employees, particularly related to concerns about financial misconduct.