

Financial Accountability and Internal Controls in Religious Organizations: A Case Study of Holy Spirit Catholic Parish

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ABSTRACT: This paper studied the financial accountability and internal control practices at Holy Spirit Catholic Parish in Lusaka, Zambia. The concept of financial accountability and internal control is just as relevant to churches as it is to profit seeking organizations. The embezzlement and mismanagement of funds from religious organisations particularly in churches is becoming common. Such disgraceful acts have raised a lot of concerns about the effectiveness of internal control systems in churches. Financial accountability is being responsibility for the way finances are used and managed. Internal controls are the mechanisms, rules and procedures implemented in an organization to ensure the integrity of financial and accounting information, promote accountability and prevent fraud. Financial Accountability and internal controls are some of the themes that dominate discussions in the media around the world. These are used to measure credibility in our time. This research is a cross-sectional case study which took a Pragmatic approach and mixed method research methodology was used. Purposive (expert) sampling was used and data was gathered from respondents using questionnaires and interviews. Quantitative data was analysed using the Statistical Package for the Social Sciences (SPSS) and qualitative data was analysed using content analysis. From the results of the study, the findings suggest that, the internal control systems did not operate effectively and efficiently to ensure that there is good financial accountability. There was laxity in the internal controls in finance management, these internal controls practiced by the respondent parish can be improved. A financial accountability and internal control measure model which the researcher has recommended for implemented has been designed. It has four dimensions of internal controls (preventive controls, detective controls, authorization controls and corrective controls) with financial accountability as the expected outcome.

Keywords: Church, Financial, Accountability, Internal Controls, Leaders, Religious Organizations, Zambia.

I. INTRODUCTION

Religious organisations in Zambia have contributed significantly towards the country's development by providing social amenities such as hospitals, schools, water and sanitation facilities, apart from seeking spiritual welfare for their members. These organisations have resources entrusted to them, which are used to provide social services to communities where they operate (Agyei-Mensah 2016). According to Gendion, Cooper and Townley (2000), internal control is a management function that is crucial for proper accountability and, accountability for all funds should be maintained at all times.

Brotherhood Mutual Insurance Company provided insurance coverage for a lot of churches (Brotherhood, 2015b). The vice-president-property reported that annually churches filed an average of 30 claims involving fraud, embezzlement, or staff dishonesty (Brotherhood, 2015b). Church members often do not believe their pastor or other church leaders would steal from the church (Brotherhood, 2015b; Kramer, 2015; Kummer et al., 2015). The most trusted persons are often the perpetrator of fraudulent activities (Brotherhood, 2015b; Peters, 2015). During the first half of 2014, Christians worldwide committed more than \$39 billion in church-related financial fraud and spent only \$35 billion on worldwide mission work during the same time frame (Brotherhood, 2015b).

There have also been some studies that have documented the importance of and the general inadequacy of internal financial controls in churches (Chester, et al, 2017; Duncan, et al, 1999; Edwards, 1990; Flesher and Duncan, 1999; Harper and Harper, 2016; Jordan, et al 1991; McEldowney, et al, 2016; Smith and Miller, 1989; and Stock, 1995). Others have

focused on the relationship between the spiritual aspects of the church and its accounting practices (Abdul-Rahman and Goddard, 1998; Booth, 1993; and Loughlin, 1998).

II. RESEARCH PROBLEM

There is a financial accountability and internal controls problem at Holy Spirit Catholic Parish. Every three years, when a new parish council is elected, there have been conflicts relating to financial reports. Parishioners have called for the need to have internal controls befitting the ever evolving financial affairs of the church, but this has not been heeded. The question has been the process of having internal controls to enhance accountability in the church. In addition to the above problems, Holy Spirit Catholic Church Parish is building a church. It is a new place which can easily have a new beginning if aided. There are many people and organisations willing to help in the financing of the church building project but they are doubting the accountability measures and internal controls in place.

A common misconception by some church leadership is that internal control exists only for the purpose of detecting and preventing fraud. This misconception has often discouraged church leaders or religious organisations from implementing sound control policies because they do not want to appear suspicious (Ahiabor and Mensah 2013). Laughlin (1988) argued that the Church of England regards accounting as an activity that should not interfere with the more important spiritual endeavours. Churches with inadequate financial structure subjected their operations to Internal Revenue Service (IRS) audits and public humility (Ekhomu, 2015). Negative publicity could cause parishioners to reduce or eliminate their contributions to the church and limit their support in volunteering to advance the missions of the church (Ekhomu, 2015).

III. AIM OF THE STUDY

To develop a model that could be used to enable Holy Spirit Catholic Parish embrace financial accountability and internal controls.

IV. RESEARCH OBJECTIVES

- i. To understand the meaning of financial accountability and internal controls from the point of view of leaders in the church.
- ii. To test whether the stewardship theory can hold in the absence financial accountability and internal controls in the church.
- iii. To develop financial accountability and internal control mechanisms that would fit into the operations of Holy Spirit Catholic Parish.

V. RESEARCH QUESTIONS

- i. What is the meaning of financial accountability and internal controls from the point of view of leaders in the church?
- ii. How can the stewardship theory hold in the absence of financial accountability and internal controls in the church?
- iii. How can the Holy Spirit Catholic Parish develop a financial accountability and internal controls mechanism that would fit into the operations of the church?

VI. LITERATURE REVIEW

A religious institution is a business, which requires proper management of its operations (Alexander, 2012; Peters, 2015). Church leaders have a fiduciary responsibility to manage the church's resources and assets to ensure they are available to serve the church's ministries and congregations (Alexander, 2012; Ekhomu, 2015). To effectively manage these resources and assets, church leaders must protect the resources and assets with fraud prevention plan to include implementing appropriate accounting and internal controls (Ekhomu, 2015; Peters, 2015). Many worshipers considered the church as a place of refuge (Peters, 2015). Members engaged in close relationships with the persons who work at these organizations and foster strong bonds of trust (Peters, 2015). Due to these trusting relationships, members are often deceived in believing that churches are immune to fraudulent activities, although religious entities, like other businesses, can be victimized by fraud (Peters, 2015).

6.1 Internal Controls in churches

With the development of many years, the internal controls have been involved in many fields. It is involved in not only the different types of organizations, but also all activities at every level of these organizations. At first, the internal control was developed because of the need of management in companies, and then, it was developed by the external auditing and macro control (Muhunyo 2018).

Internal controls developed and implemented vary from one organization to the other depending on their nature of operations. In the Church for instance, most activities carried out are charity, thus, considered to be NPOs. However, internal controls are still applicable to such organizations. Church Management Solution, CMS (2015) has given the best practices for church financial internal controls. The first internal controls relate to the collections, deposits and data entry. In this section, CMS states that ushers need to be given procedures on how to properly seal collection bags; ensure that safes and counters are locked; encourage church members to use envelopes, write cheques or use online giving. CMS also gave the internal control of having personnel as bookkeepers, secretaries or receptionists, treasurer, authorised cheque signer, church administrator or finance board and internal audit committee. In this case therefore, the Church needs to have the controls for handling the revenues as well as expenditures. In addition, there is need to have an organization structure giving the various sections/posts, roles and responsibilities of each.

Committee of Sponsoring Organizations (COSO) consists of five (Control environment, control activities, risk assessment, information and communication, and monitoring and review) accounting and professional organizations that formed a committee to develop internal control report. These internal controls have served as the guide used worldwide for establishing internal controls in most organizations. They are significant in achieving performance and profitability targets, preventing loss of resources, preparation of reliable financial reporting and ensure compliance with laws and regulations. Hightower (2008) posit that internal control and internal audit play the same role of adding value to improve an organization's operations.

6.2 Financial Reporting Catholic Church

Financial reporting in the Catholic Church is done at parish level and also at diocesan level where the financial secretary reports all financial matters to the Parish Priest who in turn reports to the Bishop at the diocesan levels. The Parish priest relays and reports all financial records of the parish to the bishop. The accounting is the guide post for managements. Every religious organization need to know the financial implications of their operations. The financial scope is kept by the accounting system; it points on the problems faced or likely to be faced. The accounting system identifies and gathers data. In every parish there is parish council account, that is, all monies belonging to the parish council account such as offertory collections, stipends and other sources. It is the responsibility of the diocesan bishop through the diocesan finance council to audit annually the financial reports of every parish and parish projects. It is also the responsibility of the diocesan finance council to audit the financial council and to audit the financial report of the bishop house, the diocesan secretariat and diocesan project. It is the consolidation of the diocese proper and parishes' financial report that is sent to Rome annually at a particular time as stipulated by the congregation for Evangelization of Peoples.

With the establishment of Parish Finance Council in the Diocese in compliance with Canon 537, these councils are obliged to fulfil their tasks with the greatest possible transparency and responsibility (Canon 1281-1289). They are to send report concerning all incomes received from all sources and the manner of their utilization, the financial report is signed by the priest, his assistant and by all members of the Parish Finance Council. For uniformity and comparative purposes, the congregation for the Evangelization of People has proved suggested outlines to be followed for diocesan financial reports.

6.3 Financial Control in the Catholic Church

The sole purpose of the Church is bringing souls to God and not profit making (Olademej, 1985:35). However, funds for managing its affairs have to be controlled. There is need to have an appropriate and effective control over finance of the church. Control is a management activity of comparing actual output or performance with pre-determined or planned situation and analysing any differences for purposes of managerial corrective actions and co-ordination. Such controls are of two types these are internal controls and external controls. Internal control establishes the credibility and project the image of the church as semi-autonomous organization able to plain their financial programmes and collect and disburse their monies in a controlled and systematic manner designed to achieve their objectives without waste or loss and at a minimum cost. Millichamp (1986:42), internal control system is defined as the whole system of controls, financial and otherwise established by the management in order to carry out the business of the enterprise in an orderly and

efficient manner, ensure adherence to management policies, safeguard the assets and secure as far as possible the completeness and accuracy of the record. The individual components of an internal control system are known as “control”.

More so, a good system of supervision and control over church fund is necessary in order to be able to prevent fraud and detect errors as soon as possible. They advocated for the appointment of church auditors both internal and external. The duties of the accountants are not only preparation and submission of income and expenditure accounts but also finding best ways to present and communicate to members the financial statement of the church at various levels of expenditures and to the appropriate bodies. Managers need to see to it that money is being expended in a systematic way and need to ensure that church items are not consumed too fast. Thus, for financial control purposes, managers or whoever is in control of church's funds need to control cost by eliminating unnecessary spending and ensuring that money donated by people are judiciously utilized for the purpose it was received.

In essence, the existence or effective internal and external control of this nature should be of considerable importance to the progressive development of sound financial management. The most important internal financial control of funds in Catholic Parishes is the preparation of annual and supplementary estimate of income and expenditure and the operation of a system designed to ensure that actual expenditure does not exceed the approved estimates. Each individual parish in the diocese sends their yearly budgets to the diocese. At the parish level, there is internal control where the financial secretary collects, records and deposits money into the bank account of the parish. The parish priest and treasurer or one other person is an authorized signatory to the account. Another form of internal control is the appointment of financial committee who have special responsibilities for the maintenance of effective system of financial control. In terms of external control, the diocese has an overall control over the finances in parishes. Each parish priest is expected to present an annual budget of his parish to the diocese, and also expected to render an annual or semi-annual account of all income and expenditures of the parish. The parishes are encouraged to be self-reliant stand and demonstrate a sound understanding of financial responsibilities and public accountability.

6.4 Review of Related Studies

Ahiabor and Mensah (2013) looked at the effectiveness of internal control on the finances of churches in Greater Accra, Ghana. The study found out that embezzlement and mismanagement of funds from religious organizations particularly in churches is becoming common. He concluded that churches have some form of internal control system present and that there is a significant relationship between internal control and the finances of the church or organization.

Agyei-Mensah (2016) looked at the Accountability and internal control in religious organizations: a study of Methodist Church Ghana. The results indicated that the church can improve its internal controls system with regard to receipt of income and disbursement of funds. The internal control system in most of the societies did not operate effectively to ensure that financial data and transactions were properly entered into the accounting records.

Munene (2013) investigated the effects of internal controls on financial performance in Kenya. Internal controls were looked at from the perspective of control environment, internal audit and control activities whereas financial performance focused on liquidity, accountability and reporting as its measures. The research was conducted using survey, correlation and case study as research designs. The study found that management of the institutions is committed to the control systems, actively participates in monitoring and supervision of the activities of the government training institutions in Kenya. It was further revealed that there is a clear separation of roles, weaknesses in the system are addressed. The investigation recommends competence profiling in the internal audit department and that the institutions establishes and manages knowledge/information management system to enable all parties within the institution to freely access and utilize the official information.

6.5 Theoretical Framework

The stewardship theory in this research focused on the church leader's financial accountability from an accounting aspect, leadership characteristics of effective stewards, and the biblical principles relating to financial responsibilities. Murphy, O'Connell, and Hogartaigh (2013) referenced accountability and stewardship as the living law of accounting. Ali (2012) identified stewardship characteristics in persons that

demonstrated trust, confidence, and goodwill. Understanding the principles of biblical stewardship could enhance church leader's performance of financial stewardship that can be specifically linked to church development and mission achievements (Randa, 2012).

6.6 Stewardship Theory

The stewardship theory was developed as an alternate of agency theory ((Donaldson and Davis, 1991). It states that if managers are left on their own, they indeed act as responsible stewards of assets they control. These managers are not opportunistic strikers but want to be good stewards of the corporate assets in order to protect and make profit for shareholders. The theory has been adopted to buttress this study given the church financial scandals in recent times. Churches are in dire need of funds to run the day to day operations. In this regard, church leaders have been entrusted by followers to carry out this responsibility.

According to Nicodem (2005), money is a spiritual issue although it can be the cause of pain such as lack of contentment, landslide of sin, lance of sadness and wandering from the truth. Njino (2008) gave an insight on resource management for sustainable development in the Church since there are many church projects which have economically collapse due to mismanagement. Njino further indicated that resource management skills are not limited to the Church but to all people who are in one way or the other stewards. Jamieson and Jamieson (2009) points out that Clergy need to know that they are shepherds and prophets called to care for God's people. In addition, the authors also note that Christ's Lordship extends to all areas of life including the financial area. The theory is relevant because Church leaders need to be stewards to ensure that the mission and vision of the Church, as intended in the Bible, is attained. The choice of stewardship theory over other possible theories to offer help in managing resources in the Church or parish in particular need to be more emphatic or the conclusion of its supremacy or relevance need to come at the very end of this chapter after tabling all its usage before and applicability as presented in the subsequent headings.

VII. RESEARCH METHODOLOGY

This research has adopted the pragmatism mixed method approach and case study design was chosen to represent the rest of the cases. A Cross-sectional time horizon was followed in order to maintain a finite time line to completion. Expert or purposive sampling was used. The sample size was 150 which was equal to the target population that was used. Data was collected using interviews and survey questionnaires. Qualitative data was analysed using content analysis and quantitative data was analysed using SPSS software to generate univariate and bivariate data. Chi Square Tests, were be performed to determine associations (Test of independency).

VIII. PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

8.1 Position of Respondent

Analysis of the Positions of the respondents shows that 90.6% or 126 (24.6% or 31 are males and 75.4% Or 95 are females) are from Lay Organizations/ Movements while 9.4% or 13 (69.2% or 9 are males and 30.8% or 4 are females) from the Parish Executive.

8.2 Formal Accounting Systems

Analysis on whether it is necessary to have formal accounting systems, 95% or 132 of the respondents indicated that it is necessary for the church to practice formal accounting systems, while 5% or 7 of the respondents were of the negative opinion over the church practising formal accounting systems.

8.3 Financial Management Tools

Analysis of methods/ tools used; from the parish 11 indicated Budgetary system and two indicated expenditure discussed by executive before it is incurred. From the Lay Organizations/Movements and SCC 78 indicated expenditure discussed by executive before it is incurred, 60 indicated budgetary systems and 1 indicated accounting software.

8.4 Mode of Keeping Money

Analysing the responses on how the Lay organizations/ movements and SCC keeps its money revealed that 56 or 40.3% indicated in the bank, 49 or 35.3% indicated that with parish treasurer while 34 or 24.5 indicated with the Lay organizations/ movements and SCC Treasurers.

8.5 Qualification Requirement

Analysis of the preferred qualification requirements for someone to be in charge of finances, 76 or 54.7% indicated professional requirements, 46 or 33.1% indicated experience and 17 or 12.2% indicated Age.

To Test the stewardship theory whether it can hold in the church in the absence financial accountability and internal controls.

Stating the hypothesis

Null Hypothesis: There is no relationship between Stewardship and financial internal controls.

Alternative Hypothesis: There is a relationship between Stewardship and financial internal controls.

8.6 Cross Tabulation Policies and Guideline with Position Held

The count of the respondents from the parish who indicated that they are available is 8 while expected count is 5.4, these who indicated that they were not available is 5 while the expected count is 7.6. The count of the respondents from the Lay Organization/ Movement or Small Christian Community who indicated that they were available 50 while expected count is 52.6 and these who indicated that they were not available is 76, while the expected count is 73.4.

8.7 Chi-Square Tests for Policies and Guidelines with Position Held

Analysis shows the Pearson value of 2.315, 1 df and an Asympt. Sig (2-sided) of 0.128. Therefore, we accept the Null Hypothesis and conclude that there is no relationship between having policies and guidelines and position held at the parish. That is both the parish executive and Lay Organization/Movements leaders find it important to have policies and guidelines in place. As noticed from the findings, there is a lack of standardized principles or guidelines for financial accountability and internal controls. Thus, the data shows that participants were not in agreement on how effective the existing rules are. This points to the fact that there is no standard of measurement to evaluate what effectiveness means at the parish.

8.8 Cross Tabulation of Account being Audited with Position Held

The count of the respondents from the parish who indicated that they are available is 11 while expected count is 6.6, these who indicated that they were not available is 2 while the expected count is 6.4. The count of the respondents from the Lay Organization/ Movement or Small Christian Community who indicated that they were available 60 while expected count is 64.4 and these who indicated that they were not available is 66, while the expected count is 61.6.

8.9 Chi-Square Tests Accounts being Audited with Position Held

It shows the Pearson value of 6.455, 1 df and an Asympt. Sig (2-sided) of 0.011. Therefore, we reject the Null Hypothesis and conclude that there is a relationship between accounts being audited and position held at the parish. That is those in the parish executive have their accounts being audited while those in the Lay Organizations/ Movements and SCC have their accounts not audited. There was no general agreement among respondents about audit, interval of audit and effectiveness of what is being practiced presently. For instance, participants were asked whether Lay Organization/Movement and SCC accounts are audited. The responses indicate that some answered affirmatively while others answered negatively. The responses indicate that some answered affirmatively while others answered negatively. When asked how often the audit takes place, some respondents answered that the exercise does take place between 1 to 3 years, while other respondents answered that none takes place at any time. The information from this answers shows that no standardized form of audit and its interval are in place.

8.10 Availability of Training Programs with Position with Cross Tabulation

The count of the respondents from the parish who indicated that they are available is 8 while expected count is 4.1, these who indicated that they were training programs in place 5 while the expected count is 8.9. The count of the respondents from the Lay Organization/ Movement or Small Christian Community who indicated that training programs were in place 36 while expected count of 39.9 and these who indicated that they were not available is 90, while the expected count is 86.1.

8.11 Chi-Square Tests of Training Programs Available

Analysis shows a Pearson value of 5.920, 1 df and Fisher's Exact Test Exact Sig (2-sided) of 0.025. Therefore, we reject the Null Hypothesis and conclude that there is an association between availability of trainings and position held at the parish. That is both groups need the trainings to be provided.

Based on the above Chi-square test results, it is seen that for stewardship theory to hold, financial accountability and internal controls are very important.

Therefore, the Decision rule: we reject the null hypothesis and conclude that there is a relationship between stewardship and financial accountability.

IX. SUMMARY AND DISCUSSION OF FINDINGS

The previous presented the results and analysis of the questionnaire scores and interviews. This chapter draws summary and discussions of findings. The study presents the discussions of the study guided by research objectives:

1. To understand the meaning of financial accountability and internal controls from the point of view of leaders in the church.
2. To test whether the stewardship theory can hold in the absence financial accountability and internal controls in the church.
3. To develop financial accountability and internal control mechanisms that would fit into the operations of Holy Spirit Catholic Parish.

9.1.1 Understand the meaning of financial accountability and internal controls from the point of view of leaders in the church.

9.1.1 Budgeting and Expenditures

From the church's perspective, the leaders do not seem to fully understand the meaning of financial accountability and internal controls. This can be seen by measures in place which are inadequate to ensure financial accountability. As seen from the findings, they prepare budgets that they do not adhere to. There expenditure is mainly discussed by the executive. Bearing in mind that the various groups at the parish already prepares budgets, it is important to emphasize the need for them to adhere to the set budget. Considering a budget to be "simply a plan for the fiscal year" (Coe, 2011) it serves as "a tangible expression of what organization's real priorities are" (Worth, 2014). The budgetary system used at the parish has to be standard and has to capture an operating budget, a capital budget and a cash budget (Worth, 2014) will ensure that the lean resources of the parish are distributed and spent according to need and priority.

Moreover, the establishment of budget system is supported by the research findings. For instance, the canon law prescribes that an annual budget of income and expenditure should be prepared by the finance council (Can. 492). Some of the participants interviewed maintained that if the parish is to be serious with accountability, then there should be adherence to the budget set that will serve as a guide to all priests and administrators of ecclesiastical property, noting that without a standardized budget system, the pursuit of accountability would be a mirage. Added to this, West & Zech (2016) are of the opinion that it is part of the "effective system of internal control" which the priest should enact to ensure accountability in his parish.

9.1.2 Financial Reports Preparation and Signing

From the findings, it is evident that the treasurer has the responsibility of preparing the financial reports, appending a signature on them and collects contributions. This does not promote segregation of duties where finances are concerned. The three functions of authority, custody and recording must be separated in the church. This will ensure a situation where different persons are responsible for carrying out different duties. This will help ensure efficiency in the management of resources and avoid a situation where absolute authority lies in the hands of one person. In considering segregation of duties in the handling of finances, churches should ensure two or more capable persons are involved in every financial process (Brotherhood, 2015b; Tysiac, 2013a). The prevailing practice is not in line with Ekhomu's recommendation. In implementing efficient internal controls over the church resources, church leaders need to ensure that more than one person is available to handle offerings (Ekhomu, 2015).

9.1.3 Submission of Financial Returns

There are no standardizations on submission of returns, this fact is evident in the results as majority of the respondents indicated that they occasionally submit the financial returns. The standard recommendation is that reports should be submitted at least annually. These findings were inconsistent with Marston and Shrivies (1991) who reiterated that the annual report was the most comprehensive document available to the public and therefore was the “main disclosure vehicle” (p. 196). This holds the financial officers accountable to make certain that they are being good stewards over the finance that they have received (Muhunyo 2018).

9.1.2 Test the stewardship theory whether it can hold in the church in the absence financial accountability and internal controls.

9.1.3 Practicing Formal Accounting Systems

It is evident from the results that majority (95%) of the respondents found it necessary for the church to practice formal accounting systems. This is in line with Brotherhood recommendation, church leaders should review their financial processes and draft a financial manual to establish the policies to govern the church’s money (Brotherhood, 2015b). The financial manual should incorporate all of the critical elements of handling the church’s funds including, but not limited to, the following: collection and deposits of money; bank requirements; budgetary processes and restrictions; recordkeeping; designation and use of restricted funds; financial statement reporting; engaging financial audits; establishing legal obligations, and handling of other financial matters (Brotherhood, 2015b; Tysiac, 2013a). In addition, churches should document their financial procedures in recording transactions in their financial systems and paying obligations (Tysiac, 2013a).

9.2.2 Financial internal controls

Despite the church existing on the principle of trust, honesty and integrity the results show that it is necessary for it to have financial internal controls. As stewards of the living God, Christians need to be faithful and accountable in managing God’s property and resources (Crawley, 2014). The lack of funding in some churches resulted from negligence or carelessness of leaders (Brotherhood, 2015b). Christian leaders need to understand that Christians lived in this world as stewards of God (Randa, 2012). God generously entrusted all his possessions to human beings and permitted people to make use of His possessions (Crawley, 2014).

9.1.4 Guidelines, Procedures, and Accounting Manual

Although some of the respondents are of the opinion that what is in existence as procedures and guidelines of accountability in the Lay Organizations/ Movements are effective and serving their purpose meanwhile others said they were not. These guidelines and polices give guidance to the rules that need to be followed. Rules that are not to be enforced are better not made because as noted by Brinkerhoff (2001, p.2), “the ability of the overseeing actor(s) to impose punishment on the accountable actor(s) for failures and transgressions gives “teeth” to accountability”. The guidelines, procedures and accounting manuals communicate the rules behind the type of reporting being practiced.

9.1.5 Auditing of Financial Accounts

From the research findings, it is evident that financial reports are prepared but there is no standardization in auditing and preparation. From the interviews, some participants responded that they are not aware of any auditing procedures in place. There are some unstandardized checks and balances carried out on the accounts. This means that the exercise is not even conducted on a regular basis which is expected to be annually. This observation points to the inadequacy of what is being practiced without standard. This tends to confirm the observation of Enwerem (2010) noted in the literature review that accountability tends to slant more on the vertical than on the horizontal scale. If only the bishop to whom the reports of the inspection are submitted knows the financial status of the parish leaving the parishioners in the dark, this practice negates the principles of accountability. When audits are not carried out on a regular basis in an organization such as those at the parish, it creates room for financial recklessness. It was also strongly suggested by some of the participants in the study that the parish should establish an audit unit. In this regard, the researcher subscribes to this suggestion of Edwards (1990) that, a good rule of thumb is that the church should practice the same good business procedures which any local business would follow. For the safety of the church and to protect individuals from criticism, an annual audit should be performed. An audit is relatively inexpensive, especially when compared to potential loss of funds and credibility from misappropriation (Goodchild 2016).

9.1.6 To develop financial accountability and internal control mechanisms that would fit into the operations of Holy Spirit Catholic Parish.

9.1.7 Adequacy of Financial Accountability and Internal Control Measures in place

From the analysis of the results, it is evident that the financial accountability and internal control measures in place are not adequate. Due to mistrusting church leaders and the fear of misuse of funds, congregants often reduced their contributions to the church (Ekhomu, 2015). Moral stewards understood that all their belongings come from God (Randa, 2012). For Christians exhibiting good stewardship is not optional (Crawley, 2014). As Disciples of Christ, Christians need to nurture and share their gifts of time, talent, and treasures with other people (DeVries, 2016). Therefore, pastors and church leaders must comprehend the principles of biblical financial stewardship to promote effective financial stewardship in the church (Randa, 2012).

9.1.8 Training Programs in place

The findings show lack of availability of adequate training programs in financial matters in place for the Lay Organizations/Movements and SCC. Meanwhile those at parish level benefit from the training programs being offered at diocese level. The participants indicated that they need workshops and seminars on financial matters to be provided regularly to those handling finances. To teach their members, pastors and church leaders need to have a proper understanding of the biblical principles for stewardship (Randa, 2012). People who believed in Christ did not automatically understand their responsibility about giving or performing God's work (DeVries, 2016). Education in financial matters is one of the areas where less attention is given in the formation of church (Beal, 2012). It is necessary that leaders of various groups more especially those in charge of finances be provided with some basic knowledge of what goes on in the area of finances. This can be done through periodic seminars, workshops and conferences. Continuous education of the members and leaders in financial management is important if they are to do their work well as stewards of church finances. This way, they will be better equipped, with the knowledge and collaborate with experts to manage what is in their care with diligence, trust and accountably. Pastors as chief executive officers of churches are responsible to teach and equip their congregations to understand and practice God's will for their churches (Randa, 2012). Barry (2013) stated policymakers and financial experts have the power and the tools to initiate change for educating persons in financial affairs. Taylor and Wagland (2013) noted that the private sector and government encouraged the development of financial education programs as a critical tool in remedying the detected low levels of financial literacy in the U.S. Churches could benefit in ensuring church leaders obtained ongoing training to stay financially literate and accountable in managing the church's resources.

9.3.3 Qualification Requirements for to be in Charge of Handling Funds

There is need for someone with unquestionable moral integrity and academic qualifications in Accounting, Banking and/or Business to be appointed to be in-charge of finances in the various groups. This will help handle the accounting aspect of the church as to which books of accounts are to be kept and the financial statements to be prepared in accordance with the accounting standards. It is strongly recommended that in the formation of the finance committee, "members should be chosen from among those faithfuls who are knowledgeable in financial affairs and civil law, renowned for their honesty and their love for the Church and its apostolate" (Suttington, 2017). In addition, Vann (2015) asserted churches often considered the biblical qualifications of persons such as spiritual maturity and saintly character when selecting persons to serve in leadership roles (Vann, 2015). While the spiritual aspect is important, the financial qualification of church leaders is equally important to protect the resources of the church.

9.3.4 Enforcement of Rules and laws of the land in Case of Suspected Fraud

As noted in the interview, there is no legal action taken against the suspects of fraud. When sanctions are imposed on defaulters, others learn to play by the rules (Muhunyo, 2018). Enforcement and accountability should be more pressing in the Church because it is supposed to give example to the Zambian society riddled with lawlessness and corruption. It is necessary to consider engaging external law enforcement for possible prosecution if the offense is significant, for no one is above the law. Moreover, there is no evidence that any treasurer has been sanctioned because of being unaccountable in financial matters. This boils down to either that the people take the view of the leader as a gospel (Enwerem, 2010) or that they decided to overlook the details. And given this weak compliance, curbing of mismanagement of funds will be very minimal (Brinkerhoff, 2001).

Therefore, stewardship related to the office of household administration or to manage a house household, which associated with the financial management of a household should make people become responsible over their actions (Randa, 2012). In Luke 16, Jesus narrated a parable that describes the responsibilities of a steward. Luke 16:1-2 states, "There was a certain rich man, who had a steward; and the same was accused unto him that he had wasted his goods. And he called him, and said unto him, How is it that I hear this of thee? Give an account of thy stewardship; for thou mayest be no longer steward." Similarly, church members expected their leaders to give an account of their stewardship in managing church's resources (Zou & Hope, 2015).

9.3.5 Auditing of Accounts

An internal audit committee needs to be formed that has to provide periodic Standard Audit of the financial accounts prepared by various groups at the parish. As observed in the analysis, what is termed audit in the parish is not standardized. The parish through its various groups has to meet the standard set by the Church and so, avoid the ambiguity that is evident in the responses given by participants. Furthermore, if the parish is to serve as an institution that wishes to create commitment to accountability in service through trustworthy stewardship, there is need to establish a good structure with clearly identified function of ensuring that accountability in management of parish and funds is maintained. God designated certain Christian stewards as trustees over the enormous God given resources (Quick, 2016). Through the contributions from the church members, Christians are able to achieve God's missions by effectively managing the resources and implementing good stewardship practices in carrying out their duties and responsibilities (Randa, 2012). It is necessary to always reconcile bank statements and to monitor financials monthly. The internal controls put in place need to be constantly monitored and evaluated in order for them to be updated in with the changing circumstances.

X. CONCLUSIONS FROM THE STUDY

Based on the findings of this research, it is evident that Leaders both at the parish and Lay Organizations/Movement or SCC level are in support that formal financial accountability and internal control measures should be practiced. Results of this study show that participants agree that the study is timely giving the global attention that Church financial administration is attracting in the current times. Moreover, accountability in the financial administration of parish funds enhances development in the parish community and consolidates the trust the people have in the church as a religious organization that utilizes its resources to fulfil its mission and goals. According to the results from the findings, internal control systems did not operate effective and efficiently to ensure that there is good financial accountability.

The measures in place are inadequate to ensure financial and accountability and this situation can be improved. It is clear that there are no adequate training programs provided for the people who handle finances thus full orientations to the policies, guidelines and financial manual is not provided.

Theoretically, it is the duty of the Finance Committee to oversee all church finances, make recommendations to the church regarding any and all non-budgeted items to be spent, make long-range financial plans, and to make recommendations to the church regarding any and all financing to be considered, yet in practice this is not the case. The study has also shown some evidence of laxity in accounting principles and guidelines regarding accountability and internal control as recommended by the canon law of the Catholic Church.

XI. RECOMMENDATIONS

In this research study, the researcher discovered several interesting ideas that could be instituted as best practices for not only Holy Spirit Catholic Church Parish but other religious organizations as well. These best practices could be beneficial to religious institutions in promoting strong financial accountability and in positioning the church to effectively utilize its financial resources to fulfil the mission of the church and to strive to pursue God's vision for the church. Some of these best practices may include churches implementing the following actions:

- Adherence to the prepared budget
- Establishing adequate segregation of duties
- Forming an independent internal audit committee
- Reviewing, updating and communicating financial processes: Providing Continuous training programs to finance Administrators on Financial and Related Matters.
- Routine Review of the financial policies and procedures
- Appointment of people in charge of finances should be based on professional qualifications
- Enforcement of Rules and laws of the land

- Adequate supervision, monitoring and evaluation

XII. RECOMMENDED FINANCIAL ACCOUNTABILITY AND INTERNAL CONTROL MODEL

In line with the research findings, the researcher came up with a financial accountability and internal controls models which should have among others; preventive controls, detective controls, authorization controls and corrective controls.

12.1 Preventive Controls

This includes issues to deal with the control environment (effectively communicating written policies, guidelines and procedures, budgeting, segregation of duties and providing refresher courses on leadership and management of finances). There is need to take care of the control environment at this stage. There is need for communication and information to keep on flowing so that these policies, guidelines and procedures are made known.

12.2 Detective Controls

This will deal with the control activities (analysis, reconciliation, verifications, recruiting competent/knowledgeable staff and reviews of operation performance among others). It also auditing. The control activities need to be taken care of at this level.

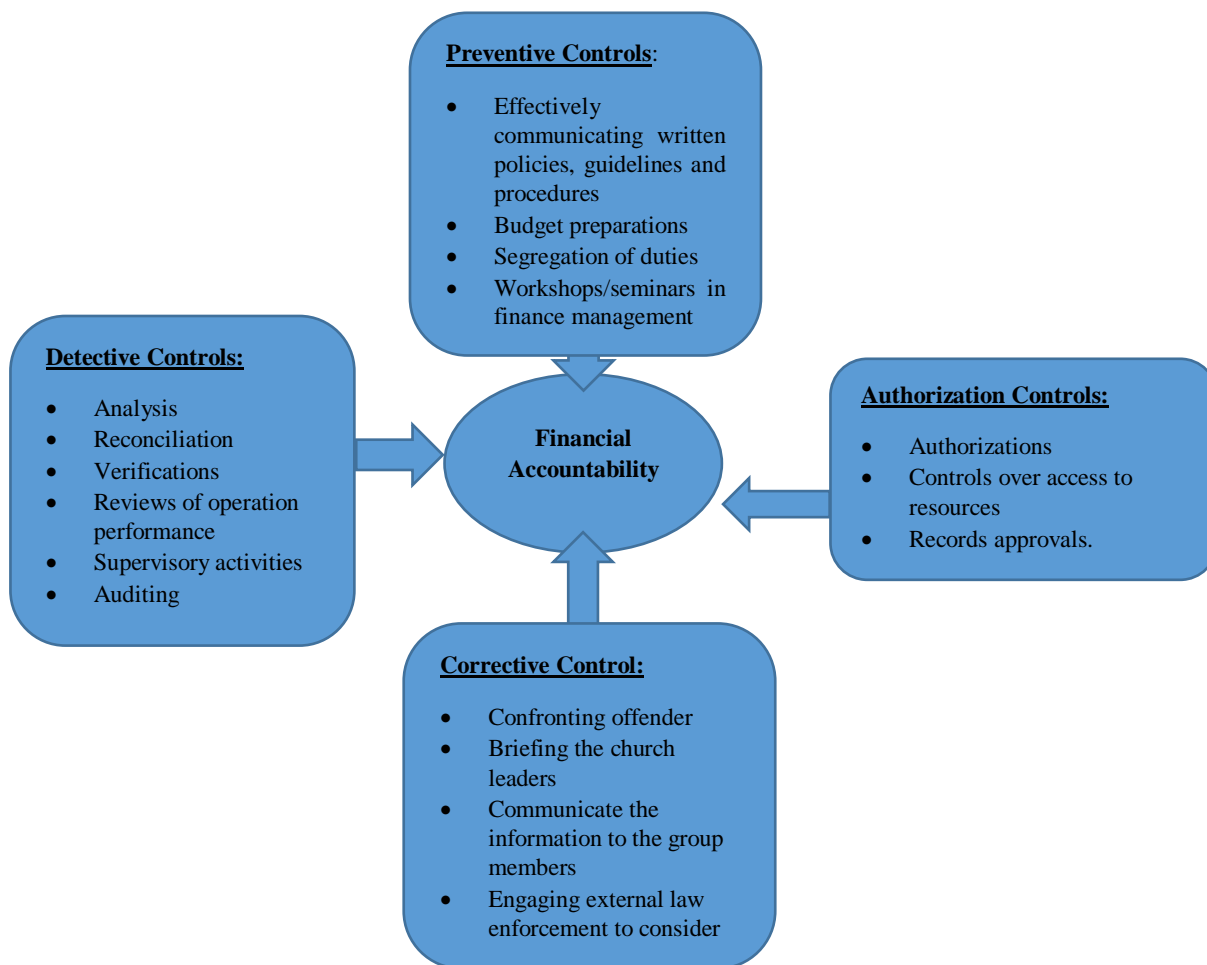
12.3 Authorization Controls

This has to do with the controls over access to resources, records, authorizations, and approvals.

12.4 Corrective Control

Confronting the offender, briefing the church leaders about the fraudulent or other inappropriate act and depending on the significant of the offense they maybe need to communicate the information to the church and consider engaging external law enforcement agencies for possible prosecution if the offense is significant.

Figure 1: Financial Accountability and Internal Controls Recommended Model



XIII. RECOMMENDATIONS FOR FURTHER STUDY

One of the shortcomings of this research is that fact that it was limited to Holy Spirit Catholic Parish in Lusaka Zambia. This makes it very difficult to generalise the findings the researcher therefore recommends further study with a bigger sample like the entire Lusaka Archdiocese. The also recommendations a study on how to help the parishes develop some self-financial sustainability activities unlike depending on offerings, donations and contributions only.

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