

Overview of National Voice of the Faithful's
Second Annual Study of the Online Financial Transparency
of U.S. Catholic Dioceses

October, 2018

Without audited financial reports on both the parish and diocesan levels and transparency and properly-implemented collection and reporting protocols, Catholics cannot exercise their responsibility to ensure that: their donations are used for the purposes specified; fraud and diversion by clergy or laity are possible; and funds may be used to hide settlements to keep sexual abuse hidden. If settlements for clerical abuse had been widely known before 2002, the suffering of many victims and the crimes of abusers could have been avoided in many cases. Secrecy is a major enabler of cover-ups in the church.

In its second annual study of online financial transparency in U.S. Catholic dioceses, Voice of the Faithful (VOTF) concluded that favorable scores of all the 177 dioceses, including 32 archdioceses, had increased 5% over the 2017 scores. More than 70 dioceses earned scores above those in 2017, while the scores of 21 dioceses dropped. Up from an average in 2017 of 36.5, the average overall score in 2018 was 39.7 out of a possible 60.

In 2018, 72 (41%) of the dioceses increased their scores; 21 (12%) decreased their scores; and 84 (47%) of the dioceses showed no change in scores, indicating no motivation to significantly improve transparency. Highest scoring diocese was Orlando, Florida, rising from a 2017 score of 26 to a perfect score of 60. Grand Island, Nebraska with a score of 13, and St. Thomas, Virgin Islands, with a score of 12 were the lowest scoring dioceses.

Two New Jersey dioceses were numbered among the most improved:

Trenton rose from a score of 15 in 2017 to 40 in 2018, and

Newark rose from 25 to 42.

Other New Jersey Dioceses

	<u>2017</u>	<u>2018</u>
Camden	10	25
Metuchen	27	33
Paterson	55	55

Some Archdiocesan Scores

	<u>2017</u>	<u>2018</u>
Boston	46	53
Detroit	51	51
Hartford	17	22
Los Angeles	45	47
Milwaukee	56	56
New Orleans	20	20
New York	27	31
Philadelphia	40	40
San Francisco	51	55
Washington, D.C.	44	44

No correlation was found between scores and diocesan size or geographic region.

The posting of a current audited financial report on the diocesan website is the best indicator of financial transparency. The number of dioceses posting audited financial reports increased from 100 in 2017 to 108 in 2018. In 2018, 24 dioceses posted self-reporting, unaudited reports, the archdiocese of New York being the largest diocese to do so, and 45 dioceses, 25% of the 177, posted no financial data at all. Nine dioceses posted qualified audited reports, meaning they did not follow accepted accounting procedures or did not include all information in their reports; only 21 of the 177 dioceses listed the members (and their credentials) of their finance councils.

Detailed procedures for counting collections require the use of: (1) numbered collection containers and (2) teams composed of three or more persons. Only 90 of the 177 dioceses posted their collection procedures, and of those 90, only 16 require both components, 33 require no components, and 41 require just one.

Developed by a VOTF committee experienced in accounting and finance, the study consists of 10 questions, identical to the 2017 questions, relating to financial accountability and transparency. Each question has a value between 5 and 15 points, with a maximum score of 60 points.

The ten questions asked in the survey and their point value are listed below.

1. Can any financial data be found within a few to several minutes? 5 points
2. Is there a workable internal "search" function? 5 points
- 3 &4 Are audited financial statements posted? If not, is financial info reported in another format, e.g., booklet form? Maximum value 15 points
5. Is the Annual Appeal's purpose explained somewhere on the website and/or is it reported on the financial statements? Maximum value 5 points
6. Is the annual parish assessment (cathedraticum) explained somewhere on the website, and/or is it reported on the financial statements? Maximum value 10 points
7. Is contact info for the business office posted? Maximum value 5 points
8. Is the finance council identified? Maximum value 5 points
9. Are parish financial guidelines posted? Maximum value 5 points
10. Are detailed collection and counting procedures posted? Maximum value 10 points

National VOTF's Conclusions, Recommendations

The report concludes that diocesan financial transparency is improving as evidenced by the increase in the number posting audited financial reports and increased openness to the activities of Diocesan Finance Councils. However, improvement in transparency varies a great deal; the laity must become more involved and more active in expressing opinions and suggestions; and the bishops must come forward to advocate for financial transparency.