



## Diocese announces parish audit underway in wake of pastor resignation, emphasizes ongoing commitment to strengthen parish finance accountability

Somerset, NJ ▪ Nov. 2, 2018 – The resignation this week of Rev. Douglas J. Haefner as pastor of Saint Matthias Parish, Somerset coincides with serious questions and concerns regarding the handling of parish finances. The Diocese of Metuchen is in the process of conducting a forensic audit of the parish.

As per normal practice, Bishop James F. Checchio has withdrawn Father Haefner's priestly faculties while the matter is being evaluated. While much is unknown at this point, the bishop has pledged that the diocese will accompany the parish through this process. The following is an overview of the parish finance structure, for those who may want to know more about how this aspect of parish operations is handled.

### Role & Functions of Parish Finance Council

- As required by church law, all parishes of the Diocese of Metuchen must have an active Finance Council. The Diocese provides direction as well as a set of **Guidelines for a Parish Finance Council** to all parishes, which also is available on the diocesan website.
- A Parish Finance Council is usually comprised of at least five (5) active parishioners, to assist the pastor in the development and management of the parish's financial resources so that the parish may effectively pursue its mission of spreading Christ's Gospel and love. It is recommended that Council members meet at least quarterly.
- The Finance Council members' responsibilities include preparing the annual budget, reviewing quarterly reports and parish's adherence to prepared budget, and preparing an annual Financial Statement and Report for the Bishop of Metuchen and for members of the parish community.

### Role of the Diocese in Parish Finances

- Each parish is considered to be a "corporation," with the pastor serving as secretary/treasurer. The Bishop serves as president of each corporation (parish). And two laypersons from the parish serve as trustees, assisting the pastor with financial oversight.
- The Diocese of Metuchen requires all parishes prepare and submit an **Annual Financial Statement and Report**. Each year, on or before August 31, all 90 parishes are to submit a balance sheet with assets and liabilities along with a statement of revenue and expenditures, which are first to be reviewed and signed by the parish Trustees (usually two lay people) and then forwarded to the Diocesan Office of Finance for further review.
- Routine audits of the 90 parishes of the Diocese of Metuchen are conducted periodically. The Diocese has an Internal Auditing Office responsible for going out to parishes and schools to examine procedures and internal controls in each parish. Financial results are shared with the parish and recommendations are made, when appropriate.

### Internal Audit Process: Saint Matthias, Somerset

- The Diocese of Metuchen began to conduct a routine internal audit in late-September 2018, which still is underway, to examine procedures and internal controls of the parish and school.
- Because of serious questions and concerns that have surfaced, this process now will involve a more comprehensive forensic audit, which will focus on specific financial activity over an extended period of time. The completion time is unknown.
- The last audit at Saint Matthias took place in July 2009; before that, one was conducted in 2005.
- At the time the most recent audits were to take place at Saint Matthias, the Diocese accommodated the pastor's multiple requests to reschedule, due to serious health issues he was experiencing. The Diocese, however, still collected and reviewed the parish's Annual Financial Statement and Report submitted by the parish. The Trustees did sign-off on the submissions of the past several years.
- The Diocese had already begun to strengthen its auditing process, moving to a two or three year cycle.

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