



DIocese of Fort Wayne-South Bend
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Rev. Monsignor Robert J. Schulte
Director of Finance

MEMORANDUM

TO: All Pastors
FROM: Monsignor Schulte
DATE: January 22, 2013
RE: **New Financial Policies in Regard to Parish Organizations**

New diocesan policies regarding parish organization checking and other accounts will go into effect on July 1, 2013. This policy change has been approved by the Diocesan Finance Council and was also given to the Diocesan Presbyteral Council for consultation. Bishop Rhoades has mandated that this will become effective for the new fiscal year.

After the scandals of the recent years in the U.S. Catholic Church, the USCCB warned that a growing scandal in the Church will be fidelity losses which include employee dishonesty, embezzlement, forgery, robbery, safe burglary, computer fraud, wire transfer fraud, counterfeiting and other criminal acts. Our diocese certainly has not been immune to some of these transgressions in the past.

Employees have been stealing from the Church for decades, and the frequency of occurrences is rising. Statistically, United States accounting firms have reported that in the corporate workplace 80% of workplace crime is carried out by employees, 25% of employees have either committed or witnessed fraud in the workplace, 33% of employees who have witnessed a workplace crime do not bother to report it. Furthermore, a survey of United States Catholic Diocesan Chief Financial Officers revealed that 85% of U.S. Catholic dioceses and archdioceses reported embezzlements within the last 5 years. In addition to financial ramifications, acts of employee dishonesty and fraud can be damaging to an organization's reputation. If a parish employee is caught stealing from the offertory, for example, parish leadership will need to work to regain the trust of parishioners who may be reluctant to continue their contributions.

The Diocese of Fort Wayne-South Bend has attempted to be proactive to prevent these occurrences. For example, we have mandated that business managers cannot sign checks anymore, it must be the Pastor, associate pastor, or member of the Parish Finance Council. The Diocesan Business Office conducts credit checks when new business managers or bookkeepers are hired for a parish and has accounting procedures in place for handling cash and many other checks and balances. These are reviewed during parish audits every two years.

One area that has not been addressed specifically in the past is parish society and organization bank accounts. Diocesan auditors find that many times the regular bank statement is mailed to an individual's home or somewhere else in the parish and the bank statements are not reconciled. Almost 100% of the time revenue and expenses are not recorded in the parish bookkeeping. There are no controls in place for these parish organizations which are run by volunteers. Also, when each organization has its own bank account, service costs are being paid that would not be necessary if the funds were held in the parish's general account. Idle cash that is not earning interest would earn any interest available in the general parish account or even when deposited in a provided diocesan savings account. Obviously each organization wants to maintain ownership of the funds that they raise. There may be a feeling on the part of many in the parish that dedicated volunteers would never steal from the Church. Unfortunately this is a misconception and is simply not true. There are sad cases of this having happened in our parishes on many occasions.

The new policy (enclosed) will be implemented with processes for each organization to request funds and make deposits with the parish office for their organization. These processes will be defined by the Diocesan Business Office and sent to all locations. The officers for these organizations whose emails are on file with the Diocesan Business Office will receive a monthly report of all receipts and disbursements that are made and a fund value at the beginning of every month. Please contact your affected parish organizations in the near future to make them aware of this upcoming change.

Thank you for your careful pastoral supervision of your parish. If you have any questions, please do not hesitate to contact Joe Ryan at the Diocesan Business Office.

RCS/mr



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Diocesan Policy on Related Organizations Effective July 1, 2013

Related organizations play an important role in the ministry of parishes and schools. However, if not subject to proper controls, opportunities exist for misuse of funds. Examples of related organizations that are sponsored by the parish include, but are not limited to: schools, cemeteries, men's clubs, rosary society, athletic, non-gaming fundraising, men's/women's auxiliaries, all sodalities, etc. The following policy should be utilized.

1. All related organization activity must be included in the parish operating account and must not have separate checking accounts. If the organization uses the parish's federal identification number, the funds should be kept in the parish general account.
2. All revenue and expenses should reflect on the parish or school ledger.
3. Chartered, independent organizations such as St. Vincent de Paul Society or Knights of Columbus are not subject to the same controls as long as they are affiliated with and are reporting to a national or regional organization.
4. Parishes must have no more than a parish operating account, Mass Stipend Account, and a charity gaming account (where applicable).