

DATE: APRIL 2011
COMMITTEE: ADMINISTRATION & FINANCE

COMPLIANCE POLICY

DIOCESE OF NOVA SCOTIA AND PRINCE EDWARD ISLAND

Introduction:

1. The Diocese of Nova Scotia and Prince Edward Island operates on a budget that is derived from investments, special appeals and the allotment, the request from Parishes is based on assessable income. This allotment income is used to provide services and programs for the whole Diocese as well as to support the ministry of two Bishops and support for the National Church. Many of the things done by the Diocese, such as the management of the Consolidated Trust Fund or negotiating on behalf of clergy and parish employees, such as the Group Medical Plan, could not be done by individual Parishes without additional costs.
2. The investment income, notwithstanding the vagaries of the markets, can be generally relied upon as a fairly constant source of income. Special appeals have a limited life and are generally tailored to a specific need in the Diocese. However, allotment income, even with the reduction of the allotment rate, has been a steadily declining income source. Although assessable income has reduced in Parishes, there are still a number of Parishes that do not pay their share of the allotment and thus reduce the ability of the Diocese to provide services.
3. The Diocese also acts on good faith with most Parishes in the Diocese by paying the payroll and compulsory payments for staff. Failure to make these payments puts individuals at risk. However, it is incumbent upon the Parishes that the Diocese is providing this service to maintain currency in these accounts.

Aim:

4. This policy is to set out the measures to be taken by the Diocese to strengthen and encourage compliance amongst parishes in fulfilling their allotment payments.

Discussion:

5. It is recognized that Parishes do get into financial predicaments due to a number of reasons and also that Parish "income" can be cyclical and this is challenging when required to make regular payments. Thus the first step in any compliance policy would be to recognize that difficulties have been encountered and to seek assistance if necessary.
6. The preferred way for this notification to happen would be for the Parish itself to identify a financial situation and to inform the Diocese, in this case the Controller and Executive Director, that there is a problem. The Parish should indicate the extent of the problem, the cause if known, and what interim arrangements can be made to make partial payments until revenue flow is returned. The priority for payments to the Diocese would be salary and compulsory dedications and then the allotment. The Diocese would formally acknowledge the financial situation and would inform the Parish whether the interim arrangements are agreeable.

7. The other way for the initial notification to be done would be for the Diocese to recognize non payments and to initiate contact with the Parish to request information. Diocesan request for information would be based on the following timetable:
 - a. 45 days without payment of salary or compulsory deductions and no notice from the Parish; and
 - b. 75 days without payment of the allotment and no notice from the Parish.
8. The initial notification from the Diocese to the Parish would be a letter to the Rector and Wardens indicating the problem and requesting that the Parish contact the Diocese to discuss the situation and to set up an interim payment schedule.
9. The aim in these initial dialogues is to come to a mutual agreeable solution in a cooperative nature, recognizing the needs of both parties in this financial situation. If the dialogue is unsuccessful or dialogue can not be established the Diocese will be required to implement different strategies in order to gain compliance. In many cases it is recognized that the knowledge of the financial situation of the Parish may only be held by a few "officers" of the Parish. Thus the following processes are aimed at engaging more members of the Parish in order to raise awareness of the situation and to hopefully resolve the problem.
10. If the initial dialogue is not successful or it has been impossible to engage in a dialogue, then the Diocese will initiate the following actions:
 - a. 60 days for overdue salary or 90 days for overdue allotment send a letter to the Regional Dean and Archdeacon requesting intervention with the Parish to determine the situation and to seek a solution. This intervention could be in the form of a visit to the Parish, the calling of a special meeting of the Parish or other means for the Regional Dean and Archdeacon to gain an appreciation of the situation and to recommend a course of action. If the Regional Dean and Archdeacon are successful in getting the Parish to recognize its financial obligations and to make an effort to pay then no further action is required. If the Regional Dean and Archdeacon are not successful then the following action will be taken; and
 - b. the Diocese will set up a visit with the Parish to discuss the situation. The Diocesan visit could include a special meeting of the Parish, a review of the Parish's books, a review of all salaried positions or other inspections or reviews necessary to determine the state of the Parish's finances. The outcome from this intervention would be to establish an orderly payment of the outstanding obligations. If this is not possible then the Diocesan visit could make recommendations to the Bishop on the continuation of all salaried positions and the financial viability of the Parish.
11. Notwithstanding the processes described to elicit cooperation and payment of financial obligations there must be consequences for not meeting these obligations and for not making efforts to address them. The following actions will be taken at 90 days of non payment of salary and 180 days of non payment of allotment:

- a. suspension of salaried individual's participation in Group Medical Plan, until such time that the overdue contributions are remitted and a plan in place to maintain payments; and
- b. suspension of any salary payments. This would only be done in the situation where the Diocese could not cover the salary and after extensive discussion with the affected Parish.

12. It is recognized in the very rare circumstances that a Parish may not feel any obligation to pay its allotment or salary and will not respond to any of the interventions to bring its financial house in order. In these situations the only recourse may be to dissolve the Parish and the only step available to effect this would be for the Bishop to intervene and remove the licence of the Rector or designated Priest to officiate.

Conclusion:

13. The main aim of this compliance policy is not punitive in nature but to come to an arrangement that recognizes that financial situations arise in Parish whilst also recognizing that the Diocese must meet many obligations on behalf of the Parish and for the benefit of the wider Diocese. However, it must be recognized that failure to meet its obligations by a Parish will result in more severe actions in order to reach compliance. The loss of participation in medical plans or the withdrawal of salary payments are measures of last resort and likely indicate that the Parish is in such financial distress that its continuation as a Parish in this Diocese is in question.

Implementation Date:

14. This policy comes into effect on June 1, 2011.