



SESSION 3

A Culture of Ethical Financial Management and Stewardship

To regain the trust of the People of God and the wider public and to prevent future crises, the Catholic Church needs to actively embrace a system of sound and honest fiscal management and stewardship. As moderator Chris Lowney, Vice Chair of CommonSpirit Health, advised Church leaders at the start of this panel discussion: we need to arrive at “a culture where people’s first instinct when something goes wrong is not to cover it up, not to ignore it, not to deny it...[but to] love the institution enough to sit down and tackle the problem.”

The framework for such a fiscally and ethically strong enterprise was sketched out by Anne Cullen Miller, President of the Catholic Community Foundation of Minnesota. She related how her organization, the largest of its kind in the country awarding \$17 million annually in grants to the Catholic community, has built a durable financial infrastructure grounded in best practices such as transparency, independent audits, checks and balances, and public disclosure

of all funding. Integral to her group’s grantmaking activities is an independent lay board of directors on which the local archbishop sits — and has a close working relationship with other board members — but does not exercise a vote. As the abuse crisis played out in recent years and multiple dioceses in the state declared bankruptcy in its wake, the Catholic Community Foundation of Minnesota was still able to “earn the right to grow because of some of the trust that has been established with our constituents,” asserted Ms. Cullen Miller. In a field where public trust and accountability is everything, “we are an example of trying to work towards co-responsibility with sound financial stewardship.”

Underscoring the fiscal and structural integrity of the Catholic Community Foundation model was Jeri Eckhart Queenan, Partner with The Bridgespan Group. She pointed out to the Summit participants that more than 80 percent of dioceses around

the country now have Catholic foundations (with the top four totaling \$4 billion in assets), with lay experts serving on their boards. “It seems that setting up independent financial institutions that are led by highly competent and expert financial people attracts funds,” she stressed. “And that’s very healthy for the Church because these funds now go to support our dioceses, our schools, and our people.”

The Case for Full Financial Reporting

Providing further strategic direction for Church leaders was Patrick Markey, Executive Director of the Diocesan Fiscal Management Conference. He vigorously endorsed transparency and accountability by calling on all leaders to make their financial statements and lists of donors public and for parishioners to ask for the statements. Acknowledging that churches are exempt from filing financial information through IRS Form 990 — required of most

tax-exempt organizations in the country — he called on leaders to do it anyway. “If you’re not going to file a 990... then at least file something like a 990. Every single diocese and religious congregation should make their financial reports available through a public form, possibly online,” he stated. Above all, he added, those reports should follow a standardized format that makes sense to oversight agencies as well as to the public.

Mr. Markey praised Pope Francis’ *motu proprio Vos Estis Lux Mundi* that provides greater uniformity and accountability in addressing

the abuse crisis, but went on to say, “We need some kind of a *Vos Estis Lux Mundi* for finances, not just child abuse.” He explained that *Vos Estis Lux Mundi* holds bishops accountable for wrongdoing through a well-defined process of reporting and investigative follow-up. “We need that for finances, we need that for management,” he declared. “We need some kind of accountability in place.”

Mr. Markey’s call to action was punctuated by his candid observations that “there is a financial crisis in the Church.” He elaborated, “We let money

dictate what we do, and we haven’t trusted in God. I think that’s the basis of the crisis we’re in. We have to fund our projects... so therefore, too often we don’t trust in God. We trust in that donor.” In addition to the need for personal conversion, he proposed “more transparency and accountability in the way we do things” as strategies for tackling the problem. More specifically, he favors publicising comprehensive lists of all donors and amounts given and finding some avenue to enable bishops to become more accountable. “The problem with diocesan finance councils...is that



Chris Lowney, Patrick Markey, Anne Cullen Miller, Patrick McGrory

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—CHRIS LOWNEY

they don’t have any authority in the real world to help bishops out,” he said. He suggested that there is too much discretion in how they are used and that empowering these councils, perhaps canonically, to fulfill that support role for bishops would represent a huge step forward.

The idea of a looming financial crisis in the Catholic Church in the United States – voiced by no less than two fiscal experts at the 2020 Catholic Partnership Summit – was noted by Fr. J. Bryan Hehir, Secretary for Health and Social Services at the Archdiocese of Boston and professor at Harvard University. Reflecting on its implications in light of the Church’s abuse crisis, Fr. Hehir asked, “If it’s true that there is a financial crisis, then the question becomes, do we rewrite history?” For him, the question of a financial crisis created a flashback. “Imagine if somebody said in 1999 or 2000

to a similar hall of well-informed Catholics, ‘The Church has a sexual abuse crisis’. If it had been said and believed, would the story have been very different than it is now?” Moreover, if the threat of a financial crisis has merit, Fr. Hehir pondered why. “Is the financial crisis because of the lack of competence at levels from the parish through the episcopacy, or is it corruption rather than competence, or is it something described as culture, but it’s not quite clear what the content of the culture is?”

He went on to say, “I was hesitant to put it in these terms, but it didn’t seem there were many other terms I could use to be careful about the language, but to be serious about the possible implications.”

Leverage the Laity

In search of cultural building blocks that work, the proposals offered by Patrick McGrory, Chairman of the

Raskob Foundation for Catholic Activities, provided instructive insight. “Leverage the laity” was a mantra he floated for the audience, reading from a letter that family member and foundation co-founder John Raskob sent to U.S. bishops in 1929. In that missive, he stressed how vital it was to have laypeople interested and involved in the problems of the Church “in order that they can and may assume responsibilities in an intelligent fashion.” Mr. McGrory encouraged the laity to “knock on the doors until they open” and advocate for their co-responsible involvement for the good of the Church.

As the chairperson of a well-known and respected foundation created 75 years ago with the mission of aiding the Catholic Church, Mr. McGrory dwelt on the importance of wisdom in decision-making and co-responsibility. “We all have wisdom to share, but it’s not enough, we must do things

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– PATRICK McGRORY

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that are concrete,” he insisted. He shared what happens at the Raskob Foundation as a model for the Church’s synodality, saying that when the members come

together, “We are stripped of our titles...but yet we all sit around the table with a common mission and purpose which is to simply aid the Catholic Church. When

you are seated around the table and you understand the concept that everyone has a piece of the wisdom....goodness comes forth.”



RECOMMENDATIONS FOR ETHICAL FINANCIAL MANAGEMENT AND STEWARDSHIP

Structures for Ethical Financial Leadership

- Urge the Vatican to hold a synod of presidents of bishops’ conferences on the subject of ethical financial management practices and to promulgate a motu proprio that would serve as a Vos Estis Lux Mundi for financial management
- Ensure that the response from the United States Conference of Catholic Bishops (USCCB) to the Vatican’s financial motu proprio includes structures for accountability, third-party reporting mechanisms, whistleblower protections, consequences for misconduct, and regular external audits
- Develop national standards for financial management, established as particular law for the United States, together with an annual, publicly-shared audit process that would become a “Dallas Charter and Norms” for financial policies and practices
- Establish an independent, national lay review board to monitor and ensure compliance with the newly formed charter and norms that would provide oversight of financial management
- Create a lay association of chairpersons of diocesan finance councils to establish common financial and accounting protocols, compliance standards, training for council members, etc.
- Commission a study of all recent financial scandals, as well as diocesan bankruptcies, with a focus on lifting up best practices, discerning the financial and moral lessons that can be derived, and preventing future crises

Training for Ethical Financial Leadership

- Provide mandatory financial literacy training in person or online (similar to the Virtus program) for all priests, parish staff, school staff, council members, volunteers, religious orders, and ecclesial movements
- Ensure financial literacy training that includes the basics in financial management, as well as ethics of transparency and accountability
- Implement a robust curriculum on financial management in seminaries
- Provide bystander training to help people identify mismanagement and speak out when they see it occurring

Policies and Procedures for Ethical Financial Management

BEST PRACTICES

- Align financial policies and procedures with best practices such as the Diocesan Fiscal Management Conference’s “A Guide to Best Practices”, the Association of Fundraising Professionals’ “Code of Ethical Standards”, and Leadership Roundtable’s “Catholic Standards for Excellence”
- Utilize the USCCB, Diocesan Fiscal Management Conference, or new lay association of finance council chairpersons to standardize policies and share best practices between dioceses
- Require Catholic organizations seeking funding from foundations or donors to adhere to best practices in financial management
- Issue national standards on offertory collections and cash handling procedures
- Encourage dioceses to share best financial practices among parishes and encourage interparish collaboration, for example, sharing a business manager for a cluster of parishes
- Ensure dioceses and parishes have written financial policies that are consistent with the Church’s mission and adequate for their size, complexity, resources, and personnel
- Create a conflict of interest policy and statement for all Church staff (both lay and ordained), as well as council members

AUDITS

- Implement sound financial and operational systems to identify and prevent mismanagement, protect the integrity of data, and ensure accurate records are kept
- Identify auditing standards, aligned with GAAP and Catholic principles, and apply them to parishes, dioceses, seminaries, religious orders, national Catholic entities, and ecclesial movements
- Promote fiscal responsibility and transparency for dioceses and large Catholic institutions with a regular auditing plan, including management staff, an internal auditor, and an external independent auditor

REPORTING

- Develop a uniform template for financial reporting at every level of the Church (including parishes, dioceses, seminaries, religious orders, national Catholic entities, ecclesial movements, etc.)
- Standardize internal financial data systems within and between dioceses or Catholic entities, for example through requiring use of a common accounting platform for financial management and reporting
- Publish — in print and online — an accessible, annual report that contains the mission, vision, program activities, sacramental data, Mass attendance, and complete financial data, as well as the metrics by which success is defined
- Issue Form 990s or something similar, even when not required, in order to promote transparency
- Mandate that ordained and lay staff report significant personal gifts with strict oversight

Diocesan and Parish Finance Councils

CONVENING AND SELECTING MEMBERS

- Convene a finance council in every parish and diocese as required by canon law and meet at least four times a year
- Identify a transparent process for the finance council to select new members and ensure they reflect the diversity of the people in the faith community
- Select individuals for the finance council who possess the specific skills needed for the role
- Implement term limits and engage in coordinated succession planning and leadership development

ORIENTING MEMBERS AND CONDUCTING BUSINESS

- Provide finance council members with orientation and ongoing formation to carry out their responsibilities
- Establish management policies and procedures for the finance council, assure that adequate human and financial resources are available, and actively monitor the allocation of resources in line with the mission and pastoral plan

- Ensure your diocesan or parish pastoral plan takes into account trends and projections about Catholic affiliation and giving so as to proactively address financial sustainability
- Periodically review compensation structures to ensure the right to a just wage in conformity with Catholic Social Teaching and diocesan policies, with reference to resources such as the National Association of Church Personnel Administrators

Ethical Stewardship Approaches and Practices

APPROACHES

- Promote a culture of stewardship grounded in the understanding that financial resources belong to the People of God — not to a single leader, organization, or ministry — and are there to sustain the Church
- Form Catholic leaders in the biblical spirituality of stewardship as the foundation for ethical financial management
- Provide Catholic leaders with training in best practices for how to fundraise ethically, professionally, and as an extension of ministry
- Engage with parishioners in a manner that respects the way different cultures relate to money and giving in order to effectively advance stewardship

PRACTICES

- Appoint a stewardship council that represents the diversity of the faith community
- Explore whether your parish may be positioned to move to a total stewardship model
- Communicate on a regular schedule with parishioners about the financial situation in the diocese/parish and how donations are used
- Ensure policies are in place to govern the acceptance and disposition of charitable gifts in line with donor intent
- Thank parishioners as you would thank donors in a nonprofit setting with gratitude reports, thank you letters, annual reports, etc.
- Develop an endowment plan as part of sustainable stewardship
- Ensure investments of funds are made in line with the USCCB's Socially Responsible Investment Guidelines

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