



Trust & Accountability at the Local Church

NEC 19/01/2025



What is the Global “Trust” Environment?

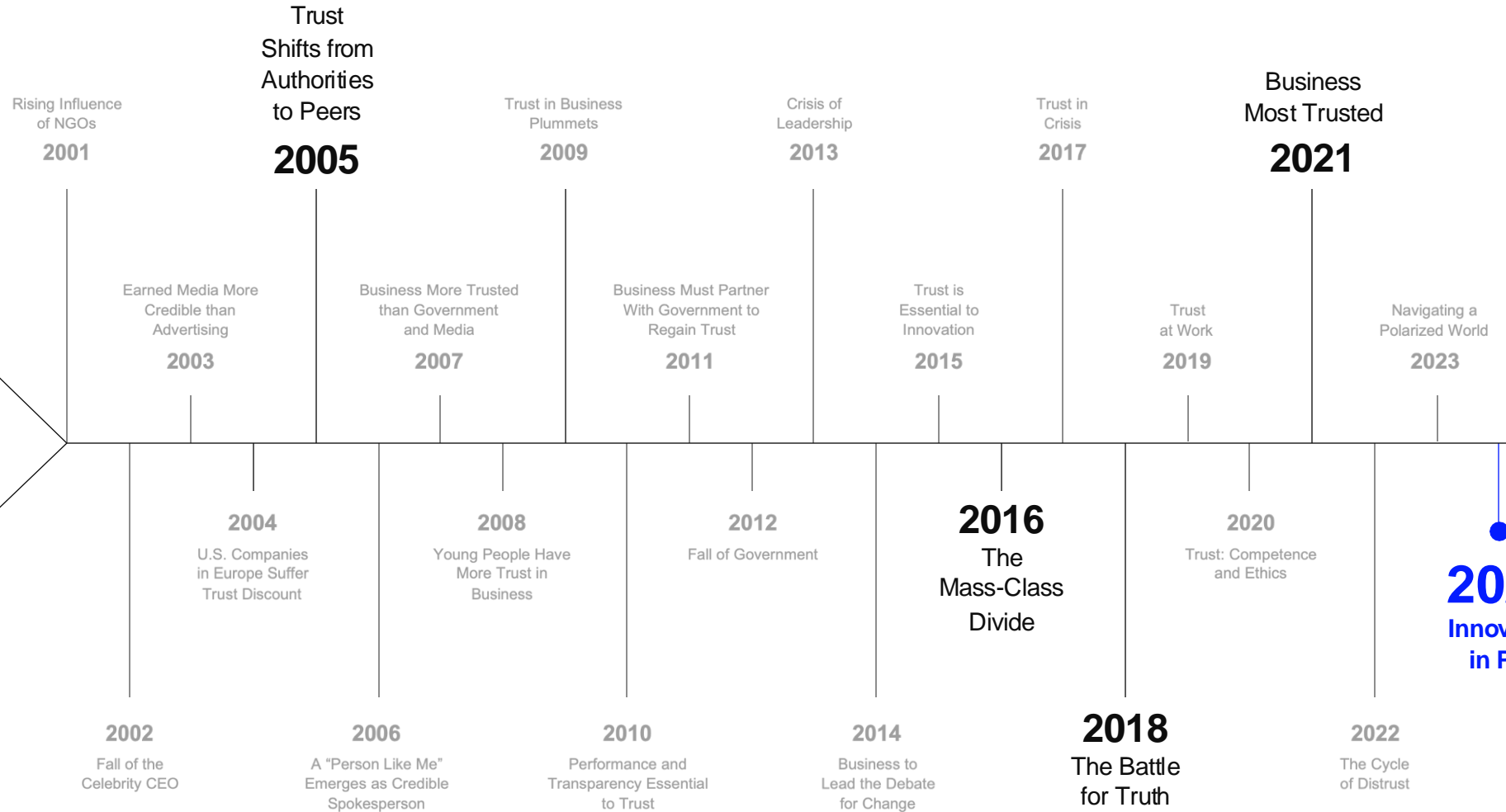
2024 Edelman Trust Barometer

Global Report

<https://www.edelman.com/trust/2024/trust-barometer>

24

Years of Trust:
Power shifts,
divisions deepen



Why is Trust Important?

According to a 2021 study by *Independent Sector*, **TRUST** is a necessary condition for many peoples' support of **nonprofit organizations**.



Why is Trust Important?

“Many factors, including how much I **TRUST** a nonprofit to do what is right, determine whether or not I support it financially, or through volunteering.”

63% Agree

“Nonprofits must **Earn My Trust** before I support them.”

83% Agree

What Builds Trust?

Elements of **HIGH** trust in a nonprofit:

- Help others for greater good
- Aware of nonprofits with long track records of success
- Believe in the work nonprofits do
- Not seeking personal enrichment or not profit-motivated
- Good personal experiences



What Breaks Trust?

Elements of **LOW** trust in a nonprofit

- Association with corruption and greed, or potentially “pocketing money”
- Not financially transparent
- Political bias
- Bad personal experiences – either heard something negative or witnessed it firsthand



Two Kinds of Trust

1. **Personal Trust** – Am I a trustworthy person?
2. **Organizational Trust** – The organization to which I belong has a noble purpose, its operations will be consistent with its policies, it will treat people and issues fairly.

Distrust which results from a specific *personal* incident can metabolize into distrust of the *entire organization*.

- Lowell C Cooper, *Code of Conduct*

What happens when Trust is lost?

- /// Immediate financial loss
- /// Litigation
- /// **Reputational damage/loss**
- /// Negative media attention/distraction loss
- /// Long-term financial loss





**Trust is like an eraser;
it gets smaller and smaller
after every mistake.**

Unknown author

Why does Trust matter to the church?

“Anyone who can be trusted in little matters can also be trusted in important matters. But anyone who is dishonest in little matters will be dishonest in important matters.”

Luke 16:10 CEV



How does the issue of “Trust” impact the SDA Church?

“The most important
human resource for the
Seventh-day Adventist
church is **Trust.**”

Lowell C Cooper,
Retired GC Vice President

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Why does Trust matter to the church?

“Therefore, since God in his mercy has given us this new way, we should never give up. We reject all shameful deeds and underhanded methods. We don’t try to trick anyone or distort the word of God. We tell the truth before God, and all who are honest know this.”

2 Corinthians 4:1 & 2 NLT



“**Nonprofit Organizations** must **convince the public** that they have the right **systems** and **policies** in place to ensure that contributions and other resources are being prudently maintained, managed and deployed. It is not necessarily about money but rather the **fiduciary responsibility** to use donated funds in the manner intended.”

An Investigation of Fraud in Nonprofit Organizations: Occurrences and Deterrents
Janette Greenlee, Mary Fischer, Teresa Gordon, and Elizabeth Keating
The Houser Center for Nonprofit Organizations, Harvard University

What is a Right System and Policy?

/// **The Seventh-day Adventist Accounting Manual** defines **Internal Control** - as the **process designed** and **implemented** by management and individuals charged with governance to provide reasonable assurance about achievement of the entity's objectives. Those objectives include reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control is designed and implemented to address identified risks that threaten the achievement of those objectives.

Internal Control

The absence of adequate controls may lead to misappropriation of funds at the local church. Starting from the time money is placed in the offering plate, controls must be in place to protect those funds from being stolen. In addition, adequate controls must be implemented to prevent the misuse of funds.

Understanding the practices that our local treasurers can establish to encourage Trust through Working Policies.



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Photo: Geny Chudleigh | Adventist News Network



Photo: Geny Chudleigh | Adventist News Network



Photo: Ansel Oliver | Adventist News Network

To All Seventh-day Adventist Church Leaders:

It is imperative that the global leadership of the Seventh-day Adventist Church address the important principles of **transparency and accountability**. These two principles, transparency and accountability, are inseparably linked and foster a high level of integrity and confidence in leadership. They are also prerequisites for effective governance and efficient functioning of the Seventh-day Adventist Church.

Transparency is an extension of the word “transparent” which means to see through, nothing hidden, and is associated with honesty, openness, and trustworthiness.

One of the greatest requirements of church leadership is for members to be able to trust their leaders. However, being accountable to our constituents does not come first. Foremost is our accountability to God. Romans 14:12 “So then each of us shall give account of himself to God.”

The reality is that when we ignore accountability to God and others, we become a law to ourselves, and indiscretion is inevitable. We are addressing this subject because of various instances of indiscretion in leadership.

Core Practice



Church members should be encouraged to avoid giving donations to individual church leaders, especially if it is cash.

Instead, church members should be encouraged to put their offerings into the offering plate.

Core Practice



The process of caring for monies when they are collected should not be left to one person.

At least two people must take the collected funds to the place where those funds are locked away until they are counted or to the place where they are going to be counted.

It is important that two or more people participate in counting the money.

Core Practice



Once the money has been counted, any loose offering (cash put in the plate as offering) must be receipted. A receipt must be issued for the total loose offering so that such an amount is recorded as having been given to the church.

And then individual receipts must be issued to every person for the gifts they have enclosed either as a church offering or whatever form of gift, they have enclosed in the gift envelope.

Core Practice



All received funds at the local church must then be deposited into the bank and any disbursement of those funds must be from the bank account. No money should be spent that has not been deposited into the bank.

Depositing money into the bank creates a history or path by which the spent money can be accounted for properly.

Core Practice



The signing of checks for payments or Bank transfers should also be done by at least two signatures.

There is transparency and accountability in having more than one person disburse funds.

Core Practice



Funds that are given at a local church are either trust funds or local expense funds. Trust funds are those funds that even though collected at a local church are immediately supposed to be sent to the conference. An example of such funds is tithe.

Local funds or local offerings are those funds that the local church can spend without sending to the conference.

Core Practice



All local church funds must be spent through a budget system and/or by action of the board.

Pastors, local treasurers and other leaders cannot unilaterally decide how to spend those funds; decisions on how to spend those funds must be made with the consent of the local church's properly instituted bodies of authority.

GC Core Policy

Financial Planning and Budgeting Process

Each local church shall have a mission driven, broadly based consultative financial planning and budgeting process with a committee structure that can give detailed review to the ongoing financial planning and budgeting for the organization.



Core Practice

As far as is possible, financial activities should be conducted without the use of borrowing. The preferred method for operating and/or financing capital projects is cash with a less preferred method being the use of funds from current revenue.

GC Core Policy

Financial Reports

Regular reports of all tithes received and disbursed should be presented at business meetings of the church.



GC/TED Core policy

Preservation of Financial Documents—
Financial documents, vouchers, or
receipted bills should be secured for all
funds received and disbursed in
accordance with the system authorized
by the local conference.



GC/TED Core policy

Books Should Be Audited—

The conference treasurer, or other individual appointed by the conference executive committee, audits the church financial records, usually each year



NEC Local Audit DEFICIENCIES

- No segregation of duties - one person counting, recording and banking donations received.
- Banking not done in a timely manner
- Adequate supporting documentation – invoices & receipts
- Lack of operating budget
- Availability of church board meetings
- No evidence of regular board meetings
- Financial reporting not regularly presented to the board

Thank you!

We are here to help.

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