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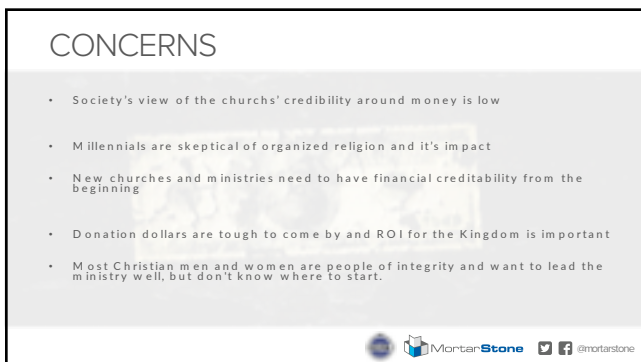
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### COMMITTED STEWARDS IN LEADERSHIP

- A **STEWARDSHIP** LEADERSHIP JOB and any leader's job is a STEWARDSHIP JOB.

1 Corinthians 4:2 - Moreover it is required in stewards, that a man be found faithful.

1 Timothy 3:1-3 - The saying is trustworthy: If anyone aspires to the office of overseer, he desires a noble task. 2 Therefore an overseer must be above reproach, the husband of one wife, sober-minded, self-controlled, respectable, hospitable, able to teach, 3 not a drunkard, not violent but gentle, not quarrelsome, not a lover of money.

- ✓ Personal accountability comes first. Governing board, top staff, volunteers and lay leaders must be committed.
- ✓ Leaders must determine to manage for Christ, not for their own personal gain.



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### WHY IT MATTERS

*"We are careful to be honorable before the Lord, but we also want everyone else to see that we are honorable."*

- 2 Corinthians 8:21 (NLT)



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### SOUND FINANCIAL MANAGEMENT

- More is **CAUGHT** than **TAUGHT** on money management and generosity. Personal stories go a long way in inspiring the congregation towards good stewardship.

1. Avoiding church scandals takes external oversight.
2. Misuse on accident can be avoided
3. The church is not a family business



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TRUST & CHURCHES – *The Changing Landscape*

- **Barna** – 1 in 4 unchurched Americans now identify as either atheist or agnostic.
- A top reason?... Lack of **TRUST** in the local church.




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ATHEIST ATTACKS ON RELIGIOUS TAX EXEMPTIONS




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APPROPRIATE TRANSPARENCY

*Do you think churches will lose the 990 exemption? Should they?*

*Transparency Examples:*

- ✓ Elder Giving Policy- *What is expected of Elders*
- ✓ Giving Data Policy- *Who can see what?*
- ✓ Gift Acceptance Policy and Procedure
- ✓ Donor Management Policy and Protocols
- ✓ Counting and Valuation policy
- ✓ Endowment Policy and Procedures
- ✓ Metrics Standards and Reporting Procedures - *MortarStone*




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TRANSPARENCY – *Finding the Appropriate Balance*

*“Facing an insatiable desire for transparency, trusted churches find the balance between appropriately transparent and measuring privacy concerns and administrative burdens.”*

- Dan Busby, ECFA President



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VERIFIABLE ACCOUNTABILITY – *Building Strong Systems*

- Why “We’re just accountable to God” is not enough
- Avoid the dreaded question: “Where was the Board?”
- Importance of an active, responsible Board
  - At least 5 members
  - Majority independence
  - Meet at least semi-annually
  - Focus on policy and mission



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VERIFIABLE ACCOUNTABILITY IN FINANCES

- Strong internal controls
- Annual internal audit
  - Audit at \$3M total revenue
  - Possibly other engagements
- Annual independent CPA audit
- PLUS, communicate accountability!



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### COMPENSATION AND CONFLICT OF INTEREST

#### • Paul on Compensation - 1 Corinthians 9

> Is it right for a Pastor to create multiple overlapping income streams for personal benefit off the church?

*Example:* 1.3M ministry and the Founder was paid \$650,000

- o What is Allowed vs What is Right
- o Where should we draw the line?




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### TRUSTWORTHY STEWARDSHIP

#### • Raising money for what you say you are raising the money for.

*Example:* For 9/11 the Red Cross raised \$500 million for victim's families and only \$100 million given to them.

✓ [https://www.redcross.org/in-us-1d9d4](#)




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### TRUST INSPIRES GENEROSITY

#### Key Finding #1 – Generosity Project, ECFA (2017)

“93% of all givers agree that it’s extremely important for ministries to uphold specific standards of financial integrity.”




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FRAUD 101

- Why are churches targets?
- What is the impact of fraud?
- Who commits fraud?
- Why do people commit fraud?
- Is it possible to eliminate all fraud?



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BASIC FRAUD PROTECTION

- Ethical "tone at the top"
- Adequate segregation of duties
- Involvement of independent CPA or internal audit
- Proper review of financial information by ministry leaders and board members

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BASIC FRAUD PREVENTION STEPS (Cont.)

- Conflict of interest policy and annual disclosure
- Whistleblower reporting policy
- Cross training of financial duties and mandatory vacations
- Communication and enforcement of a zero-tolerance fraud policy

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### WARNING SIGNS OF POSSIBLE FRAUD ENVIRONMENT

- Never takes a vacation
- Is controlling or does not allow others to help with his or her tasks
- Has unusual mood swings
- Has known financial pressures such as spouse job loss
- Has known personal problems such as divorce or serious medical issue for self or family member
- Appears to be living beyond his or her means




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### WARNING SIGNS (cont.)

- Displays a defensive attitude
- Vocalizes dissatisfaction with job or pay
- Is messy/disorganized
- Does not prepare timely reconciliations or has unusual reconciling items
- Has insufficient or missing documentation
- Is delayed in preparing financial statements or other information
- Reports inaccurate financial information




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### IF FRAUD IS SUSPECTED

- Don't overreact or make accusations prematurely.
- Notify the board, legal counsel, and the insurance company.
- Hire an expert to investigate.
- Based on recommendations from experts and legal counsel, determine a course of action.
- Determine how the fraud occurred.
- Update policies and procedures to prevent a similar occurrence in the future.




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Prevent, Correct, and Detect.

**FREE Fraud Checklist**





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REMEMBER THE WHY

*“Our responsibility is to give the world the right impression of God.”*

- John Wesley

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Q & A



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