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Vatican's asset manager submits to outside audit

Joshua J. McElwee | Oct. 16, 2013

Four months after one of its accountants was arrested for alleged involvement in a $26 million cash smuggling scheme, the organization that manages the Vatican's assets said Tuesday it would submit its operations to outside financial review.

The move by the Administration of the Patrimony of the Holy See (APSA), an office of the Vatican's central bureaucracy, may represent the first such outside audit of the Vatican's coffers.

The office is charged with overseeing the Vatican's property, providing cash flow to its bureaucracy, and managing the city-state's overall financial portfolio.

Announcement of the financial review came in a statement Tuesday from the office's president, Cardinal Domenico Calcagno. The statement said the review, headed by the global consulting firm Promontory Financial Group, will "allow for greater depth and detail in the verification of the financial condition and management" of the office.

The statement does not say whether the review will be made public.

The review of the office comes as one of its former accountants, Msgr. Nunzio Scarano, is being interrogated by Italian officials over his alleged involvement in a cash smuggling scheme on behalf of a family of shipping magnates. Scarano, who had worked for the office for 22 years, was arrested in June.

According to Italian media reports, Scarano has detailed in his interrogations [1] a number of financial improprieties by his former employer, including that it illicitly allows those outside the Vatican bureaucracy to participate in its funds and accepts gifts from banks in exchange for making deposits.

APSA is divided into two sections: one that manages property and funds owned by the Vatican, and another that manages investment assets.

Tuesday's release from the Vatican also said the financial office created a new supervisory board for the second section.

Scarano is also accused of money laundering using the Institute for the Works of Religion, commonly called the Vatican bank, an institution separate from APSA.

The bank is privately held and does not manage the Vatican's budget. In a bid to clear itself of previous allegations of its own impropriety, the bank openly published a yearly financial report [2] for the first time Oct. 1.

Pope Francis ordered a review of the bank's operations in June, appointing a five-member commission [3] to ensure the bank's activities are in harmony with the mission of the universal church. The bank's director has also said it is undergoing a review by the Promontory group of its adherence to international financial standards.

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