

Principles for Strong Financial Governance

1. The Diocese of Charlotte has adopted a Code of Ethics that:

- addresses principles of ethics and integrity for all Church personnel
- stipulates guidelines for working with minor children,
- addresses conduct for pastoral counselors and spiritual directors,
- forbids harassment,
- identifies prohibited political activities, and
- addresses confidentiality.

2. The Diocese of Charlotte has adopted a Conflict of Interest Policy that:

- requires reporting of potential or real conflicts of interest,
- prohibits gifts and favors of value that could influence, or be construed as influencing a decision or obligation in the performance of one's duties,
- prohibits board members from soliciting business or favors, and from voting on decisions that may constitute a conflict of interest, and
- prohibits board members from influencing any activity that could confer a benefit on such member or anyone in the member's family or business.

3. The Diocese of Charlotte has adopted a Whistle-blowing and Reporting Ethical Misconduct Policy that:

- requires reporting of violations of the Code of Ethics by Church personnel,
- stipulates that all reports will be treated in confidence as much as the diocese's duty to investigate allows,
- stipulates that all reported violations of the Code of Ethics will be investigated, and
- prohibits retaliation against a person who makes a complaint or provides information regarding any reasonably perceived reportable activity.

4. The Diocese of Charlotte has adopted a Fraud Policy which clearly states that fraud is not tolerated and that the prevention of fraud is the responsibility of all personnel involved in Church administration. The policy:

- stipulates that all suspected cases of fraud are to be reported and provides assurance against recrimination,
- defines actions constituting fraud,
- outlines reporting and investigating procedures, and
- stipulates that fraudulent acts will be subject to disciplinary action, up to and including termination, and civil and criminal prosecution.

5. The Diocese of Charlotte has adopted an Audit Services Pre-approval and Independence Policy that:

- requires the diocesan Finance Council to pre-approve all services to be provided by an audit firm and the fees for those services, precludes specific services that could impair the auditor's independence, requires audit partner rotation after seven consecutive years of service, and stipulates minimum reporting standards by auditors to the diocesan Finance Council.

6. The Diocese of Charlotte has issued a records retention schedule for financial records that is consistent with the guidelines published by the United States Conference of Catholic Bishops. The schedule identifies the required retention period for all types of financial records typically associated with Church organizations.

7. The Diocese of Charlotte has issued budgeting and financial reporting guidelines for all diocesan parishes, schools and agencies. The guidelines stipulate that:

- budgets are to be prepared annually, the pastor and finance council review actual revenues and expenses against budgeted amounts on a regular basis, quarterly financial reports be issued to the parish council and an annual financial report be issued to the entire parish community, and the financial reports and supporting schedules which are required by the Chancery semiannually.

Principles for Strong Financial Oversight

8. The Diocese of Charlotte has an active Investment Committee with an established charter to monitor investments and ensure compliance with investment policy and socially responsible investment guidelines.

9. The Diocese of Charlotte has an active Building Commission to monitor construction projects and ensure compliance with diocesan guidelines for new acquisitions, and construction and renovation projects.

10. The Diocese of Charlotte has an active Finance Council with an established charter to monitor diocesan finances and to fulfill the requirements of canon law. Among other responsibilities, the diocesan Finance Council: approves the hiring of an independent audit firm.

- approves the budget of the Central Administration,
- approves the annual financial report,
- receives required communications from the audit firm,
- approves the asset allocation ranges for diocesan investments, and
- approves diocesan assessments and all transactions requiring Finance Council approval by canon law.

11. The Finance Council of the Diocese of Charlotte submits an annual Representation Statement to the metropolitan archbishop certifying to executing its responsibilities and specifying meeting dates during the previous fiscal year and since yearend. The Representation Statement is signed

by each member of the diocesan Finance Council, the bishop, vicar general and chief financial officer.

12. Annual independent audits are required for all significant diocesan entities (other than parishes, and parish and interparochial schools).

13. The annual financial report of the diocese (including financial statements and footnotes, the report of the independent auditor, and commentary on the activities of the diocese, as well as a financial commentary) is mailed to every registered household and posted to the diocesan website within 120 days of the fiscal yearend.

Principles for Strong Financial Management

14. The Diocese of Charlotte requires Chancery authorization to open all bank and investment accounts.

15. The Diocese of Charlotte has adopted an Investment Policy Statement and Socially Responsible Investment Guidelines that are reviewed periodically.

16. The Diocese of Charlotte has adopted standard procurement procedures and requires competitive bids when hiring an outside vendor/contractor to perform repairs, maintenance and/or improvements to diocesan properties when the total cost exceeds \$5,000.

17. The Diocese of Charlotte has established guidelines for new acquisitions and construction or renovation projects that address the necessary planning, financial requirements and construction process.

18. The Diocese of Charlotte has adopted a Clergy Remuneration Policy that stipulates compensation levels for all clergy, delineates travel, housing and meal expenses that are the responsibility of the parish vs. the priest, and summarizes benefit plans available to diocesan priests.

Additional Principles for Parish Financial Governance

19. The Diocese of Charlotte has standard cash collection count procedures that require multiple unrelated counters, the use of locked or sealed bank bags for transporting deposits, and the use of standard count sheets which are signed by all counters.

20. The Diocese of Charlotte has adopted a standard chart of accounts that is used by all parishes.

21. The Diocese of Charlotte requires that a representation statement certifying to parish finance council activities be submitted to the Chancery semiannually by every parish. The certification specifies meeting dates during the previous sixmonth period, that the council regularly reviews parish financial statements and discusses the financial condition of the parish at its meetings, and is signed by each member of the parish finance council and the pastor.

22. The Diocese of Charlotte Finance Office conducts annual workshops for parish finance council members, parish financial staff and pastors that address timely issues pertaining to parish financial policies and procedures and civil regulations.

23. The Diocese of Charlotte Finance Office performs parish financial reviews designed to test the existence and effectiveness of parish internal accounting controls and compliance with diocesan policies and civil regulations. At the conclusion of each parish financial review, a report is issued to the pastor that includes recommendations related to deficiencies identified.

24. The Diocese of Charlotte Finance Office monitors the financial condition of parishes by reviewing financial trends semiannually. When negative trends are identified, appropriate investigation and followup is undertaken.

25. The Diocese of Charlotte Finance Office has codified all financial policies and procedures for parishes, missions and schools in an online manual.

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