

## **An Exploration of Internal Controls and Their Impact on Fraud in Protestant Churches**

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Churches. Offerings. Fraud. These terms may illicit memories of Jim Bakker's 1989 conviction on 24 counts of fraud and conspiracy after misappropriating funds from followers for his personal use (Bote, 2019). One might even remember Kent R. E. Whitney of Newport Beach, California, who pled guilty to mail fraud and tax evasion after he schemed to defraud investors of \$33 million (Department of Justice Office of U.S. Attorney Central District of California, 2020). Or, one may think of Kirbyjon Caldwell, a Houston megachurch pastor and spiritual advisor to Presidents Barack Obama and George W. Bush, who was sentenced to six years in prison for a fraudulent investment scheme in March 2020, after selling nearly \$3.5 million in worthless pre-revolutionary Chinese bonds (Department of Justice Office of U.S. Attorney Western District of Louisiana, 2021; MSN, 2021).

Fraud is not a new phenomenon. The Association of Certified Fraud Examiners (ACFE) defines fraud as “any intentional or deliberate act to deprive another of property or money by guile, deception, or other unfair means (2021).” Fraud dates to Antiquity as people have used manipulation and deceit to acquire land or money to make a profit. Petraşcu and Tîeanu (2014) explained that archaeologists found evidence of the existence of elementary forms of accounting and the verification of accounts in ancient Babylon and Egypt. Additionally, the authors stressed as commercial trade increased, recordkeeping practices, as well as fraud schemes, increased.

Nearly every organization unintentionally provides opportunities to embezzle funds or perform other forms of fraud. Unfortunately, churches are often targets because of excessive individual authority, too much trust, and not enough internal controls to protect their assets (Gottschalk, 2017). Franklin, Graybeal, and Cooper (2019) pointed out the accounting system is the backbone of any organization, including non-profit organizations, such as churches. Internal controls are the measures employed by an organization to safeguard assets from inefficient use, waste, and fraud (Duncan and Flesher, 2002). Likewise, Apollo (2020) and Sirdar Global Group (2020) emphasized that internal controls are the policies and procedures that are established to protect an organization from losses of its resources and achieve its goals and objectives. Therefore, when appropriate internal controls are utilized, a church has a better opportunity to safeguard its assets and achieve its mission.

### **Purpose and Research Question**

The purpose of this study is to explore the current practices of the internal control systems of churches and evaluate their effectiveness in comparison with generally accepted anti-fraud activities advocated by accountants who specialize in forensics. The objective of this qualitative study is to assess the existing practices of the internal control systems of selected churches and explore the proficiency of their systems. Consequently, the research question is: “How do Protestant churches in central Louisiana (CENLA) employ internal controls to decrease fraud risk?”

### **Process**

The first step in conducting this qualitative study was to create interview questions that represented the components of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) established in 1992 and later modified in 2013. With the growth in fraudsters, several professional finance and accounting organizations constructed a model for appraising internal controls. COSO was originally sponsored by five major professional accounting associations and institutes based in the United States: American Institute of Certified Public Accountants (AICPA), American Accounting Association (AAA), Financial Executives International (FEI), Institute of Internal Auditors (IIA), and Institute of Management Accountants (IMA). The Treadway Commission recommended that the sponsoring organizations work together to develop integrated guidance on internal control. These five organizations created the Committee of Sponsoring Organizations of the Treadway Commission (COSO) (About, 2006). COSO formed a model for evaluating internal controls.

The result was the creation of five components: control environment, risk assessment, control activities, information and communication, and monitoring (Cotton, Johnigan, and Givarz, 2016).

The investigator created a 63-question interview (see Appendix A) and interviewed the administrator or financial representative from each church. The researcher based the questionnaire on the five elements of the COSO model. After reviewing the questionnaire that had been used previously in a similar study, questions were organized to reflect each element. Questions were grouped into the following categories: (1) control environment—the organizational structure; (2) risk assessment—mission; financial, strategic, and operational risks; (3) control activities—human relations, cash receipts and disbursements, purchasing; (4) information and communication—personnel and accounting procedures manuals, and employee training; and (5) monitoring—audits, recordkeeping, inventory, and adapting to changes. Finally, the interviewer offered recommendations to improve the effectiveness of the churches' internal controls.

Thereafter, the researcher transcribed and analyzed the data obtained during the interviews and summarized the responses (see Appendix B). Further, recommendations resulting from this study were available to the participants.

### **Background of the Problem**

Fraud is not limited to megachurches. Unfortunately, all churches are vulnerable to falling victim to fraudsters who are targeting churches' tithes and offerings. According to USA Churches (2014), churches can be classed by size. A description of the various sizes of churches is as follows: mega churches have an average weekly attendance of more than 2,000 people; large, 301–2,000; medium, 51–300; and small, 50 or fewer.

According to research conducted by the National Association of Evangelicals of 4,249 pastors, 80 percent of pastors serve in congregations with fewer than 200 people, and 55 percent have fewer than 100 people in their church. Since most medium and small churches are comprised of close friends and family members, they may have an attitude of "this can never happen to us." In addition, only 14 percent of the pastors said they received financial training from their seminary, and only 9 percent said the denomination has "many resources" to help them with church finances (Kluth, 2017). When a heightened sense of employee trust is combined with a lack of internal controls, churches are more vulnerable to embezzlement and fraud.

According to the *Status of Global Christianity* report from the Center for the Study of Global Christianity, worldwide church financial fraud may reach "\$80 billion by 2025" (Fraud Against Churches, 2019). Further, it is estimated that "80 percent of all cases of fraud are not reported" (Fraud Against Churches, 2019). After reviewing the details of recent Protestant and Catholic church embezzlement cases in the United States, Greg Treadway (2020) found that once fraud had been detected, "the church members may [feel] violated." Church members typically fall into two extremes: those people who feel the fraudster should be prosecuted because of the fiduciary responsibility to the donors and members of the church and those members who think the perpetrator should be forgiven. Unfortunately, the controversy can be so heated that the church splits. Oftentimes, church members rationalize prosecution because the church has the fiduciary duty to protect the offerings received, and they fear that future contributions would decrease. They may believe that member confidence would deteriorate, and the church would not be able to achieve its mission. Regrettably, if the perpetrator is not prosecuted, the fraudster could go elsewhere and embezzle other churches or non-profit organizations (Treadway, G., 2020). Church fraud can become a problem that reduces the ability of the church in maximizing its potential and reaching its goals.

### **Population and Sampling**

Case studies are frequently used in qualitative research to gain a thorough understanding of the research subject. Singh (2014) noted it is the preferred method when seeking answers to how and why questions rather than manipulating variables. Creswell (2013) and Stake (2005) further explained that case studies use various sources of information to collect data, such as documentation, interviews, and direct and participant observation.

The population for this study was selected from Protestant churches in the Central Louisiana (CENLA) area. The researcher used convenience/purposeful sampling to select five small to medium-sized churches and interviewed each church's financial administrator or representative. In a qualitative research study, the number of participants is determined when saturation has occurred (Latham, 2014). In other words, when additional participants do not provide more information, there is no need for further participants. Moreover, Creswell (2013) advocated that no more than four to five case studies are necessary. He indicated this number should provide adequate data to identify issues to be considered in a study.

Although the researcher must be concerned with bias, Acharya, Prakash, Saxenam, and Nigam (2013) pointed out the advantages of using convenience sampling: less expensive, easier for the researcher, and less time-consuming. Consequently, it is the most used non-probability survey utilized. Likewise, Stratton (2021) recommends convenience sampling because the researcher chooses the participants. Further, he recommends this type of sample when participants are centered within a geographical area, especially when the number of participants would be too difficult to enumerate. The researcher determined that convenience sampling would be the best approach because of the participants' motivation. As a result of the desire to discuss their churches' current internal controls and determine possibilities for improvement as well as their trust in the researcher, the participants eagerly contributed to the study.

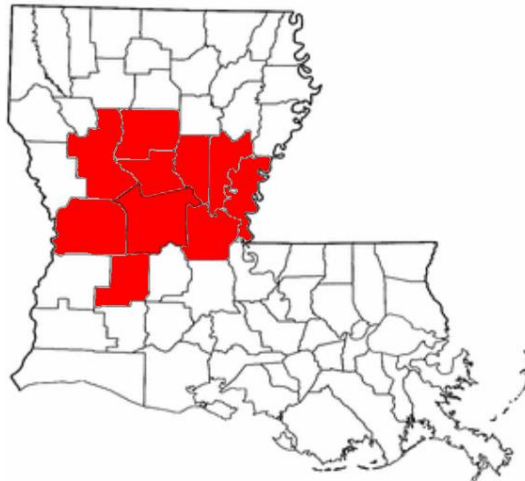
## **Presentation of the Findings**

### **Participant Selection**

The researcher selected five participants, based on the study's parameters: Protestant churches in the CENLA area, and interviewed the financial administrators in September–October 2021. Therefore, respondents' answers are current and include data based on the economy and safe distancing statistics during the 2020 COVID epidemic. Central Louisiana (CENLA) is approximately 63 miles, covering ten parishes.

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**Figure 1: Map of Louisiana Highlighting Central Louisiana**



Note: Map of Louisiana Highlighting Central Louisiana. Microsoft Bing (n.d.). *Louisiana Debt Relief Map*. Retrieved September 21, 2021, from <https://bing.com/images>

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A summary of each of the churches studied in this research is provided.

Participant One has an average attendance of 50 per week and is in a historic facility in a downtown area of one of the largest cities in CENLA area. Attendees primarily give tithes and offerings through online giving. Weekly receipts average \$1,800.

Participant Two is in a rural area. It has an average weekly attendance of 300. About half of the offering is made by checks, and the other half is received through online giving. Weekly receipts average \$57,000.

Participant Three has a weekly church attendance of approximately 300. Weekly receipts average \$30,000. Sixty-four percent are received by check, 35 percent through online giving, and less than 1 percent is received in currency.

Participant Four is in a downtown area of CENLA. Typically, 200 people attend weekly. The receipts average \$8,000 weekly. The majority (83%) of donations are received through online giving. Sixteen percent is received through checks while 1 percent is received through currency.

Lastly, Participant Five has fewer than 20 members. Most of the members attend weekly. Gifts and offerings average \$1,600 weekly. On-line giving accounts for about 20 percent, while the majority (80%) of contributions are made by check.

According to the church size designations described previously, two of the churches are small and three are medium size. In the two small churches, offering envelopes are not used.

### **Control Environment**

The researcher studied each participant's church to determine how it employed internal controls related to the control environment to reduce fraud risk. The control environment centers on risk management serving as the basis for the other components. Rae, Sands, and Subramaniam (2017) noted all facets of the control environment consist of integrity, which includes the ethical environment. Argun and Dağlar (2016) explained that a component required to commit fraud was to allow the perpetrator to commit a crime. In addition, Trompeter, Carpenter, Desai, Jones, and Riley, Jr. (2013) underscored the importance of minimizing the chance to commit fraud was to increase internal controls, stressing the organization's culture by emphasizing an ethical tone at the top and looking for red flags or fraud risk indicators (Harvey, 2021). They emphasized these factors significantly reduce the opportunity for fraud. By understanding the opportunities that churches may unknowingly present to fraudsters to commit dishonest acts, administrators can initiate internal controls to reduce the potential for fraud.

The tone at the top, which consists of the structure of an organization, has an important effect on minimizing fraud exposure. Patelli and Pedrini (2015) indicated that the tone at the top is an atmosphere formulated by management. For churches, management includes the financial administrator, pastoral staff, and members of the church who have access to the church finances, such as a treasurer. To some people, the idea of instilling integrity in a church is unnecessary since it should be built on the concepts of honesty and mutual trust. Implying volunteers and church leadership could be committing fraud is unthinkable. Churches that have implemented internal controls and established an anti-fraud tone at the top note that strong internal controls not only protect the church, but also those who are involved in the church's finances.

**Organizational structure.** Four of the churches have a senior pastor, other ministers, and administrative staff. All the senior pastors are full-time. The smallest church has a pastor and no additional support staff. In one of the churches, the pastor is considered the "boss." He is active in the decision-making and spending process. The support staff is full-time in three of the churches. One of the churches has a church council and a committee system that makes decisions on behalf of the church. The church council is made up of the chairpersons of certain committees as well as three at-large members who serve on a one-year rotation basis. The pastor and ruling elders are the highest levels of leadership in one of the churches.

Four participants have committees that supervise the finances of the church. Most of the churches have a Finance Committee or Stewardship Ministry Team that consists of the treasurer, pastor, and other church members. Two of the churches have an Investment Committee. The treasurer, investment advisor, and several church members specifically look at the church's long-term investments. In one church, there are no committees. For example, the pastor and ruling elders prepare a budget and present it as information to the church members. However, this church is the only one that does not seek approval from the congregation.

### **Risk Assessment**

Organizations, including churches, face risks. Administrators should ask questions such as: What is the church doing during the COVID-19 shutdown to meet the church's mission? How would the church handle a financial crisis? How would the church accommodate a catastrophic safety issue? Frazier (2016) noted the first step in risk assessment is to ascertain the objectives of an organization to identify the risks and analyze them regarding the organization's goals. Pierce (2018) emphasized that setting long-term objectives must come first and should not generally change due to day-to-day situations. An organization should consider its risks before confronting negative repercussions. Internal control systems, risk, and managerial responsibility should be the focus of management. Current fraud risk management emphasizes prevention techniques rather than the historical concern of determining responsibility and allocating retribution. Risk assessment involves managing the current organization's assets to ensure its success in the future (Power, 2013). Further, Wilkins and Haun (2014) noted that fraud assessment focuses on minimizing risks as well as also managing them. COSO (2013) noted that an organization should give careful attention to four areas: financial, strategic, operational, and compliance.

Risk assessment is crucial for organizations to manage risks effectively to accomplish their objectives. However, risk assessment can be a challenge for many administrators, particularly those in small organizations. Since approximately half of the Protestant churches have fewer than 100 members, usually consisting of friends and relatives, assessing fraud risk is a great challenge (Kluth, 2017). Since fraud threats are continuously changing, Marais and Ostwalt (2016) suggested that organizations should conduct regular risk assessments. Identifying potential fraud risks enables an organization, such as a church, to recognize its vulnerability while assessing the effectiveness of internal controls and evaluating the current level of risk exposure.

The researcher surveyed the participants to describe the risk assessments conducted by their churches regarding their mission, financial, strategic, and operational risks.

**Mission.** Since all the churches in this study are Protestant, their missions were similar: “to present Jesus Christ to people so that they may put their trust in God and serve Him.” Participant Two has a mission statement that summarized the mission succinctly: “Loving God, loving others, showing others God’s love.” Yet only one church established a formal program to carry out its mission with its Faith Outreach Ministry. The participant explained, “With the increase in the number of COVID-19 cases in our area, we are having to be creative in the way to carry the gospel to others. Although we can no longer visit door-to-door, we can do other things to show God’s love. For example, we created gift baskets that were given to every department in two local hospitals. We wanted doctors and nurses to know that they are appreciated.”

**Financial.** The church administrators were asked to describe practices that help ensure the long-term financial stability of the church. All the churches prepare an annual budget that they manage very carefully. They prepare monthly statements and have at least two people review them. Two of the church’s administrators explained that they have an interest-bearing account. They move excess funds as determined by the Finance Committee. Four of the churches maintain at least one-half of the monthly budget in case of an emergency. One church does not maintain emergency contingency funds. One of the churches has stocks that were donated by members of the church. Two of the churches have a building program to build and renovate future educational spaces. One church administrator summarized, “We really watch what God has given to us.”

**Strategic.** Churches, like other organizations, should develop long-term goals and objectives and determine what internal and external factors could impede their goals and objectives. Two participants indicated that the church did not have long-term goals. The other participants explained that they have goals, such as paying off a note and establishing an emergency fund. One participant explained, “Seven years ago, we developed a master plan. Phase 1 has been completed, and we’re currently paying that off. We’re reviewing the master plan to determine when we can do additional work.”

Events both within a church as well as external incidents can derail them from reaching goals. In 2020, COVID-19 affected church attendance. Therefore, the participants were concerned about how the epidemic would affect contributions. Fortunately, one of the participants received more than its required monthly budget obligations. One of the participants received funds from the Payroll Protection Program, which provided up to eight weeks of compensation and benefit costs. Two of the participants cited aging membership (attrition) as a concern for their churches. However, one of those participants found that the older members gave significantly more than their younger counterparts. All the participants listed COVID-19 and natural disasters as external factors that could negatively affect their churches in achieving long-range goals. CENLA was affected by hurricanes, tornadoes, and ice storms during 2020–2021. These events particularly influenced one of the participants since it has members commuting within a 100-mile radius. One church typically has a high number of benevolence requests due to its location. The number of requests was significantly higher due to multiple weather-related events.

After a church determines possible catastrophic risks, it must be prepared to handle them, if they should occur. All the participants stated that they were “well insured.” One participant said, “We have three months of operating expenses readily available to us.” All the churches cited COVID-19, bad weather, and membership disharmony as risk events that concern them in achieving their mission. In addition, all the churches indicated the need to increase their reserve funds to enhance their risk management processes. By determining potential risks and assessing how to effectively handle those risks, churches are better able to achieve their immediate and long-term goals. Effective risk management must be efficient and well-timed.

**Operational.** The safety of people who attend church is a primary operational concern for administrators. One of the participants indicated that it did not have on-site security. However, it did offer classes to “safeguard children and older attendees.” Three churches offer classes, such as Safe Church, for all paid workers and volunteers who worked with preschoolers and children. All participants indicated that volunteer selection and training were essential to protect attendees of their church. Three churches provide a security guard during church services. In addition, one church has cameras throughout the campus that the security guard could access by phone. The participant explained:

Safety is of utmost importance to us. On Wednesday nights, the security guard comes 30 minutes before the congregation is expected and remains until after the choir rehearsal ends. The security guard then walks choir members to their cars and locks the church doors. On Sundays, we have a group of volunteers who

serve as informal security who also can access all cameras. Because of the number of separate buildings that we maintain on Sunday mornings, the security cameras have been a blessing.

Like other organizations, churches must assess their financial, strategic, and operational risks to achieve their mission. The researcher found that the smaller the average weekly church attendance, the less risk was assessed.

### **Control Activities**

Churches should initiate policies to govern daily activities. Wilkins and Haun (2014) explained that control activities are policies and procedures implemented by an organization to assist in achieving its goals. Further, Verovska (2014) indicated that churches should carefully consider an organization's structure in determining their internal controls. Leedy and Ormond (2018) noted the primary goal of internal controls is to prevent, or at least reduce, the risk of fraud. Likewise, Henry (2016) asserted that fraud prevention policies and procedures are essential for an effective organization.

Control activities are organized into three categories: preventative, detective, and corrective. Preventive controls deter fraud from occurring, such as developing policies regarding cash receipts and disbursements and other accounting procedures. Detective controls identify fraud or errors (Kirby, 2020). Examples of detective controls are personnel supervision and account reconciliations (Ntongo, 2012). Corrective controls identify, decrease, or eliminate the situation that created the error and prevent fraud from occurring (Aristanti, 2015). When internal controls are in place and function properly, the potential for fraud is diminished in the organization (Kirby, 2020). Therefore, church administrators should design and implement anti-fraud methods by evaluating current controls and establishing new ones, if necessary, to decrease the risk of fraud. The control activities described during the interviews included questions related to human relations, cash receipts and disbursements, and purchasing.

**Human relations.** Organizations should institute guidelines that oversee daily activities (Henry, 2016; Wilkins and Haun, 2014). These procedures should include a system for hiring personnel; approving processes and authorization levels; securing assets; and segregating duties among employees. In churches, the hiring process is typically different between pastors and non-ministerial staff. All five churches have a different process for pastors. Participant One explained that hiring a senior pastor is a lengthy process. A coordinator helps the bishop locate applicants to interview. Then, the vestry recommends the candidate to hire. Finally, the parish votes with the approval of the bishop. Since the senior pastor has served at the church for over twenty years, Participant Two explained how other pastors were selected. The pastor and church administrator review resumes and select the top three to four candidates. After the pastor conducts a phone interview, the candidate meets with the Personnel Ministry Team who conducts an extensive two-to-three-hour interview. With the team's approval, the nominee is presented to the church for final approval. Participant three described the hiring process: The Committee on Committees puts together a search committee consisting of seven members, representing the various age groups of the church. The search committee reviews and interviews the applicants. After it selects a candidate, the candidate is presented to the church for final approval. Participant four explained that the actual procedure for hiring the senior pastor is written in the bylaws. For associate pastors, the senior pastor interviews prospective applicants and forwards the recommendation to the Personnel Committee. The members of the church have the final approval in a special-called business meeting. Participant five indicated the church has one pastor who has been with the congregation for many years. This church does not have the additional staff nor any formal procedures to hire staff.

Non-ministerial staff is selected differently for the five participating churches. The rector, a member of the clergy who has charge of the parish, selects the non-ministerial staff at Participant One's church. Participant Two indicated the pastor and church administrator conduct the interview, and the pastor does the hiring. All the church staff positions fall within the domain of one of the ministers. For Participant Three, the Personnel Committee approves the job description, advertises, interviews, and hires non-ministerial staff. Participant Four laughingly said, "I don't know. We have a long-serving staff. It's been such a long time since we hired anyone. No one's been hired in over 14 years. The secretary has been here for 31 years." Participant Five explained, "We are a small church that does not have any support staff." In four of the five churches, the membership makes the final decision.

Background checks, job sharing, and payroll processes are important matters that involve employment policies and procedures. All the participants indicated that background checks are performed for all employees. Although job sharing is not fully practiced by any of the churches, employees have a rudimentary knowledge of how to perform each other's tasks in the event of an emergency. Normally, the duties are conducted by separate individuals, such as collections/deposits and inventory/accounts payable. Employees' hours are verified. Four of the churches have a separate hiring process from payroll.

Two churches use a payroll service whereas three process payrolls internally. Two churches periodically review for duplicate or missing Social Security numbers; three administrators said, "It's not necessary."

**Cash receipts: collections and deposits.** Cases of embezzlement and other types of fraud are becoming more common in churches and other nonprofit organizations. Many of these occurrences could have been prevented, or at least minimized, by the implementation of basic internal controls related to cash receipts. Duncan and Flesher (2002) stressed that church leaders have a fiduciary responsibility to confirm that church assets are protected and used properly. A sound internal control system could help church employees and volunteers minimize the opportunity for fraud.

**Cash receipts.** In all the churches, tithes and offerings are counted by at least two individuals, either employees or volunteers. One participant described their process:

Checks and cash are put in a locked bag and placed in a safe. Only two people have a key to the safe. Two people will open the lockbox. Receipts are counted and a deposit is prepared. Another person makes the deposit.

In four of the churches, deposits are made by the financial administrator on Monday after Sunday services. In one of the small churches, receipts are counted after the worship service. The treasurer keeps the funds until a deposit is made, usually within two days. Only one of the participants have access to petty cash. In all the churches, checks are restrictively endorsed as soon as they are received. Two churches send statements of their contributions to the members twice a year. The other three churches send them annually.

**Disbursements.** Regardless of the size of the church, they all have similar policies regarding disbursing cash. None of the participants use purchase requisitions, and all use serially numbered checks which required two signatures. All the churches void and retain checks when an error is made. Since checks are numbered sequentially, it is important to keep a record of all checks to ensure that there are no "missing" checks that could be used by a fraudster. Only two of the churches maintain a petty cash fund.

**Purchasing.** The purchasing process varies among the participants. In one church, the pastor makes all necessary purchases and requests reimbursement. Four participants indicated that the administrator or pastor's assistant makes purchases. None of the churches use purchase orders. One participant explained:

Certain staff members have credit cards. We have a corporate program, and all purchases are run through the church accountant. We centralized office supplies which have eliminated excessive purchases. It may seem immaterial that we had an abundance of tape and staples after all the inventory was centralized, but it really adds up. We just want to use our offerings prudently.

Church leaders should design and implement anti-fraud methods by evaluating current controls and establishing new ones to reduce the risk of fraud.

### **Information and Communication**

An organization must provide and encourage effective communication with its employees. McNeal (2016) emphasized the importance for an organization to provide a personnel manual for its employees. In addition, Henry (2016) stressed the importance of including a written code of conduct that provides guidelines to help guide their employees on the way they should conduct themselves. Church administrators may think that "it's obvious" how staff and volunteers should conduct themselves. However, items such as dress code, how to answer the telephone, and how and when to respond to emails should be addressed. Information and communication link the components of the COSO model and assist employees and volunteers to be cognizant of the organization's acceptable methods and expectancies (Oseifuah and Gyekye, 2013). Resources to provide information and communicate to employees and volunteers include a personnel manual and ongoing training opportunities. In addition, it is important to provide an accounting policies and procedures manual, which documents acceptable practices.

**Personnel manual and employee training.** Three of the churches have a personnel manual. One church offers employee training, which deals primarily with the prevention of a hostile work environment and sexual harassment. An insurance company provides training for one of the churches. One church administrator finds it helpful to provide discussions on ethics and morality.

**Accounting procedures manual.** Three churches have a written accounting procedures manual. One church administrator indicated that the church was “working on it.” One church uses the treasurer’s informal “notes” to describe its accounting procedures.

### **Monitoring**

Monitoring is a vital aspect of fraud prevention and is the most important method of assessing the effectiveness of an organization’s internal controls. Monitoring consists of conducting evaluations to verify the five components of internal controls are working (Wilkins and Hann, 2014). On-going monitoring includes financial audits and adequate financial policies and procedures.

**Audits.** While all the participants indicated that bank accounts were monitored monthly, one participant indicated that the same person reconciles the bank statements as well as writes the checks, which violates the segregation of duty policy. Two churches were audited within the last five years by an external auditor. The audits included both financial records and internal controls. Three churches have never had an audit conducted. The participants cited the cost of an audit as the primary reason for the lack of audits. Only one church maintains a petty cash fund which is audited at non-scheduled times.

**Record keeping and inventory.** Reconciling monthly bank statements is a primary way to check the accuracy of cash accounts and examine expenditures. Four of the participants indicated that someone other than the person handling the cash and checks opened and reviewed bank statements. However, one participant revealed that the same person who prepared the reconciliation also counted contributions and made deposits. All financial records are stored in a safe location and backed up periodically. Only the financial administrator or treasurer has access to the files. Four of the participants match supplies received with the vendors’ invoices. One participant said, “We [the church] are so small. The pastor buys what he needs for the office, and I reimburse him.”

**Adapting to changes.** The year 2020 certainly is an example of Robert Burns’ statement: The best-laid plans of mice and men often go awry” (Top 25 Best Laid Plans Quotes, n.d., para. 1). In January 2020, no one in central Louisiana could imagine the impact COVID-19 would have on their lives. Louisiana residents, like the remainder of the world, sat in stunned silence as reports of the virus spread closer to their residences. Then, in March 2020, the unthinkable happened. COVID-19 had come to Louisiana. How would that affect area church attendance, giving, and ministering to others? Although the smallest church was not significantly impacted by the governor's mandates, the other four churches adhered to the policy by offering online services and limiting the number of in-person attendees. Social distancing and wearing masks were compulsory in all the churches. Organizations, including churches, must adjust to change as a result of internal and external factors to survive and achieve their missions.

### **Reflections and Recommendations**

The implementation of effective internal controls is essential for an organization to achieve its goals and objectives. Minimizing fraud exposure will often determine the success and ongoing existence of an organization. Although eliminating fraud is nearly impossible, anti-fraud training is foundational in establishing a successful fraud awareness and prevention program. In 1987, former President Ronald Reagan re-kindled an old Russian proverb, “trust but verify.” Similarly, Kramer (2015) indicated that “Blind trust is not an internal control” (p. 12). Oftentimes, trust is a hindrance for organizations, such as churches. However, anti-fraud training is the first step in implementing a fraud prevention and detection program. Although the participants in this study have varying levels of internal controls, none of the churches surveyed offer comprehensive fraud training or fully demonstrated the importance of having formidable internal controls. The researcher shared the findings of this study with churches to highlight the need for meaningful and intentional internal controls within their organizations. Specific recommendations were offered to the administrators to consider so that they could improve the effectiveness of the churches’ internal controls. Further, the researcher recommended that churches contact their external accountants or church associational groups to assist them in establishing adequate internal controls. Fraud is real and does occur in organizations, including churches.

### **Summary and Study Conclusions**

Don McPherson, a veteran of the National Football League and the Canadian Football League as well as a motivational speaker for over 27 years, stated: “True prevention is not waiting for bad things to happen; it’s preventing



something from happening in the first place” (Top 25 Prevention Quotes, n.d., para. 1). This axiom can aptly apply to fraud and the need for effective internal controls.

The purpose of this qualitative study was to assess existing practices of the internal control systems of five Protestant churches in CENLA to examine their system’s effectiveness when compared with anti-fraud policies and procedures recommended by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

All the churches have full-time pastors, and most of the churches have a Finance Committee or Stewardship Ministry Team that consists of the treasurer, pastor, and other church members. Two of the churches have an Investment Committee.

All the participants are Protestant; therefore, their missions were similar: “to present Jesus Christ to people so that they may put their trust in God and serve Him.” However, only one church established a formal program to carry out its mission.

All the churches prepare an annual budget that they manage very carefully. They prepare monthly statements and have at least two people review them. Two of the churches have an interest-bearing account. Four of the churches maintain at least one-half of the monthly budget in case of an emergency.

Three participants indicated that the church has long-term goals. In 2020, COVID-19 affected church attendance. In addition, CENLA was affected by hurricanes, tornadoes, and ice storms during 2020–2021. Therefore, the participants were concerned about how these events would affect their contributions. Fortunately, none of the participants were adversely affected. One church received significantly more contributions than anticipated. Two of the participants cited aging membership (attrition) as a concern for their churches. However, one of those participants found that the older members gave significantly more than their younger counterparts.

The safety of the attendees is a primary operational concern for administrators. Only one participant indicated that it did not have on-site security. Three churches offer classes, such as Safe Church, for all paid workers and volunteers who work with preschoolers and children. Three churches provide a security guard during church services, and one church has cameras throughout the campus.

The hiring process in churches is typically different between pastors and non-ministerial staff. All five churches have a different, lengthy hiring process for pastors. Non-ministerial staff is selected differently for the five participating churches.

In all the churches, tithes and offerings are counted by at least two individuals, either employees or volunteers. A different person makes the deposit, usually on Monday after Sunday services. In one of the small churches, receipts are counted after the worship service. The treasurer keeps the funds until a deposit is made, usually within two days.

Regardless of the size of the church, they all have similar policies regarding disbursing cash. None of the participants use purchase requisitions, and all use serially numbered checks which require two signatures.

The purchasing process varied among the participants. In one church, the pastor makes all necessary purchases and requests reimbursement. Four participants indicated that the administrator or pastor’s assistant made purchases. None of the churches use purchase orders.

Three of the churches have a personnel manual and a written accounting procedures manual. Only one church offers employee training, which deals primarily with the prevention of a hostile work environment and sexual harassment.

All the participants indicated that bank accounts were monitored monthly; however, one participant indicated that the same person reconciles the bank statements as well as writes the checks, which violates the segregation of duty policy. The administrator revealed that the same person who prepares the reconciliation also counts contributions and make deposits. In that church, the pastor buys what he needs for the office and requests reimbursement. Two churches were audited within the last five years by an external auditor. The researcher offered several recommendations to improve internal controls.

The year 2020 was certainly a challenge to the churches in Central Louisiana. In 2020, no one could have imagined the impact COVID-19 would have on their lives. Although the smallest church did not follow the governor’s mandates

concerning the number of people who could attend public gatherings, social distancing, and shelter in place, the other four churches adhered to the mandates.

Every organization unintentionally presents opportunities for fraud. Frequently, churches provide leaders and volunteers with an excessive amount of individual authority, exercise extreme trust toward their leaders and volunteers, and have weak internal controls to protect their assets. Effective internal controls as outlined in the COSO model are foundational in all organizations, including non-profit organizations, such as churches. Internal controls are the policies and procedures implemented by an organization to preserve its assets from inefficient use, waste, and especially fraud. Therefore, when appropriate internal controls are utilized, a church has a better opportunity to fulfill its mission with an efficient and effective approach.

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**Operational**

16. Describe any strategies the church uses to ensure the congregation's safety (i.e., on-site security, Safe Church classes).

**Control Activities**

**Human Relations**

17. Describe the hiring process for pastors.  
18. Describe the hiring process for the non-ministerial staff.  
19. Are employment background checks, such as past employment, references, criminal background, drug testing, performed for all employees, including temporary, part-time, and contract workers?  
 Yes  No  
Which ones?  
20. Do employees in financial accounting job-share, rotate positions, or have required vacations?  
 Yes  No  
21. How are employees' work hours verified?  
22. Do any employees appear to have a close association with vendors?  
 Yes  No  
23. Is job or assignment rotation mandatory for employees who handle cash receipts and accounting duties?  
 Yes  No  
24. Is the hiring process separate from the processing of payroll?  
 Yes  No  
25. Is payroll processed internally?  
 Yes  No  
26. Is the employee payroll list periodically reviewed for duplicate or missing Social Security numbers?  
 Yes  No

**Cash Receipts: Collections and Deposits**

27. How many individuals are normally on duty to count the money?  
28. How does collections and deposits vary from week to week?  
29. Where are funds collected?  
30. How soon after funds collected are they counted?  
 Less than 1 hour  Next day  
 Between 2–3 hours  During the following week  
 Between 3–4 hours  Other \_\_\_\_\_  
31. How soon after funds collected are they deposited in the bank?  
 Less than 1 hour  Next day  
 Between 2–3 hours  At least 2 days after  
 Between 3–4 hours  
32. Where are the funds kept between the time they are counted and the time they are deposited in the bank?  
 Church Office  Secure Safe Deposit  
 Other \_\_\_\_\_  
33. Who deposits funds in the bank? (Check all that apply.)  
 Treasurer  Assistant Treasurer  
 Deacon  Pastor  
 Administrator  Other \_\_\_\_\_  
34. Is all cash that is received deposited?  
 Yes  No  
35. Are all checks restrictively endorsed as soon as received?

Yes  No

**Disbursements**

36. How often do members receive notices of contributions?  
 Only when solicited  Monthly  
 Yearly  Weekly  
 Quarterly
37. Are requisition slips prepared for anticipated disbursements?  
 Yes  No
38. Are all disbursements made by serially numbered checks?  
 Yes  No
39. Are at least two signatures required for all checks?  
 Yes  No
40. Are all voided checks marked and retained?  
 Yes  No
41. Is a petty cash fund used for minor disbursements of cash?  
 Yes  No
42. Are vouchers prepared for petty cash disbursements?  
 Yes  No

**Purchasing and Inventory**

43. Describe the purchasing process.
44. Are purchase orders used for ordering?  
 Yes  No
45. Are blank or unused checks kept secured?  
 Yes  No

**Information and Communication**

46. How does the church educate employees about the importance of ethics and anti-fraud programs?  
 Training  Employee Manual
47. Does the church have a written, up-to-date accounting procedures manual?  
 Yes  No

**Monitoring**

**Audits**

48. Do you have an external financial statement audit, review or compilation completed?  
 Yes  No
49. Are surprise audits conducted?  
 Yes  No
50. When was the last time your church was audited?  
 2019  2021  
 2020  Other \_\_\_\_\_
51. What is normally audited?  
 Accounting Records Only  
 Internal Controls Only  
 Both Accounting Records and Internal Controls  
 Other \_\_\_\_\_



52. Are financial statements audited yearly?  
 Yes  No
53. Are reconciliations of all bank accounts prepared monthly by a person not involved in writing checks?  
 Yes  No
54. Is the petty cash fund reconciled on a surprise basis at least once a year?  
 Yes  No

**Record Keeping and Inventory**

55. Is the monthly bank statement received and reviewed by someone other than the person handling the cash and checks?  
 Yes  No
56. Is a monthly bank reconciliation completed by someone other than the person handling the deposits or with check signing authority?  
 Yes  No
57. Does the financial secretary or treasurer’s activities involve only keeping the records of cash collections and preparing the support for disbursements?  
 Yes  No
58. Where are the accounting records stored?
59. Who has access to these files?
60. Are contribution records maintained for members?  
 Yes  No
61. When inventory or supplies are received, is the amount matched with the purchase order?  
 Yes  No
62. When vendor invoices are received, are they reconciled against receiving reports and purchase orders?  
 Yes  No

**Adapting to Change**

63. How has your church adapted to changes (i.e., demographics, church attendance, COVID-19 mandates, etc.)?

Adapted from:

Schandl, Annette, and Foster, Philip L. (2019, January). COSO internal control—integrated framework: An implementation guide for the healthcare provider industries. *Crowe*, 1–26. Retrieved from <https://www.coso.org/documents/COSO-CROWE-COSO-Internal-Control-Integrated-Framework.pdf>

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**Appendix B: Summary of Participants' Responses**

<b>COSO Element</b>	<b>Question</b>	<b>Participant One</b>	<b>Participant Two</b>	<b>Participant Three</b>	<b>Participant Four</b>	<b>Participant Five</b>
<b>Background Information</b>						
	1. What is the average weekly church attendance?	50–150	301–450	301–450	151–300	Less than 50
	2. On a given day of worship, what is the average collection of Tithes and Offerings?	\$1,800	\$57,000	\$30,000	\$8,000	\$1,600
	3. What percentage of total funds collected, on a typical day of worship, is received in currency? Checks? Online?	5% currency 95% cash and online	50% check 50% cash and online Very small amount in cash (\$200-\$500)	64% checks 35% on-line 1% currency	Less than 1% currency 16% checks 83% online	80% checks 20% on-line
	4. Are members encouraged to use offering envelopes?	No	Yes	Yes	Yes	No
<b>Control Environment</b>						
<b>Organizational Structure</b>	5. Describe the organizational structure of the church (pastoral and office staff).	Pastor (boss)	One person who serves as the church administrator and accountant	Sr. pastor, other pastors, administrative staff	Sr. pastor, other ministers, staff, deacons (helpers only), elders; have a church council and a committee system to make decisions; church council consists of chairperson of certain committees, 3 at large positions which are appointed for a one-year, rotating term.	Pastor Ruling elders

<b>COSO Element</b>	<b>Question</b>	<b>Participant One</b>	<b>Participant Two</b>	<b>Participant Three</b>	<b>Participant Four</b>	<b>Participant Five</b>
	6. Describe the committees of the church that relate to the financial aspects of the church, such as budget committee, audit committee, etc.	Finances Committee (treasurer)  Investment Oversight Committee (pastor and members for endowment)	Stewardship Ministry Team (pastor and church treasurer-meets monthly to review financials)	Finance Committee	Finance Committee; Investments Committee (treasurer and investments advisor)	No committees; pastor and two ruling elders; budget is provided to, but not approved by congregation
<b>Risk Assessment</b>						
<b>Mission</b>	7. What is the mission of the church?	To proclaim Christ crucified and raised to the Church until He returns	Loving God, loving others, showing others God's love	To encourage people to faith in Christ and educate believers and equip disciples	To present Jesus Christ to people so that they may put their trust in God to receive Him as their Lord and Savior so they may serve Him	To spread the Gospel and share God's love
	8. How does the church accomplish its mission?	Worship Services and Bible Study	Worship Services and Bible Study, Faith Forward	Worship Services and Bible Study	Worship Services and Bible Study	Worship, Bible Study, fellowship (game nights, door hangers)
<b>Financial</b>	9. What actions are being conducted to ensure the long-term financial stability of the church?	Annual budget	Finances are managed very carefully (treasurer prepares bank reconciliations; pastor and administrator review). Depending on receipts a determination is made after several people review it. Has an opportunity to receive more on our investment through the LA Baptist Foundation. The Stewardship Team voted to move \$100,000 per	No endowments: we have a separate interest-bearing account; we have about a half a month available and a contingency fund for maintenance emergencies	Annual budget planning; Investments Committee; Finance Connections Campaign	Two checking accounts, Vanguard acct for money market

COSO Element	Question	Participant One	Participant Two	Participant Three	Participant Four	Participant Five
			<p>quarter from checking. The return is 1.4%. It is not FDIC insured, but only \$250,000 was insured if it was in the checking account.</p> <p>A couple has provided stocks for us.</p>			
<b>Strategic</b>	10. Does the church have long-term goals/objectives? If so, please describe them.	No	We have determined an emergency number that we'd need to maintain our monthly budget. We maintain that amount in the general fund.	We developed a master plan seven years ago; completed Phase 1 and currently paying that off; reviewing master plan and possibly doing more work	Yes—pay off note	None
	11. What internal factors or events could impede or derail each of these key components?	Membership is aging; attrition	At the beginning of COVID-19, we were concerned what giving would be, but we had \$63,000 more than we had established.	Membership is aging; attrition	COVID-19; older membership which helps giving; received PPA funds in 2020 and 2021	Membership turnover
	12. What events external to the church could impede or derail each of the key components?	COVID-19	COVID-19	COVID-19; Natural disasters	COVID-19; not a neighborhood church; membership within a 100-mile radius	COVID-19
	13. What types of catastrophic risks does the church face?	Weather	Weather	Weather	Weather, high request for benevolence so that increased due to various catastrophic events	Weather, job transfer, death
	13b. How prepared is the	Insurance	Insured; \$25,000	Insured	Insured	Insured

<b>COSO Element</b>	<b>Question</b>	<b>Participant One</b>	<b>Participant Two</b>	<b>Participant Three</b>	<b>Participant Four</b>	<b>Participant Five</b>
	church to handle them if they occur?		deductible; have three months of operating expenses available to us.			
	14. What are the three most significant risk events that concern you regarding the church's ability to achieve its objectives?	COVID-19; weather; membership disharmony	COVID-19; weather; membership disharmony	COVID-19; weather; membership disharmony	COVID-19; weather; membership disharmony	COVID-19; weather; membership disharmony
	15. Where should the church enhance its risk management processes to have maximum benefit and impact on its ability to achieve its objectives?	Reserve funds	Reserve funds	Reserve funds	Reserve funds	Reserve funds; stock investments
<b>Operational</b>	16. Describe any strategies the church uses to ensure the congregation's safety (i.e., on-site security, Safe Church classes).	No on-site security: classes to safeguard children and older attendees	Officer on duty at all church services; safe church class; background checks	Officer on duty on Sundays and Wednesday night; perform background checks on preschool/you th workers; safe church class	Paid security guard that comes 30 minutes before congregation is expected and remains until after choir rehearsal (walks members to car); on Sundays, a group of volunteers who serve as informal security who can access all security cameras on their phones; have separate buildings, so that's a challenge	No security; policy for emergency
<b>Control Activities</b>						

COSO Element	Question	Participant One	Participant Two	Participant Three	Participant Four	Participant Five
<b>Human Relations</b>	17. Describe the hiring process for pastors.	Long process (coordinator helps bishop find candidates for interviews and then vestry recommends hiring); parish votes with the approval of bishop)	Pastor and church administrator review resumes and selects top three or four. Pastor does phone interviews with them; meets with Personnel Ministry Team who conducts a two-three-hour interview	Committee on Committees puts together a committee of seven people to represent the church (two seniors, two middle adults, Two young adult, one other); those names are presented to the church and that committee becomes the Search Committee	Actual procedures for hiring the senior pastor are in the bylaws; associate ministers use an application procession (job opening notice sent to seminaries, etc.; senior pastor interviews and forwards information to the Personnel Committee; special called business meeting in which the members have the final vote	Recommendations by seminary to Session (pastor and ruling elders) and then approved by Presbytery
	18. Describe the hiring process for the non-ministerial staff.	Rector	Puts ad in church bulletin. Church administrator guides the minister who is looking for assistant with questions they can and cannot ask. The minister and the church administrator conduct the interview. The minister does the interviews and hires	Ministerial staff advises the committee when there is an opening; committee approves job description and advertises; ministerial staff interviews and presents their recommendations to Personnel Committee	Application process; announcement (word of mouth, newspaper); long serving staff	Only pastor is on staff
	19. Are employment background checks, such as past employment, references, criminal background, drug testing,	Yes	Yes, after the offer has been made	Yes	Yes	Check references only

<b>COSO Element</b>	<b>Question</b>	<b>Participant One</b>	<b>Participant Two</b>	<b>Participant Three</b>	<b>Participant Four</b>	<b>Participant Five</b>
	performed for all employees, including temporary, part-time, and contract workers? If yes, which ones?					
	20. Do employees in financial accounting job-share, rotate positions, or have required vacations?	No	No	Job share; one person does all receipts; one person does all expenditures; both are part-time	Employees can perform other employees' duties; avoid absence during payroll processing; accounting firm does accounts payable	No
	21. How are employees' work hours verified?	Verified for nursery workers only using a timesheet	Time sheet	Supervisor approves time sheets	Time clock; printed spreadsheet accompanies payroll copies	Pastor is the only employee
	22. Do any employees appear to have a close association with vendors?	No	No	No	No	No
	23. Is job or assignment rotation mandatory for employees who handle cash receipts and accounting duties?	No	No	Yes	No	No
	24. Is the hiring process separate from the processing of payroll?	No	Yes	Yes	Yes	Yes
	25. Is payroll processed internally?	Yes—use QuickBooks	No—use payroll service	Yes	No—use payroll service	Yes
	26. Is the employee payroll list periodically reviewed for duplicate or missing Social	No	Yes	No	Yes	No

<b>COSO Element</b>	<b>Question</b>	<b>Participant One</b>	<b>Participant Two</b>	<b>Participant Three</b>	<b>Participant Four</b>	<b>Participant Five</b>
	Security numbers?					
<b>Cash Receipts: Collections and Deposits</b>	27. How many individuals are normally on duty to count the money?	Two	Two	Rotating committee of at least four persons	Four deacons	One or two
	28. How does collections and deposits vary from week to week?	Same each week; Sunday—checks and cash are placed in lock bag in safe; only two people have the key to open safe; two people will open lockbox and get key and together count and prepare the deposit	Same each week	Serves one month and then rotates	Same each week	Same each week
	29. Where are funds collected?	Church Office	Accountant's Office	Church Office	Church office	Pastor's office
	30. How soon after funds collected are they counted?	The next day	The next day	The next day	The next day	Less than one hour
	31. How soon after funds collected are they deposited in the bank?	Next day	Next day	Next day	Next day	At least two days later
	32. Where are the funds kept between the time they are counted and the time they are deposited in the bank?	Secure safe	Church Office	Lock box	Church Office	Treasurer
	33. Who deposits funds in the bank?	Administrator	Administrator	Administrator	Financial secretary	Treasurer
	34. Is all cash that is received deposited?	Yes	Yes	Yes	Yes	Yes
	35. Are all checks restrictively	Yes	Yes	Yes	Yes	Yes



<b>COSO Element</b>	<b>Question</b>	<b>Participant One</b>	<b>Participant Two</b>	<b>Participant Three</b>	<b>Participant Four</b>	<b>Participant Five</b>
	endorsed as soon as received?					
	36. How often do members receive notices of contributions	Quarterly or twice a year	Yearly	Quarterly and yearly	June 30 and December 31	Yearly
<b>Disbursements</b>	37. Are requisition slips prepared for anticipated disbursements?	No	No	No	No	No
	38. Are all disbursements made by serially numbered checks?	Yes	Yes	Yes	Yes	Yes
	39. Are at least two signatures required for all checks?	Yes	Yes	Yes	Yes	Yes
	40. Are all voided checks marked and retained?	Yes	Yes	Yes	Yes	Yes
	41. Is a petty cash fund used for minor disbursements of cash?	No	No	Yes	Yes (\$50)	No
	42. Are vouchers prepared for petty cash disbursements?	No	No	Yes—receipts and records are kept	Yes	No
<b>Purchasing and Inventory</b>	43. Describe the purchasing process.	Administrator assistant makes purchases	Certain staff have credit cards; have a corporate program and all purchases are run through the accountant; centralized office supplies which has eliminated excessive purchases	Financial secretary makes purchases	Financial secretary makes purchases	Pastor makes purchases and treasurer reimburses

<b>COSO Element</b>	<b>Question</b>	<b>Participant One</b>	<b>Participant Two</b>	<b>Participant Three</b>	<b>Participant Four</b>	<b>Participant Five</b>
	44. Are purchase orders used for ordering?	No	No	No	No	No
	45. Are blank or unused checks kept secured?	Yes	Yes	Yes	Yes	Yes
<b>Information and Communication</b>						
<b>Employee Training and/or Personnel Manual</b>	46. How does the church educate employees about the importance of ethics and anti-fraud programs?	Personnel policy; safe policy; ethics and morality discussions	Offer training seminars on preventing hostile work environment and sexual harassment	None	Insurance company provides training	None
<b>Accounting Procedures Manual</b>	47. Does the church have a written, up-to-date accounting procedures manual?	CPA issued recommendations	No; working on it	Yes	Yes	Treasurer's notes
<b>Monitoring</b>						
<b>Audits</b>	48. Do you have an external financial statement audit, review or compilation completed?	No	Yes	No	Yes—every five years	No
	49. Are surprise audits conducted?	No	No	No	No	No
	50. When was the last time your church was audited?	None	2017	Years ago	Every few years	None
	51. What is normally audited?  Accounting Records Only  Internal Controls Only	None	Both	None	Both	None

<b>COSO Element</b>	<b>Question</b>	<b>Participant One</b>	<b>Participant Two</b>	<b>Participant Three</b>	<b>Participant Four</b>	<b>Participant Five</b>
	Both Accounting Records and Internal Controls					
	52. Are financial statements audited yearly?	No	No	No	No	No
	53. Are reconciliations of all bank accounts prepared monthly by a person not involved in writing checks?	Yes	Yes	Yes	Yes	No
	54. Is the petty cash fund reconciled on a surprise basis at least once a year?	N/A	N/A	N/A	Yes	N/A
<b>Record Keeping and Inventory</b>	55. Is the monthly bank statement received and reviewed by someone other than the person handling the cash and checks?	Yes	Yes	Yes	Yes	No
	56. Is a monthly bank reconciliation completed by someone other than the person handling the deposits or with check signing authority?	Yes	Yes	Yes	Yes	No
	57. Does the financial secretary or treasurer's activities involve only keeping the records of cash collections and preparing the support for disbursements?	Yes	Yes	Yes	Yes	No
	58. Where are the accounting records stored?	Backup of network – off site	Backup of server – off site	iCloud	Backup of server – off site	Presbytery church office

<b>COSO Element</b>	<b>Question</b>	<b>Participant One</b>	<b>Participant Two</b>	<b>Participant Three</b>	<b>Participant Four</b>	<b>Participant Five</b>
	59. Who has access to these files?	Financial secretary; treasurer	Minister and administrator	Financial secretary; treasurer	Financial secretary; treasurer	Treasurer
	60. Are contribution records maintained for members?	Yes	Yes	Yes	Yes	Yes
	61. When inventory or supplies are received, is the amount matched with the purchase order?	Yes	Yes	Yes	Yes	No—Pastor buys supplies and asks for a reimbursement
	62. When vendor invoices are received, are they reconciled against receiving reports and purchase orders?	Yes	Yes	Yes	Yes	Yes
<b>Adapting to Changes</b>	63. How has your church adapted to changes (i.e., demographics, church attendance, COVID-19 mandates, etc.)?	Online service	Online service	Online service	Online service	No changes