

### Fall River Diocese still in dark ages of financial disclosure

By STEVE URBON, Standard-Times (MA) sr. correspondent, Sunday, January 14, 2007

NEW BEDFORD — The Diocese of Fall River may have been a decade ahead of most of the nation in dealing with sexual abuse by priests, but it lags well behind many others nationally — and all of the others statewide — in making its financial statements accessible to parishioners and the public.

The Archdiocese of Boston, under Cardinal Sean P. O'Malley, former bishop of Fall River, as well as the dioceses of Springfield and Worcester, post their annual audit reports on their Web sites in the spirit of full disclosure.

But the Diocese of Fall River, led by Bishop George Coleman, does not. Asked to provide a copy of its audit report, the diocese refused.

The issue of financial accountability dovetails with the massive legal settlements many dioceses, including Fall River, have made with the victims of sexual abuse by priests. (As of 2004, the Diocese of Fall River reported it had paid \$16 million to settle 216 claims, mostly to victims of the late former priest James Porter.)

Transparency about where the money comes from and goes is one of the main objectives of Voice of the Faithful, a controversial lay group organized in the wake of the scandals.

"The Archdiocese of Boston has been the example for everybody to follow," said George Perkins, Ph.D., of Yarmouth, a retired banker, economist and Voice of the Faithful member.

Yet rather than make public its annual audits, the Diocese of Fall River instead publishes an annual report on the contributions and spending in the Catholic Charities Appeal.

"It's not an audited statement. It's an income statement. It's not a balance sheet. And I don't know who produces it," Dr. Perkins said. John Kearns, the spokesman for the Diocese of Fall River, refused a Standard-Times request for the annual audit. And he said that while the bishop is "looking at" the idea of making it public, the diocese has never done so.

A lack of accountability and transparency can lead to real trouble, abuse settlements aside, according to researchers at Villanova University's Center for the Study of Church Management led by Dr. Charles Zech.

In a survey published at year's end, he revealed that 85 percent of the dioceses in America who answered his questionnaire (78 in all, about 45 percent of the 174 queried) admitted that embezzlements had occurred somewhere in its jurisdiction within the last five years.

Audits don't typically uncover such crimes, which surface in other ways, the study concluded. But a culture of financial transparency and monitoring serves to prevent and detect fraud and theft, Dr. Zech told The Standard-Times.

Embezzlement struck in the Fall River Diocese several years ago; the Rev. Bernard Kelly admitted stealing large sums from St. Joseph's Parish in Woods Hole and Our Lady of Lourdes Parish in Wellfleet, using some of it to improve his \$3.5 million Cape Cod estate and horse farm. Rev. Kelly, who still faces criminal charges, reached a \$1.45 million settlement with the diocese last year.

But most parishes in the diocese still are not routinely audited, although Mr. Kearns said that may soon change.

Mr. Kearns said he did not know whether Fall River answered the Villanova survey, and Dr. Zech said that he didn't either, since respondents were kept strictly anonymous.

The root of the problem is that "unlike corporations which provide quarterly financial statements to the SEC and hold quarterly conference calls with outside analysts, the church is subject to almost no recurring outside financial scrutiny."

While "many dioceses provide parishioners with an annual financial aid and administrative newsletter, which provides a highly summarized view of cash flows for the year and the results of social and spiritual programs offered by the diocese, many dioceses do neither."

"This is not an attempt to deceive, misrepresent or hide something," said Voice of the Faithful's Dr. Perkins. "It simply reflects on the clergy's lack of financial sophistication. They think when they issue this report they're doing what's necessary, but anyone with training in fiduciary responsibility would deem it inadequate."

Mr. Kearns pointed out that Fall River stands apart from most other dioceses because "we don't tax the parishes." That means the annual bishop's appeal, held in the spring, provides all the money for the work of the diocese administration, including Catholic Charities, he said. And the May statement, published in *The Anchor*, the diocesan newspaper, summarizes those finances. Told of the no-tax system, Dr. Zech was surprised, and added that he knows of no other diocese that operates that way.

The diocese — if not the individual parishes — does employ an outside auditor, which Dr. Zech and Dr. Perkins view as essential, although the reports are kept private, which frustrates those such as *Voice of the Faithful*.

And Fall River has in place many of the things recommended by Dr. Zech, such as frequent meetings of the Diocesan Financial Council, staffing the DLC with financial experts and standardizing much (but not all) of the accounting software used throughout the diocese. (Making the audit reports public is not among Dr. Zech's recommendations.)

But Dr. Perkins pointed out that the parishes don't yet have that level of scrutiny. "I have never met anybody" who has seen a parish audit, he said. "They say the audit is too expensive."

He said he inquired and found that the average parish audit would cost \$3,000 to \$5,000; Mr. Kearns said that should mandatory audits become the norm every couple of years, who will pay is still unresolved.

The expense of such requirements was one reason the Massachusetts bishops opposed a bill last year that would have required churches of all denominations to make detailed financial reports to the attorney general as a check on their settlement activity, among other concerns voiced by reformers.

Dr. Perkins said he agrees that such a law would "be an intrusion on religious freedom."

But he said that doesn't mean more disclosure isn't needed for those making the donations. Some parishes supply a budget, he said, "but a budget is useless information" compared to an audit. Sunday collections are often reported in weekly church bulletins, "but again, that doesn't tell you very much."

In his parish, financial reports don't include school finances. "Whoa! What else isn't in there?" he asked.

Dioceses in other parts of the country are already doing full parish audits and making them public. Dr. Perkins spent many years in the Archdiocese of Milwaukee, where "those goals are already met."

"It's probably one reason that *Voice of the Faithful* is not active there," he said. "This stuff is second nature."

In Fall River, parishes make monthly financial reports to the diocese, Mr. Kearns said; but those are not public. And the diocese is accountable to no one but the Vatican.

Detailed recommendations for financial controls that go beyond canon law have been published by the U.S. Conference of Catholic Bishops, but they are voluntary and not universally followed, Dr. Perkins and Dr. Zech noted. "If every diocese did what the U.S. Conference of Catholic Bishops suggests, *Voice of the Faithful* would have no agenda for the financial accountability campaign," Dr. Perkins said.

Pastors at local parishes, Dr. Zech said, often make the mistake of recruiting a parishioner who, say, happens to be a bookkeeper to manage the finances. That well-meaning person may have no idea about current accounting requirements. "We hear all kinds of horror stories with bookkeeper errors," he said.

In fact, no suggestion appears too basic. The bishops themselves posed the problem of one person collecting money on Sunday, logging it and depositing it in the bank. Yet parishes still do that.

It's like asking for trouble, Dr. Zech said.

"We didn't bother about that recommendation," he told *The Standard-Times*. "To me, that's so obvious. I guess we're too trusting. We think, well, gee, the guy's a priest, he would never embezzle money. We don't need any controls."

About the local bishops, Dr. Perkins said, "These are not people trying to deceive anyone or misrepresent anything. They just don't understand this notion of accountability."