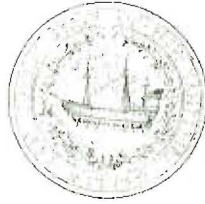


ATTORNEY GENERAL  
DEPARTMENT OF JUSTICE

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KELLY A. AYOTTE  
ATTORNEY GENERAL



ORVILLE B. "BUD" FITCH II  
DEPUTY ATTORNEY GENERAL

January 23, 2009

Bishop John McCormack  
c/o Brian Quirk, Esquire  
Preti, Flaherty, Beliveau & Pachios  
57 North Main Street  
P.O. Box 1318  
Concord, NH 03302-1318

Re: 2008 KPMG Audit

Dear Bishop McCormack:

Attached please find a copy of the report generated by KPMG based on its assessment of the Diocese of Manchester's compliance program (the "2008 Audit"). Similar to the 2007 audit report released on March 28, 2008, the 2008 Audit is based on a comprehensive review of documentation, interviews with a number of Diocesan personnel, and sample testing of the compliance program. The findings are fully documented in the report.

Because this is the final audit, I am sure you will agree that this year's findings and recommendations, and the Diocese's response to them are particularly critical as the Diocese moves forward without direct oversight from this office or the Court.

I must begin by acknowledging the remarkable positive progress made by the Diocese since last year's audit. The cooperation shown and the changes made in this past year clearly demonstrate the Diocese's commitment to maintaining a sustainable program. I am particularly pleased that the *Promise to Protect, Pledge to Heal*, Policy for the Protection of Children and Young People does now require the immediate removal from ministry of an accused individual if the accusation is deemed to have a semblance of truth. The last two audits and my corresponding letters to you had requested this change. Likewise, the protocol also now has a timetable for initiating investigations after receipt of an allegation. It is also noteworthy that unlike in past years, all Diocesan entities now have a named Safe Environment Coordinator.

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Despite these significant additions and enhancements, however, the 2008 Audit has identified a number of gaps, as well as some opportunities for further enhancements, that need to be adopted and implemented in order for the Diocese to have a fully effective and sustainable compliance program.

The 2008 Audit Report contains detailed findings and recommendations. It is requested and expected that the Diocese will review these findings and recommendations and take appropriate action to correct the shortcomings identified by the report.

In this letter I am only specifically addressing those issues which I believe require the most immediate attention.

1. Communication with Compliance Coordinator

During this year's interviews at the Office of Ministerial Conduct ("OMC"), KPMG discovered a very serious communication gap between the OMC delegate and the Compliance Coordinator. Currently, the Compliance Coordinator is not informed about investigative matters and is not given the names of accused or told the location of the alleged misconduct. Because of this lack of communication, the Compliance Coordinator is not receiving information such as reporting or violation trends that might significantly impact the results of an entity's risk assessment. This lack of information undermines the Compliance Coordinator's full effectiveness and ability to understand the true risk environment. This type of critical information must be communicated to the Compliance Coordinator and should be integrated into the compliance program's overall risk assessment.

2. Accountability of Program Leaders

The Diocese must focus on the enhancement of accountability of program leaders for their own compliance as well as for the compliance of other Diocesan employees and volunteers. Non-compliance by these individuals is a potential risk to minors. During its site visits, KPMG discovered that some Safe Environment Coordinators had not read either the Screening & Training Protocol or the Code & Policy. Because these individuals are a central component to the effective screening and training of Diocesan personnel, their knowledge and commitment to the Policy & Protocol is critical. The Diocese should develop a reliable system of accountability, such as requiring a signed acknowledgement form for all individuals. With respect to Program Leaders, KPMG opined that there is also some reluctance for the leaders to ensure that all volunteers meet the training and screening requirements. The Program Leaders must be counseled to do so in order to reduce any risk factor.

3. Safe Environment Database

In the audit, KPMG recognizes that the Diocese has “. . . notably demonstrated its commitment to continually enhancing the SE Database through the addition of enhanced access controls.” However, even with these improvements there are still a number of areas that have been identified as requiring improvement in order to ensure the ongoing success of the Database and the Program. For example, with respect to noting in the database that an individual is “restricted”, currently there is no formal policy addressing the timetable that should be adhered to for inputting this very important data once it is discovered. Likewise, there are no controls at this time which would prevent someone from overriding the “restricted” label in the database. In addition to enhancing these controls, KPMG has detailed its other findings and recommendations with respect to the SE Database on pages 34 and 35 of the 2008 Audit Report.

Recordkeeping continues to be a challenge of the Diocese and I urge the Diocese to adopt the audit report’s recommendation that a centralized filing system be developed.

4. Auditing/Testing of the Program

With the conclusion of formal oversight, it is imperative that the Diocese develop and implement its own comprehensive plan to have a continuing independent annual audit of the Program. This plan should be led by a sub-committee of the Diocesan Review Board (“DRB”) that is completely independent from the Program’s operation or execution.

KPMG also recommends, and I concur, that the DRB conduct more extensive assessments of its system and provide adequate time to conduct the audits and also release the results in a timely fashion.

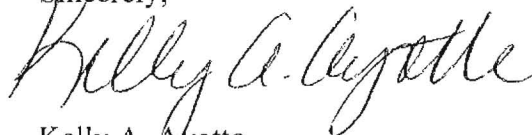
As you are aware, the Court’s order of February 11, 2008 allows either party to file a motion to extend the settlement agreement within 30 days of the release of the final audit. Because of that time frame, it is requested that within 18 days from today’s date, the Diocese present to the Attorney General’s Office a written plan for resolving the issues identified in KPMG’s report and outlined above.

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The Office of the New Hampshire Attorney General, or its designated representative will review the submitted plan to assess its completeness and reasonableness. Thereafter, the Diocese will be responsible for implementing the agreed-upon plan. In addition, in keeping with the spirit of the agreement, the Diocese should address any deficiencies and/or findings outlined in KPMG's audit report but not covered in this letter as soon as practicable.

As our oversight comes to a close I cannot help but reflect back to the initial settlement agreement discussions, the court challenges and the very first audit in 2005. The progress and positive changes made over these last four years by the Diocese, and in particular in the last two years, is remarkable and commendable. It gives me confidence that the Diocese will proceed into the future with a strong commitment to sustain the program that has now been developed and implemented to protect children from sexual abuse.

Sincerely,



Kelly A. Ayotte  
Attorney General

KAA/k  
Enc.

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