News



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by Peter Feuerherd

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Every weekend Catholics hand their money to parish collections with hope that their treasure will not be pilfered.

Changing that hope into reality has been the clarion call for decades of Michael Ryan, 81, who retired from the U.S. Postal Inspection Service with expertise in how to combat embezzlement. Many parishes are subject to internal theft, a practice that could be halted via simple procedure changes, said Ryan.

The Milton, Massachusetts, resident leads a Voice of the Faithful committee on parish finance security. He has made some inroads, including reforms implemented in the Chicago Archdiocese, but he told NCR it has not been enough.

Parish collections, he said, remain vulnerable. In a letter sent last spring to Cardinal Daniel DiNardo of Galveston-Houston, president of the U.S. Conference of Catholic Bishops, Ryan called for that body to mandate simple reforms in Sunday collections.

Every parish, noted Ryan, should be using serial-coded bags and a three-person counting system to curtail embezzlement.

"The absence of either of those two elements virtually guarantees the affected parish's collections are vulnerable to weekly theft," wrote Ryan. He noted a Voice of the Faithful report that indicated that only 16 U.S. dioceses out of 177 publicly require proper collection procedures.

Ryan said DiNardo has yet to respond to the letter. It is the kind of nonresponse Ryan has grown accustomed to. He has been writing similar letters to bishops since the 1990s. In one to Cardinal Bernard Law, then archbishop of Boston, Ryan noted that he would continue until death or until proper procedures were implemented.

Uncovering theft

No one can know for sure how much money from Sunday collections is lost to fraud, Ryan told NCR. But he cited an Association of Certified Fraud Examiners study that noted that lack of internal controls is the greatest invitation to embezzlement and theft.

Church collections are particularly vulnerable because, Ryan said, up to 40 percent of parish donations are typically in the form of cash. If parishes are as vulnerable as

other organizations, Ryan estimates that parishes lose $115 million per year in theft from weekend collections.

Church finance professionals say that Ryan is overreaching. James Lundholm-Eades, program director for the Leadership Roundtable, an organization that promotes effective management in church institutions, told NCR that most parishes are insured up to $100,000 for embezzlement. That creates an incentive for insurance companies to mandate proper procedures. In most parishes and dioceses, he said, that is the case.

"The procedures are fairly well established," he said, noting that three-person counting and use of serial-coded bags, as well as credit checks on employees, is now routine.

No process can prevent theft, said Michael McGee, chief finance officer for the Diocese of Richmond, Virginia. But a good process allows theft to be uncovered.

In the Richmond Diocese, parishes are mandated to institute proper collection procedures, including three-person counting and traceable moneybags. All parishes are audited, said McGee.

"The most important thing is to get the money into your bank account. It will then leave an accounting trail when it is taken out," he said.

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A simple control such as use of envelopes provides assurance that even donors who use cash will be presented with a record of their giving at the end of the year, another control on theft.

Church embezzlers, as in other nonprofit organizations, often share common traits, McGee said. They frequently experience a personal crisis, such as a loss of a job or a substance abuse habit, have access to parish money and, when committing fraud, are ready to rationalize their behavior.

A string of scandals

Ryan said there is good reason to believe that parishes are at least as vulnerable to theft as other nonprofit organizations.

In Chicago alone, parishes have been hit by scandals involving thefts of up to a million dollars by pastors and lay workers. The publicity around a series of cases in 2005-2007 encouraged that archdiocese to implement stronger collection security measures.

Other more recent major embezzlement cases have taken place in the archdioceses of Philadelphia and Miami, as well as the Diocese of Kansas City-St. Joseph, Missouri, where $400,000 was taken by a lay parish worker.

That's the good news, because those crimes were exposed. It's the thefts that aren't uncovered that concern Ryan. Using sealed bags with marked serial numbers and three unrelated people to count the collection could considerably curtail embezzlement, he said. Many parishes use both these methods, but not enough, said Ryan, as an honest person can be easily distracted by a malevolent counter. In some parishes, only the pastor counts the collection.

"It is not rocket science," Ryan told NCR. Parishes, he said, remain vulnerable to volunteers or pastors who have money issues, often supporting substance abuse or gambling habits as well as sexual relationships.

For McGee, proper procedures help honest counters through processes that guarantee transparency, placing them above suspicion. The concern of all good collection procedures is to credibly warn potential thieves that they will be caught. Still, no one can assure that human weakness and greed will never exist.

"People can steal from you," he said. "But if they steal from you and you don't detect it, that's the problem."

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