

ARCHDIOCESE OF PHILADELPHIA
PROFESSIONAL CONDUCT IN FINANCIAL AFFAIRS
AND CONFLICT OF INTEREST POLICY
INTRODUCTION/PURPOSE

The Archdiocese of Philadelphia has formulated this set of professional conduct standards which it believes are directly related to its mission. This important affirmation of the Archdiocese's commitment to its trustworthiness, serves as a reminder of the ministerial and vocational nature of our work for the Church. We will seek to affirm further through its proper emphasis on spiritual development that no authentically Christian ethic can exist without a commitment to growth in personal holiness and an ever-deepening relationship with Jesus Christ. These Standards of Professional Conduct are issued to demonstrate our commitment to preserving high ethical standards among our membership and to remind us of our special degree of accountability as faithful servants to our parishes and all diocesan entities (Church).

We have accepted a humbling responsibility, that of serving God through the Church. It is our vocation to care for the Church as good Stewards. The church is a precious gift; to care for this gift is to call each of us to the highest duty of responsibility and impeccable service.

In our duties we are stewards of the goods of the Church. Because of our positions and responsibilities we are leaders, particularly to those who report to us. Therefore we must not retreat into the comfort of merely being functionaries. Our behavior manifests our values. Our actions model and guide the behavior of those who report to us. In adopting these Standards of Professional Conduct, we first hold ourselves to the Standards and in turn hold those who report to us to the same accountability.

A commitment to professional conduct includes being attentive to issues that give rise to ethical questions. When the possibility of an ethical issue arises, we must ask: does the Church give guidance that pertains to the issue, action or choice? Does the contemplated action or choice fulfill or fit within the Church's teaching and the values identified within these Standards? There is a need for faithful compliance, even in civil affairs, with the law of God as the supreme law. It is this law, moreover, which not only enjoins the avoidance of all theft, dishonesty, and financial malfeasance, but which also requires conformity with the laws of the civil government except for those that would clearly be in violation of the higher law of God.

These Standards are written as a working tool to aid in decision-making. They are of no value if they are not integrated into our policies, procedures and activities. Our goal through implementing these Standards is to make our values known by the actions we take, our conduct, and the manner in which we make decisions.

PROFESSIONAL CONDUCT IN FINANCIAL AFFAIRS
AND CONFLICT OF INTEREST POLICY

In keeping with its mission and values, the Archdiocese of Philadelphia hereby establishes standards of conduct relating to the financial affairs of the Archdiocese and all related entities and persons. This policy applies to all employees of the Archdiocese, including all members of the clergy of the Archdiocese, board members of Archdiocesan entities and parishes, as well as all volunteers involved with any and all financial activity including, but not limited to, fund raising and the collection of all parish funds. Furthermore, the Archdiocese now enunciates a written policy pertaining to conflicts of interest. Lastly the Archdiocese announces that it has selected EthicsPoint to provide employees and others a means to report possible violations of the Standards of Financial Conduct or inappropriate conflicts of interest.

A. Standards of Financial Conduct

1. It is the policy of the Archdiocese of Philadelphia to comply with all applicable federal, state and local laws, both civil, criminal and the supreme law of God. All persons and entities affiliated with the Archdiocese, or acting under its auspices, are required to accept this policy and to adhere to it.

2. It is fundamental that the Archdiocese, its parishes and all affiliated entities are expected to timely fulfill their legal responsibilities to withhold, report and pay taxes to federal, state and local regulatory authorities.

3. In addition to complying with the law, it is also expected that all persons and entities affiliated with the Archdiocese, or acting under its auspices, shall comply with all policies of the Archdiocese relating to appropriate financial conduct and ethical behavior.

4. It is the policy of the Archdiocese that all funds shall be invested prudently; that the resources of the Archdiocese, its parishes and all affiliated entities shall be protected from fraud, misuse and waste; and that there shall be accurate and reliable reporting of the financial affairs of the Archdiocese, its parishes and all affiliated entities.

5. The Archdiocese and all affiliated entities shall abide by Generally Accepted Accounting Principles (“GAAP”) and their financial statements shall be audited on a periodic basis. Parishes will continue to use a cash basis accounting method for reporting.

6. All persons entrusted with the financial affairs of the Archdiocese and related entities are expected to demonstrate the highest level of honesty and integrity in the conduct of their responsibilities. The use of Church funds for personal use is strictly prohibited.

7. Any employee of the Archdiocese or of a related entity who has knowledge of a violation of law, or of a violation of this policy, has an obligation to report this violation to his or her supervisor or by means of the EthicsPoint Hotline described below. This report may be made anonymously and the reporting employee shall not be penalized for a report which is true, or which is made in the good faith belief that it is true.

8. The Professional Conduct Committee of the Archdiocese shall give due consideration to each report of a violation of law, or a violation of this policy, and shall take appropriate action under the circumstances.

B. Conflict of Interest

1. No individual (including, but not limited to, employees of the Archdiocese and related entities, and members of Advisory Boards of entities affiliated with the Archdiocese) may undertake or recommend any financial or business transaction from which s/he or members of his or her family may profit or otherwise benefit without fully disclosing the potential benefit to the leadership of our Church. This prohibition shall apply in all cases where

the potential profit or benefit is substantial enough that it cannot be said to be nominal (i.e., an insignificant sum) or incidental (e.g., an occasional meal or like amenity).

2. The duty of an individual to refrain from a conflict of interest shall include the additional duty to avoid the appearance of engaging in a conflict of interest.

3. When an employee has knowledge that s/he may have a conflict of interest, or that there may be the appearance of a conflict of interest, s/he shall promptly disclose the existence of the conflict and its nature to his or her immediate superior, who, in turn, shall report this information to the next highest person in the chain of command.

4. When a member of an Advisory Board has knowledge that s/he may have a conflict of interest, or that there may be the appearance of a conflict of interest, s/he shall promptly disclose the existence of the conflict and its nature to the Advisory Board. The Advisory Board shall then determine whether, in fact, a conflict of interest exists.

5. Any individual (including, but not limited to, employees of the Archdiocese and related entities, and members of Advisory Boards of entities affiliated with the Archdiocese) who has knowledge of a violation of this conflict of interest policy has an obligation to report this violation to the appropriate supervisor, or to the appropriate Advisory Board, as the case may be, or by means of the EthicsPoint Hotline described below.

C. **EthicsPoint Hotline to Report Violations of this Policy**

EthicsPoint is an independent third party which provides anonymous, confidential hotlines for organizations worldwide. Because it has had successful experience serving on behalf of other dioceses in the United States, the Archdiocese of Philadelphia has chosen EthicsPoint to be its representative with respect to the Professional Conduct and Conflict of Interest Policy.

1. The EthicsPoint Hotline provides employees and other interested individuals a means to report on a confidential basis violations of the Professional Conduct and Conflict of Interest Policy.

2. If the person making a report chooses to remain anonymous, Ethics Point will honor this request. However, it should be noted to the person making the report that an inquiry to be performed by the Professional Conduct Committee of the Archdiocese may be more effective if the person making the report is available to be contacted.

3. All reports to the EthicsPoint Hotline shall be handled on a confidential basis, to the extent practicable. However, it is not possible to guarantee absolute confidentiality in all circumstances.

4. It is the policy of the Archdiocese to encourage individuals to report violations of the Professional Conduct and Conflict of Interest Policy and to protect such individuals from retaliation. The Archdiocese shall not permit discrimination or retaliation of any kind against any individual who has made in good faith a report of a possible violation of the Professional Conduct and Conflict of Interest Policy.

5. All reports submitted to the EthicsPoint Hotline shall be given due consideration by the Professional Conduct Committee of the Archdiocese. The committee will have representatives from the following departments: General Counsel; Accounting Services; Human Resources; Audit Services; Regional Vicar and one member of the Audit Committee.

6. The Professional Conduct Committee shall evaluate the initial report and make a threshold determination as to whether there are sufficient grounds to conduct a formal investigation. The formal investigation, if warranted, shall be conducted by the

Professional Conduct Committee, which shall seek information from the person accused of a policy violation, and which shall maintain regular contact with the individual who made the initial report.

7. At the conclusion of any investigation, the Professional Conduct Committee shall take appropriate action under the circumstances. The Professional Conduct Committee will periodically report the results of investigations to the Archdiocesan Audit Committee.

**ACKNOWLEDGMENT OF RECEIPT OF
PROFESSIONAL CONDUCT AND CONFLICT OF INTEREST POLICY**

I acknowledge that I have received and have read a copy of the Professional Conduct and Conflict of Interest Policy; that I agree to comply with the Policy; and that I have a duty to report possible violations of the policy to my immediate supervisor or by means of the EthicsPoint Hotline.

Signature of Employee/Board Member/Volunteer

Printed Name

Date

ARCHDIOCESE OF PHILADELPHIA

CATEGORY: FINANCIAL

<u>Violation Type</u>	<u>Description</u>
Accounting and Auditing Matters	The unethical systematic recording and analysis of financial transactions associated with generally accepted accounting practices. (Examples include: misstatement of revenues, misstatement of expenses, misstatement of wrongful transactions, and departure from Archdiocesan policies and procedures for administration and accounting).
Embezzlement or Theft	To appropriate (as property entrusted to one's care) fraudulently to one's own use. (Examples include: theft of church property, spending church funds for personal purchases, theft of cash).
Billing Errors or Irregularities	Inaccurate billing processes or practices (Examples include: billing for items or services not rendered, duplicate billing, over-billing, etc.)
Falsification of Contracts, Reports or Records	Falsification of records consists of altering, fabricating, falsifying, or forging all or any part of a document, contract or record for the purpose of gaining an advantage, or misrepresenting the value of the document, contract or record.
Donor Stewardship	Funds directed to the organization have not been handled with the utmost truthfulness or not used in accordance with the donors intentions and wishes. Failure to provide due care with respect to the donor, and/or donation. Injury to the public trust.
Conflict of Interest	A conflict of interest is defined as a situation in which a person, such as an Archdiocesan Board member, an employee, or a professional, through business, investment or family, has a private or personal interest sufficient to appear to influence the objective exercise of his or her official duties. (Examples include: inappropriate contractor/vendor relations, bribery, misuse of confidential information, inappropriate ownership, investment or compensation arrangement in an entity or individual with which the Archdiocese has a transaction or arrangement.)
Disclosure of Confidential Information	Unauthorized and unlawful disclosure of Archdiocesan owned intellectual property, as well as employee or parishioner information, and other corporate data bases.
Taxes-Withholding and Payment	The failure to withhold, record or pay taxes to any regulatory authority.
Other Financial Issues	If you feel that the definitions above do not describe the event, action or situation you are looking to report, please use this header.