

Coalition on Ethical Financial Management in the Church

Catholic Financial Integrity: Best Practices

Proposal to Develop, Promote and Encourage the Adoption and Implementation of a set of Financial and Accounting Best Practices for Catholic Dioceses in the United States

OVERVIEW

In response to a growing financial crisis within the Catholic Church, Leadership Roundtable hosted 25 leaders in Catholic finance in March 2021 to discuss co-responsibility and ethical financial management in the Church. The convening facilitated a much-needed dialogue among leaders in Church finance to explore the roots of the financial crisis facing the Church, and led to identifying key areas where the response should focus, as well as recommendations for taking action:

- Clarify the Church's most pressing financial management needs.
- Build connections among financial experts.
- Identify one or more actionable projects or initiatives that can be implemented now to advance an aspect of ethical financial management in the Church.
- Identify clear next steps and momentum for action.

Due to the overwhelming energy to formalize a joint effort to address the financial crisis, a coalition was formed of interested institutional partners, which created three working groups — Research and Benchmarks, Best Practices, Diocesan Finance Councils. Each working group has met several times to develop consensus on purpose, expectations, partners, and resources.

This proposal presents the recommendations of the Best Practices working group to the 2021 Catholic Partnership Summit for consideration, improvement, and endorsement.

PURPOSE

To develop, promote and encourage the adoption and implementation of a set of financial and accounting best practices for Catholic dioceses in the United States. Signatories and users of this document will promote awareness, implementation, and accountability of ethical financial management in their dioceses.

Best Practices can help Church leaders:

- Identify effective financial management structures and procedures that can assist in optimal management and trustworthy outcomes.
- Understand what to measure and benchmark for continual improvement.
- Understand how to move from benchmarks and standards to implementation.

- Provide a model for effective approaches to particular financial management policies and procedures.

METHOD

1. Identify and compile a set of basic Catholic financial integrity best practices.
2. Secure the endorsement of key bishops, national leaders, influencers to be early adopters and ambassadors.
3. Roll out the best practices seeking public endorsement by bishops for their diocese and a commitment to implement these best practices if not already in place.
4. Link to existing networks and resources.
5. Potentially provide training/continuing education and resources to support reception and implementation of the best practices.
6. Potentially provide some form of certification as an incentive for those who desire it.

AUDIENCE

Bishops, Diocesan Chief Finance Officers, Senior Diocesan Leaders, Diocesan Finance Council Chairs (and members), Philanthropists.

PROPOSED CATHOLIC FINANCIAL INTEGRITY BEST PRACTICES

The working group has begun the initial draft of 11 best practices:

1. Common financial and accounting protocols
2. Compliance standards
 - a. Internal and external audits and reviews policy
 - b. Conflict of interest policy
 - c. Compensation policy
3. Standardized reporting
4. Internal controls
5. Risk management
6. Offertory collections and cash handling procedures
7. Finance councils and committees
8. Fundraising and stewardship
9. Investing ethically
10. Records retention policy
11. Training and continuing education.