

**FINANCIAL MANAGEMENT SYSTEM OF CHURCHES: A CASE STUDY OF THE
METHODIST CHURCH GHANA, TEMA DIOCESE.**

BY

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DECLARATION

I declare that this work is my original work and all sources of materials used for the essay have been duly acknowledged. I further confirm that the work has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

.....
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.....
DATE

CERTIFICATION

I hereby certify that this essay was supervised in accordance with procedures laid down by the University.

.....
Prof. Godfred Alufar Bokpin
(Supervisor)

.....
Date

DEDICATION

This work is dedicated first to god Almighty for giving me strength and wisdom to carry out this study. I also dedicate it to my lovely husband, Rev. Dr. Solomon Tetteh Nortey and my children Miracle and Nehemiah Nortey for the love and support.

ACKNOWLEDGEMENT

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ABSTRACT

The fast-paced nature of the modern world, coupled with the influx of quality information that define and inform people's critical attitude and approach to life has inspired the need for even faith based organization to show transparency and accountability in the management of resources committed to their care by members.

This research was conducted to assess the financial management system of the Methodist Church Ghana, using the Tema Diocese as a case study; the effectiveness and efficiency of the system and measures within the system that ensure financial control and accountability; the challenges of the system and whether the system provides the necessary ambiance for the fulfilment of the vision and mission of the Church.

The Methodology used is a descriptive research with a case study approach. A criterion was adopted in the selection of the sample frame and the sample size. Questionnaires and interviews were used as the main tools of data collection. Both primary and secondary data were collected.

The findings revealed that the Methodist Church Ghana has a new financial management system that replaced an old one which was not helping them accomplish their vision and mission effectively. The new system, which by far has proven to be effective and efficient in driving the vision and mission of the Church, is governed by the Constitution and Standing Orders of the Church and an Accounting Policies and Procedures Manual that promote ideals that are consistent with best practices. However, a few challenges with the implementation of the new system were discovered during the research and fitting recommendations were made to address them.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In today's competitive landscape, efficient management of a church's financial resources is very vital for the church to succeed. Financial management systems are the processes and procedures used by an organization's management to exercise financial control and accountability. These measures include recording, verification and timely reporting of transactions that affect revenues, expenditures, assets and liabilities. (Diamond & Khemani, 2005). Financial management systems are not only relevant in business organizations or profit making institutions but non-profit making institutions as well. The church is considered to be both a spiritual organism and a human organization that is, it is characterized by both organizational and spiritual attributes and it is at once the body of Christ and a human institution (Auken & Johnson, 1985). Because of this unique dual nature, the local church requires both spiritual and organizational management practices to ensure proper management of its human and financial resources. A church with a poor financial management system, which is a poor system of accounting, auditing and reporting of its financial resources, lacks the moral right and justification to collect and use monies from its congregation. Just as management of financial and other resources are vital in the attainment of organizational goals and objectives in profit making institutions, church leaders are also admonished by God to be good stewards of the resources that are committed to their care in order for the attainment of the church's mission and vision. Management is not a current phenomenon. It can be traced back to the Garden of Eden where God assigned Adam to be the "keeper" of all the resources in the garden and the entire earth. Genesis 2:15. Sound financial management system reflects good stewardship. A balanced theology of Christian financial

stewardship requires that members demand accountability from church leaders for their stewardship of financial blessings contributed by the members through giving and other means. (Malphurs & Stroope, 2007)

The Establishment of a sound and an effective financial management system is vital for the churches existence and the management of reputational risks associated with mismanagement and fraud. The presence of a strong financial management system contributes to achieving the goal of the church through the provision of reliable financial data, safeguarding of the church's assets and records, evaluating operational efficiency and control through a budget and encouraging adherence to prescribed policies and regulations (Hayles, Wallage, & Gortemaker, 2014).

1.2 Statement of the Problem

The church has a mandate to deliver spiritual and social values to its members and society at large and these tasks of the church cannot be undertaken without the church having to encounter severe financial challenges. Confidentiality, ineffective financial management systems or mechanisms, insufficient disclosure, and unsatisfactory oversight describe the financial undertakings, records and reports of numerous churches. There is therefore the need for serious attention to be paid to financial management systems to ensure that a conflict does not exist between beliefs and practices. In the study by Metawos (2018), he concluded that the church under study should adopt and update its financial policies and procedures to reflect modern management practices. Researchers in the area of church financial management have all concluded that sound financial management is essential for the proper administration of the

church. And that non-profit making institution should use best practices used by profit making institutions to manage their finances. There is limited works on financial management systems of the Methodist church Ghana. Safo-Kantanka (2012) conducted a study on the private investment of churches of which the Methodist church was included however the study did not focus on the entire financial management system but rather the private investment of the church. Although the core mandate of the church is focused on the spiritual welfare of its congregation and the winning of souls, it is important to state that these roles of the church cannot be properly executed in recent times when the church is not financially sound. Just as the spiritual aspect is important the financial resources are also necessary in fulfilling the spiritual. The Methodist church has moved from the Assessment system to a new system known as the Percentage system hence the need for this research to find out if the new system and its management is in line with best practices.

1.3 Objectives of the Study

The general objective of the study is to assess the financial management system selected churches of the Methodist Church Ghana in the Tema Diocese. The measures put in place by their financial management system to ensure financial control and accountability. The contribution of the system to efficient and effective stewardship behaviour and performance and also to determine the relevance of the system in today's world. The specific objectives of the study are:

1. The efficiencies and effectiveness of the financial management system of the Methodist church Ghana.
2. The financial control and accountability measures in the system.

3. The challenges faced when implementing the financial management system of the church.
4. The attainment of church mission and vision by the financial management system.

1.4 Research Questions

This research seeks to find answers to the following question:

1. How efficient and effective is the existing financial management system of the Methodist church Ghana?
2. How does the system ensure financial control and accountability?
3. What are the challenges faced when implementing the financial management system of the church?
4. How has the financial management system of the church helped in the attainment of the church's mission and vision?

1.5 Literature Review

Changes in societies due to increased globalization and fast moving technology has not only affected the way we do things but also our behaviors too. Many scandals in relation to financial malfeasance in circular and religious sectors headline news items on front pages of the print media all over the world. Many of these scandals arise due to unethical undertakings, intentional neglect of best practices, bad governance, poor financial management systems and many more.

The 2013 reports from Status Global Missions and Centre for the Study of Global Christianity suggest that Christians worldwide will commit more than \$37 billion in church-related financial fraud during 2013. In their 2014 presentations they estimated total Christian population by the year 2025 to hit 2,700,343,000. The total Church income to be generated by this Christian

population in 2025 is \$350 billion per year. This implies that Christianity is expected to grow with time. It also presupposes a rise in church related fraud if proper measures are not instituted to ameliorate the factors that fuel its influx.

According to the Brotherhood Mutual Insurance Company report (2015) which insures America's Churches and related ministries, they point out that Church crime continues to grow by about \$100 million each year. In this regard, the Company has suggested best practices to help prevent fraud in the Church which includes establishing Church's financial policy in writing, conducting annual background checks as well as annual credit reports and implementing annual external audits. Increased fraud in the Church in recent time has been very alarming and yet expectation for the church is that the place called 'holy' and its image must not be stained by evil deeds such as financial scandals. For example, in Ghana, the print media often carry stories of pilfering of offerings by either the clergy or the laity. A point in case is a private newspaper that carried on its front page, a story of a former accountant of the Winners Chapel, Ghana, who stole a large sum of the church's offerings. The church offerings, according to the report, were "suspected to have been pilfered directly from the offertory box after normal church service" (The Statement, 2008). This and other related issues call for Churches, in both developed and developing countries to re-examine their ways of managing the financial resources of the church and being watchdogs of church funds entrusted into their care by members.

The financial scandals, regardless of where they happen, show that Christians no longer uphold the importance of God's command to them to be faithful stewards. According to the study by (Smith, 1991) televangelism in particular and American Protestantism in general were faced with

a lot of financial scandals. According to the author, the scandals led to negative reactions to religion as the reputation of televangelists (that is Christian ministers who devote a large portion of their ministry to television broadcasting) worsened. In 1989 survey of the televangelists' values as trustworthiness, honesty, sincerity, special care relationship with God and care about people, revealed that many people had lost faith and trust.

In Africa, financial scandals in the Church are also rampant. Smith (1982) stresses the need for individuals not to engage in the converting funds meant for the Church for personal use with impunity. Smith also alerts the society not to be lax in thinking that spiritual leaders cannot commit criminal acts. In this regard therefore, there is a need to take decisive action to curtail these wrongdoings in order to protect the church's purse. This therefore calls for effective financial management system to ensure that the purse is protected.

The techniques or systems in financial management are essential and apply to organizations including the Church. The Churches in Africa are faced with challenges in ensuring that finances are well managed. Schwartz (2005) said that the Churches in part of Africa have overdrafts which are more than a million units of local currency. The question to ask here is; why do Churches go for overdraft? Do they manage properly what they get from tithes, Offerings and projects before opting for an overdraft? (Henrickson, 2012) points out that the creation of Sarbanes – Oxley Act in 2002 help gave strong rules of accountability where Churches are not immune to these new standards or to the expectation of increased scrutiny in the future. Application of financial management techniques and systems as well as regulations set for accountability will help in attaining the main objectives of financial management. The Churches

even though are not- for- profit organizations have ventured into businesses with the aim of recouping the returns from those businesses to finance the Church's activities. The Church thus creates wealth by making use of the profits generated from these projects to fund church activities.

In a study by (Henrickson, 2012) he gave the financial management techniques to ensure long-range financial health of the Church to include development of annual budgets; having personnel as budget officers, Treasurer and Finance committee; Implementing financial policies and procedures; Appointing an independent financial oversight team. Campbell (1983) postulate that financial management system entails drawing a budget plan. A budget usually gives the projected revenues and expenditures to be incurred in a particular period thus can be used by the Church. According to Lotich (2015) of Smart Church Management Consultancy Company, the Church leaders are often challenged with ensuring there is continued funding to support current programs and fixed operational costs. In this regard, the author stresses the need to have Church Financial Management tips as strategic plans, budgets, communication, prepare for a financial emergency, oversight and accountability.

In order to ensure finances are managed well, (Henrickson P., 2006) stresses the need to share the duties between several staff members and or volunteers in the Church so that a case where one person handles all financial activities can be avoided. The study by Henrickson further argues that if only one person handles all financial elements, they will be in a better position to conceal the wrongdoings. Most of the financial management techniques mentioned by all the above scholars give an indication that the Church cannot do without them and a proper system if

it wants to be a going concern. Church leaders should set the tone at the top for other members to emulate their sound financial management skills.

1.6 Significance of the Study

The study is significant as it could enhance the knowledge of the general public about the operations of the church. It will be even more useful for policy makers because the findings will provide relevant details that will highlight the positives and negatives of the current financial management systems of the Church. Consequently, evaluating the current system on the basis of the findings and drafting new policies to adopt and adapt to more modern, effective and efficient practices will come in handy. The work will therefore serve as authentic source for conscripting policy framework in determining the financial management systems of churches, how those systems contribute to effective stewardship, financial control and accountability on churches and the nation at large. Since the goal of refining policies is to ensure the enactment of best practices this research will contribute immensely to policy and practices.

The study is justified for the reason that it might be a good source of information for further studies by researchers. Research works that attempt to audit financial activities of the church in very religious nations like Ghana are hard to come by. The resultant effect of this attitude is that a lot of clerical errors are overlooked or better still, “left in the hands of God.” Issues of imprecise record keeping and poor financial management system continue to persist and are taken for granted by many Church members who are not previewed to the facts of how the crafting of good financial management system could enhance the general objectives of the church. This work is a bold attempt that sort of dares the ‘don’t you dares’ of the religious

system and will therefore be a very vital source document for reference by researchers. The study will be a source of guidance to policy makers, the Christian Council, church leaders, the government and Administrators as well as other stakeholders in the church. Again the government and other organizations may find the results of the research useful to inform them on possible options of partnership or support.

In summary, the outcome of this investigation will contribute significantly to policy making, provide guidelines that will define and inform best operational practices and serve as a reliable academic source document for further research.

1.7 Chapter Summary

The research work will be grouped under five (5) chapters. Chapter one represents an introduction to the study, Background of the study, statement of the problem, objectives of the study, research questions, justification or rational of the study, research limitations, scope of the study and organization of the study are included. Chapter two deals with review of related literature on financial management system in the Methodist church Ghana. It also includes a brief definition of financial management system, background of the church, an examination of the current system and its challenges.

Chapter three reflects on the methodology used in the research. It discusses where the study will be conducted, the various research methods used, research instrument and study strategy.

Chapter four deals extensively with data presentation, analysis and detailed discussion of results.

This is where the responses gathered by means of the questionnaires that were sent out and the interviews conducted are organized and properly analyzed.

Chapter five, which is also the final chapter, highlights the summary of findings, recommendations and conclusion.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction.

In the first chapter, it was mentioned that financial management systems are not only relevant in business organizations or profit making institutions but nonprofit making institutions as well. No matter the size or type of organization, whether business oriented or not, political or non-political, the finance section and its management play an important role in the success of the organization and its existence as a viable entity. The church by nature is supposed to be a significant role player in the pursuit of transparency and accountability in the general society hence the need for the church to pay serious attention and put in appropriate measures to ensure proper management of its finances, which is mostly generated through offerings, tithes and donations. A balanced theology of Christian financial stewardship requires that members demand accountability from church leaders for their stewardship of financial blessings contributed by the members through giving and other means. (Malphurs & Stroope, 2007). Churches are therefore encouraged to give accounts to their members when they require for it or even when they do not request so as to fulfill their accountability and transparency mandate to their members.

The congregation wants an assurance from the church leadership that monies committed to their care as offerings and other causes are used prudently and for the intended purpose. The purpose of this research is to assess the finance function, that is, the financial management system of selected churches of the Methodist Church Ghana in the Tema Diocese.

2.1.1 Chapter Overview.

This section or chapter of the research seeks to review literature on what others have done concerning the topic of financial management systems, its definition, importance of financial management, characteristics of financial system of church based organizations, theoretical review of some works, the role of the finance function in churches and the finance ministry in the church. A further look at the advantages of a sound financial management in the church, determinants of a church's value or goal will also be discussed and finally the pillars of financial management will also be reviewed.

2.1.2 Historical Overview of the Universal Church.

Christianity is the largest religious group in the world and adherents expresses belief in the Triune God (God the Father, the Son (Jesus Christ) and the Holy Spirit). According to Rives (2007) in his book on Religion in the Roman Empire, Christianity began as a Jewish group in the mid-1st century. As of the early 21st century, Christianity had around 2.2 billion adherents and represented about a quarter to a third of the world's population and is the world's largest religion. Christianity is the state religion of several countries (Hunter, 2011). The two major Christian groups are the Catholics and the Protestants. Under the protestant group there are major break off or sub groupings such as the Orthodox made up of the Methodist, Presbyterians and Anglicans, the Pentecostals and the Charismatic groups (Robinson, 2007).

2.2. The Methodist Church Ghana.

The Methodist Church Ghana is one of the largest mainline denominations in Ghana with branches across the globe. It falls under the bigger umbrella of Protestantism and claims ancestry

to the missionary activities of the Methodist Church in Great Britain that was inaugurated with the arrival of Joseph Rhodes Dunwell in 1835. From 1835 to 1961, The Methodist Church Ghana operated as a Synod under the British Conference and became autonomous by a deed of foundation ratified by resolution on 28th July 1961. By that resolution, the Methodist Church in Ghana no longer functions under the leadership and control of the British Conference. Although sharing a common ancestry in relation to doctrinal consensus and uniformity of practice, the Methodist Church Ghana now managed its affairs after the passing of the resolution. The Methodist Church Ghana has therefore remained autonomous without the supervision of the Missionary Society of the Wesleyan Methodist Church that birthed it. Since that time, the Methodist Church Ghana has initiated a lot of changes in its governance style and the praxis for doctrinal expressions.

2.2.1 The Hierarchy of the Methodist Church Ghana.

The 38th Annual Conference of the Methodist Church Ghana held in Koforidua from 18th to 25th August, 1999, altered the ecclesiastical polity of the governance system of the Ghana and made it Episcopalian. The episcopal system of Church governance has come with modification for various churches practising it. However, the common ideal is that the Church is divided into Dioceses which are headed by Bishops and in the case of the Methodist Church Ghana a Presiding Bishop as the overall head of the Church. He is the president of conference, the chief servant-pastor, overseer of the pastoral and spiritual oversight of the whole church. He is the principal representative and spokesman of the church in its relation with other churches, and with “Most Reverend” is the title of the presiding bishop.

The Lay President is the vice president of conference. He\ she assists the presiding bishop in giving leadership to the church. The lay president position is occupied by non-pastors (that is full member) and elected by Connexional Lay Movement Council. In the absence of the presiding bishop he \she presides over the representative session of conference and conference boards and also takes decisions that affect the general welfare of the church in consultation with the administrative bishop.

The Administrative Bishop is the secretary of conference. He\she is in charge of the administrative duties of the church. He\she must be an ordained minister of the church. The administrative bishop ensures that the resolutions of conference are put into effect in consultation with the presiding bishop.

The Diocesan Bishop is a minister in full Connexion with conference elected by synod. The diocesan bishop is the chairman of synod a representative of the presiding bishop in the diocese. He ensures that there is order and discipline in the diocese. He oversees the character and fidelity of the ministers in the diocese. He works with the ministers and circuit stewards to ensure that the church is functioning well.

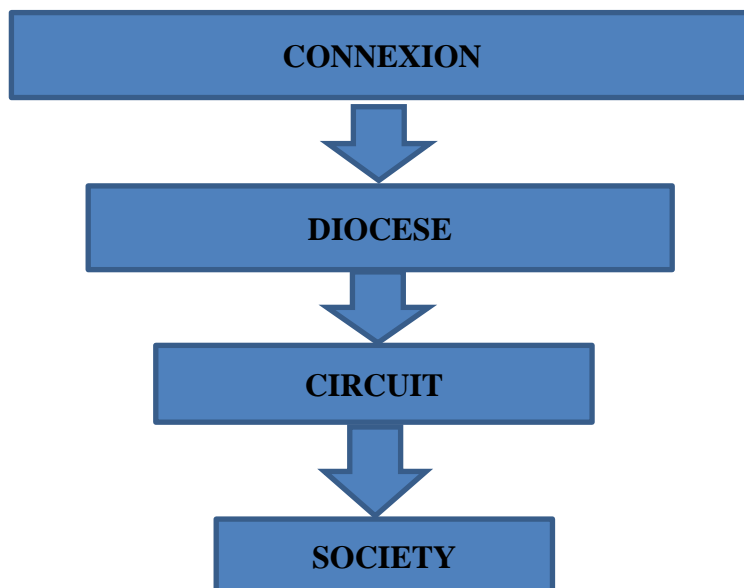
The Diocesan Lay Chairperson is a full member of the church who is elected by synod members. The diocesan lay chairperson assists the diocesan bishop in providing leadership to the churches the falls with that particular diocese. In the absence of the diocesan bishop the diocesan lay chairperson presides of the representative session of synod and also performs other duties that synod or the diocesan bishop may prescribe.

The Synod Secretary is a minister in full connexion who is nominated by a diocese to conference as a member. The synod secretary is the secretary of the standing committee and a member of all other committees in the diocese in which he\she represents.

The Superintendent is the minister in charge of the circuit. He is responsible for the maintenance of discipline in the circuit. He is the head of all ministers stationed within the circuit. The superintendent together with the circuit ministers share in the pastoral work of the circuit and also confer on matters affecting the circuit. Each minister in the circuit is given pastoral charge of one or more societies within the circuit. It is the responsibility of the superintendent to draw the circuit plan together with the circuit ministers. The superintendent reports directly to the diocesan bishop.

2.2.2. Organogram of the Methodist Church Ghana

The Methodist Church Ghana is a well-structured institution with clearly defined roles for officers of the Church at all levels of the hierarchy. At the base of the chain of command are the various local congregation herein referred to as Society. All religious activities of the Church take place at the Society level. The next stage is the Circuit, where a number of Societies under the supervision of a superintendent Minister is exercised. A number of Circuits come together to form a Diocese and at the Apex is the Connexional Head Quarters where the presiding Bishop and his team of bishops, Directors and Board of Directors take and make decisive decisions for the running of the church. The diagram below depicts the flow of authority within the Church:



Source: constitution and Standing Orders of the Methodist Church Ghana

2.3 Definition of Financial Management.

Quite a lot of literature exists when it comes to the topic of financial management. Writers have defined the topic in so many ways:

Regobeth (2009), in his “GLISTEN Outreach Seminar Paper” defines Financial Management in a broader way to cover the administration and maintenance of financial assets, identification and management of risks, and building up (diversification) of financial assets portfolio to ensure regular flow of financial resources in the future.

In the context of this research, which is financial management of churches, the article of “wiseGEEK” rightly hits the nail on the head by defining financial management of a church as “involving the development of sound financial processes and procedures, hiring or appointing someone who is skilled at money management to oversee church funds, and adhering to denominational and congregational policies regarding financial transparency”. It can be deduced

from the above definitions that financial management is an integral part of management not only for secular institutions but faith-based or religious organizations as well, and this includes the church. From the definition, in order for a church to ensure sound financial management it must recruit the right personnel who have relevant skills or knowledge in financial management and also ensure that policies and procedures are duly followed so as to ensure transparency.

2.3.1 Importance of Financial Management of Churches.

Church financial management is more important than ever, especially as the size of churches continues to grow and the range of services that they offer gets wider and wider. Regobeth (2009) in his work concluded that, the present-day need of financial management in the church is crucial both for the financial health and the spiritual health of the Church. For proper financial management, the Church must get the right people for the job, set its priorities right, monitor its revenue flow, plan its expenditure accordingly, identify and manage financial risks, and build up or diversify its portfolio of financial assets to ensure regular flow of financial resources in the future (Matewos, 2018). Finance is not only the lifeblood of business organizations but churches too. This implies that the church must maintain adequate amount of finance for its smooth running and also ensure that it is well managed. Sound financial management of the church is essential for the achievement of the church's mission and vision. It is so clear from the literature that a good financial management system in every organization including the church will ensure an efficient and effective use of financial resources.

2.3.2 Characteristics of Financial System of Church Based Organizations.

The non-profit making organizations are established mainly to render services and not to make profits (Freeman, 1988). The objectives of most nonprofit organizations including the church are mostly tied to their mission and vision. They are based on hope, prayers, and dreams rather than the financial benefit of individuals, creating an environment that makes financial controlling and planning more difficult (Thomas, 2003). There is no profit motive and there are no individual shareholders to whom dividends are paid. Whereas businesses exist primarily to make profit, churches are there to provide spiritual and social services to its members and non-members who may be in need. Funds given for a specific project in a church are restricted towards that project. It must not be directed for use for any other purpose except the one specified by the donor. Commercial organizations have the responsibilities to report on the stewardship of their resources and the emphasis of their accountability is on the utilization of the resources to earn a profit. But in non-profit organization, the emphasis is placed on accountability and stewardship (Ozotamgbo, 2009).

One of the characteristics of non-profit organizations is that those contributing financial resources to the organization do not necessary receive proportionate share of its goods or services (Freeman & Shoulders, 1998). In a nonprofit organization accounting for resource use is based on “stewardship” rather than on matching cost with revenues. The purpose for the establishment of churches, who the churches report to and the way things are managed in churches make them different from profit making organizations.

2.4 Similarities between Nonprofit Organizations and Profit Oriented Organizations

There are many similarities between profit - oriented business enterprises and non-profit organizations (Freeman & Shoulders, 1999). Some of these similarities are that both organizations make use of external resources; in that, they require external human and financial support. They are both in the creation and distribution of goods and services to the benefit of society. There are financial obligations and cost that both incur in the performance of their duties. For them to exist into the foreseeable future both are required to stay financially viable. And in a world of scarce resources both are exposed to limited resource availability.

2.5 Theoretical Review.

Stewardship

The stewardship theory was developed as an alternate of agency theory (Donaldson & Davis, 1991). This theory in the context of the church implies that, church leaders entrusted with financial care and management of the church's financial resources if left on their own must make sure that the resources are used for the intended purpose and to the benefit of those who entrusted them into their care. The theory has been adopted to buttress this study given the Church financial scandals in recent times. Churches are in terrible need of funds to run their day to day operations. In this regard, Church leaders have been entrusted by followers to carry out the responsibility of financial management (Tanui, Omare, & Bitange, 2016). However, according to Nicodemus (2005), money is not 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 resources management for sustainable development in the Church since there are many economic church projects which have collapsed due to

mismanagement. Church leaders need to understand that, they are shepherds and stewards called to care for both the human and financial resources of the church hence the relevance of this theory. Wise stewardship of financial resources energizes a strong ministry of outreach and assists individual believers to establish and keep a healthy relationship with money and material possessions in their own lives (Hayes, 2009). In that, a good stewardship of all resources, not only financial resources, committed to the care of church leaders will serve as a standard for individual members of the church to be good stewards of their own resources.

Internal Control Systems

In recent times, corruption and financial mismanagement has become prevalent in the Church and thus the dire need for Internal Control Systems to direct, monitor and control the church's activities in order to maintain good ethics and good governance. Internal control mechanism is "the whole system of controls, financial and otherwise, established by management in order to carry on the business of the enterprise in an orderly and efficient manner, ensure adherence to management policies; safeguard assets and secure as far as possible the complete usage and accuracy of the records" (Emile, 1990). Internal control represents an organization's plans, methods, and procedures used to meet its missions, goals, and objectives. These controls also serve as the first line of defense in safeguarding assets, preventing or detecting errors, fraud, waste, abuse and mismanagement (Tanui, et al 2016).

The Institute of Internal Auditors (IIA) defines Internal Control System as a process for assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies. Based on the above

definitions therefore, Internal Control System involves everything that controls risk to an organization because it's a means by which an organization's resources are directed, monitored and measured. The Committee of Sponsoring Organization's (COSO) definition of Internal Control Systems relates to the aggregate control system of the organization, which is composed of many individual control procedures. Controls are being enforced in the Accounting and Finance sections of most organizations, at the end of each financial period, auditors are invited to verify the effectiveness of the controls systems.

Churches are prime targets to those who seek to embezzle financial resources specifically because their internal controls are notoriously lax (Henrickson, 2012). Since administration of Church's finances is a sacred trust, it is very important for the pastor to establish a strong system of internal control because he/she has the responsibility for overall stewardship of the Church (Mason, 2009). In a study by Jordan, Hoskins & Duncan (1999), they concluded that, inadequate internal controls can hinder the management responsibilities of church leaders and workers and place them in a position where they may be tempted to engage in questionable activities and accounting practices, or could subject individuals to unwarranted accusations of such activities.

In a study by Duncan & Stocks (2003), they found out that pastors have a reasonable ability to recognize strengths and weaknesses in internal control systems in their Churches even though more than 63% indicated that they had no formal training in business or accounting. The study however, concluded that although pastors recognize the importance of Internal Control Systems, they tend to disregard it and rather choose to trust Church employees and members rather than to implement basic internal control procedures in their Churches. Fleckenstein & Bowes (2000) also posited that religious organizations replace internal control guidelines with qualities of

mercy and trust. Internal Control System is a very essential tool to be used in Churches hence the need for it to be fully implemented. The Church leaders have the mandate to formulate it in spite of trusting Church employees and members to work faithfully. It is therefore worth mentioning that Internal Control Systems are essential for church in the prevention of church related fraud and financial mismanagement.

2.6 The Role of the Finance Function.

Debbie Greiff, & Hyde Ghaffari (2001), developed a financial management model for non-profit making institutions which also includes the church.

1. Planning and Budgeting: planning involves looking into the future and making provision for it. The goals and objectives of the church are spelt out in the planning process. Budgeting is an essential planning tool in the finance function. The act of Budgeting is a formal estimate of the resources that an organization plans to expend, for a given purpose or over a given period, and the proposed means of acquiring these resources (Schneider, 1989).

A budget usually gives the projected revenues and expenditures to be incurred in a particular period that can be used by the Church. It provides the means by which future resources are channeled into purpose oriented utilization (Ablorh-Quarcoo, 2015). The budget becomes an expression of the congregation's identity and priorities (Robert, 2000). The budget process allows decision-makers to look at the financial implications of their plan in terms of how much a program will cost and what are the anticipated revenues to finance that program. Pollock (1990) stated that when budgets are viewed

properly they can be used as control mechanisms, and in actual fact are a planning tool and operational guide to help local churches achieve their short and long-term objectives. He also identified three types of budgets that are applicable to churches namely the fixed budget, flexible budget and the zero base budget Pollock (1990). Matewos (2018) points out the key elements in the planning and budgeting function as follows:

- *Involving people appropriately in the budgeting process.
- *Considering both internal and external factors in budget development.
- *Using past and current information to develop realistic projections.
- *Agreement on the use of the budget in managing the ongoing operations.

For there to be a sense of direction and control in the use of a church's financial resources the church must properly draw up a plan and budget for its activities. An effective budget prevents the misuse of resources.

2. Transaction handling and record keeping: this entails the act of entering financial activities into the appropriate books of account. It includes the deposit of cheque, payment of bills, recording of commitments of and to the organization, recording of ongoing financial activities presented in an understandable and useful manner. This function involves;

- * Recruiting the right and qualified staff.
- * Timely and appropriate entries of financial transactions.
- * Prompt deposits of receipts and timely and accurate preparation of financial reports.

3. Asset management and achievement of corporate Goals: Asset management is one of the financial management decisions apart from investment decision and financing decision (Jamieson & Jamieson, 2009). When funds are given out for the acquisition of assets, the assets must be properly and efficiently managed after acquisition. The finance function keeps and assigns value to all property and ensures that value for money is maintained in a more cohesive way through the reports that are released. It also plays an important role in achieving corporate goals through the establishment of key financial indicators, viability, and sustainability of the organization. These can be measured to help management take appropriate actions to correct any undesirable elements that threaten the success of that organization (Ablorh-Quarcoo, 2015).

The finance function can however not be underestimated whether in a religious or non-religious setting because of the enormous benefits it brings to that setting. Thus the functions above relate to the finance manager of any organization hence through efficiently acquiring, financing, and managing assets, the financial manager contributes to the firm and to the vitality and growth of the economy as a whole (Jamieson & et al 2009).

2.7 Financial Ministry in the Church.

In the manual on the Ministry of Church Finance of the United Methodist church in Oklahoma, Robert (2000) commended the manual for use as a guide in the various phases of financial management and the importance of financial health in making disciples of Jesus Christ. The author also stated that “financial ministry has been an important element of the church from its inception. John Wesley recruited “stewards” so every local community of faith would have adequate financial support. From the earliest of times, sacrificial giving has been recognized as a

spiritual discipline”. Financial ministry in the church involves a team of people dedicated to help the congregation achieve its mission. In order for the purpose of the financial management system to be properly achieved there is the need to clearly define the roles and responsibilities of the various players in the system. The team that plays a major role in the financial management process includes these people and entities:

*Pastor: the principal role of the pastor in the finance ministry is to provide the required leadership and direction needed for the funding ministry of the congregation. He \she is expected to be actively involved in the preparation and implementation of the church’s budget. The pastor is to ensure that funds are used for the intended purpose and in accordance to laid down policies. Preaching on stewardship, commitment and judicious use of financial resources are the mandate of the pastor. The pastor should know and have access to the giving record of the church and this information should never be abused or misused by the pastor. It is also helpful for the pastor to be informed of a sudden change in the congregation’s giving pattern, so the pastor may be sensitive to possible ministerial needs of the congregation.

*The committee on Finance: they are responsible for providing financial direction to the church through the preparation of a church budget. It is also their duty to manage and guide the financial health of the congregation providing a sense of direction, a plan to improve financial stewardship, and a way to monitor the ongoing finances of the church. This enables other committees or teams of the church to build programs and know what to expect in financial support for their ministries or programs. The committee is also expected to draw up annual

programs like church harvests, where funds can be generated to support church activities. They work hand in hand with the pastor to achieve the mission and vision of the church.

*The financial secretary: he/she is responsible for the day-to-day accounting works of the church such as, recording of income, expenditures, summarizing and coding of financial events. The secretary reports on the financial health of the church to the committee on finance and also works with the committee on finance to develop and implement policies and procedures for handling all funds. The role of the financial secretary is very important and sensitive.

* Treasurer: responsible for the keeping appropriate and detailed records of the expenditures of the church. He/she is also required to provide the committee on finance and the administrative council, a regular report of the expenditures for the year and the fund balances. He/she is mandated to receive periodic deposit slips from the financial secretary indicating the amounts deposited, along with the statement recording the sources of all funds received and the purpose for which they were given.

All the roles played by these players are essential for an efficient and effective management of a church's resources. Henrickson (2012) pointed out that the creation of Sarbanes – Oxley Act in 2002 has helped to give strong rules of accountability where Churches are not immune to these new standards or to the expectation of increased scrutiny in the future. Application of financial management techniques as well as regulations set for accountability will help in attaining the main objectives of financial management. It is also important to state that, it is wise for a church to select trusted members to serve on a financial committee that is accountable to both the

church's governing board as well as the church's parent denomination, assuming that the church has a parent denomination. Members of this committee should ideally be familiar with financial, accounting, and business matters.

2.7.1 Merits of Sound Financial Management.

Regobeth (2009) emphasized that a sound financial management:

- * ensures efficiency in resource mobilization.
- * ensures efficiency in resource use.
- * build a positive cash flow.
- * allows core functions to be executed without delay.
- * reduces debt accumulation.
- * ensures the attainment of the goals of the individual or the organization.
- * brings happiness to the individual or members of the organization.

2.7.2 Determinants of Church Value.

And above all of the importance, the ultimate objective of a financial model for managing church resources is to please God since in this case, we would have proven that we are good stewards of God's resources. However it is important to determine what constitute the value or goal of a church because whereas in the secular world, a firm's value is determined either by its ability to make maximum profit or maximize shareholder wealth. In profit making organizations, managers can enhance their firm's value by increasing the size of the expected cash flows, speeding up their receipt, and reducing their risk (Brigham, 2010). That is by (1) investing in financial asset that it generates future cash flows; (2) considering the timing of cash flows —cash

received sooner is better; and (3) taking the risk tolerance level of investors into consideration when making such decisions. These principles also apply to some churches if not all because in recent time attempts by churches not to solely rely on the contribution by members which is not sustainable has led to church diversification. Some churches have now ventured into productive ventures like farming and operating of hospitals, schools and guest houses. Some also invest on the financial market in order to raise additional revenues to supplement the financial efforts of members. Those who invest on the market are however every careful in their selection of investment vehicles because of their moral beliefs. Churches do not invest in tobacco, alcoholic beverage and ammunition producing companies.

A proper understanding therefore, of what the church's goal is will enable church leaders to properly evaluate their roles and to determine whether they are being proper stewards. It is obvious that the main objective of any Bible believing church is to preach the gospel for the salvation of sinners and the edification of those already saved; to take care of the less privileged and ensure that social and economic justice is extended to everyone through social action. Creating strong financial capital is therefore necessary for the achieving of such financially driven objectives. Churches require a lot of financial support and so good stewardship in the church therefore has everything to do with raising sufficient money to meet the church's objectives and also ensuring that the monies are used prudently.

2.7.3 Pillars of Financial Management

Accountability: Ebrahim (2003) considers accountability to be a term that often evades clear definition. Accountability in the church setting is important for the maintenance of the confidence and financial support of the congregation. Accountability in this context can be defined as “the process by which assets devoted to charitable purpose are put to their proper purpose and information about their use is made available” (Fishman 2007). Whereas in profit-making institutions there is a clear answerability towards shareholders, this is not the case of churches. Accountability in churches becomes quite difficult especially if not registered and also have no clear mission and vision.

Any organization, including the church, should account for the use of its resources and its achievements to its stakeholders, including beneficiaries. All stakeholders have a right to know how the money was spent and how their authority was used (Matewos, 2018). Due to the rich and varied role that churches play in modern society, it is important to state that, the continued success of these churches is dependent upon the trust and confidence that members have in the use of the financial resources they commit to their leaders and thus the need for these leaders to be accountable to their members.

Transparency: England and Wales Charity Commission interprets transparency as “providing relevant and reliable information to stakeholders in a way that is free from bias, comparable, understandable and focused on the stakeholders’ legitimate needs” (Sinclair, 2009). The importance of transparency in modern times cannot be overemphasized since church funders and the wider public is constantly demanding evidence for the efficient use of the financial resources

they give in the form of tithes, offerings, and donations. Lack of transparency in every organization is a sign for stakeholders to be careful and the church is no exemption. The church should however be open about its undertakings and also provide information about its activities to stakeholders. It therefore means that there should be accurate, detailed and timely financial reporting of the church's activities to stakeholders.

Integrity: The oxford dictionary defines integrity as “the quality of being honest and having strong moral principles”. Players in the financial ministry are expected to execute their duties honestly and in accordance to established policies and procedures. They are to ensure that their personal interests do not conflict to that of the church in the performance of their duties. They should solely act in the best interest of the institution rigorously avoiding the occurrence of a conflict of interest while managing the organization's affairs (Safo – Kantanka, 2012). Religious congregations may have different structures, which can greatly affect church financial management policies. In general, however, a financially healthy church will incorporate accountability, transparency and integrity in its policies especially in the case of large denominations.

Consistency: consistency in the church financial management ensures that the laid down policies and procedures of the church are not altered by church leaders. In ensuring consistency however, the church must make sure that its ways of doing things are in line with current trends since society and its ways of doing things keeps changing with time. Inconsistent approaches to financial management can be a sign of financial manipulations inside an organization.

2.8 The financial management system of the Methodist Church Ghana.

The Methodist Church Ghana has a financial policy that makes easy payment of assessments and levies to all levels of the Church. Local congregations known as Societies are the places where funds are generated for all activities of the church and for the funding of the budgets of the various levels in the hierarchy. The Methodist Church Ghana until 2016 practiced an “Assessment” system where particular figures are given to each Society to pay to Circuits, Dioceses and the Conference office. The new Resource Mobilization Scheme now deals with percentages of the total amount of every fund raised at the Society level apart from “Harvest” to the Circuit, Diocese and Conference office. Each Society pays directly into the account of their particular Circuit and Diocese and all Societies pay directly into the Conference office Bank Account.

The apex directorate in charge of the finance function in the Methodist Church Ghana is the General Directorate of Finance headed by the General Director of Finance at the Head office. At the diocesan level a treasurer is appointed to handle the finances of the church and to give sound financial advice to the executive at the diocesan level. At the circuit and society levels individuals with financial expertise are appointed as stewards specifically in charge of the financials of the church, respectively. In addition to this, each society is expected to engage the services of a full time accountant. The accountant sees to the day to day running of the financial duties of the society.

Conclusion

A careful review of limited literature relating to the financial management practices of church and nonprofit making religious organizations has revealed that the practice of financial management is not a recent phenomenon and can be likened to the records in the bible where Judas was the treasurer and Jesus the finance manager. Financial management is a necessary tool in the promotion of efficient and effective use of resources and thus, the recruitment of an appropriate and qualified personnel who will follow laid down processes, policies and procedures is essential in the pursuit of sound financial management. From the literature, larger denominations or churches and larger nonprofit institutions tend to ensure good financial management practices and accounts compared to smaller churches. The pastor is the leader and can also be likened to the Chief Executive Officer of profit making institutions hence he is expected to provide leadership and direction to the church and the need for the pastor to have relevant knowledge in finance.

Empirical review reveals that to ensure continuous dedication and commitment from church members, church leaders must show transparency, accountability, consistency, integrity and a good sense of stewardship to their members. In order to prevent or minimize financial fraud and mismanagement, churches must ensure that they have good internal control mechanisms in place and also see to it that the finance function is not performed by one person.

In the light of the above, it is important to assess the financial management system of selected churches of the Methodist Church Ghana in the Tema Diocese. The measures put in place by their financial management system to ensure financial control and accountability. The

contribution of the system to effective and efficient stewardship behaviour and performance and also to determine the relevance of the system in today's world.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter highlights the main research methods adopted in carrying out the study. The methodology of the research presents systematic procedures adopted in order to come out with findings that respond to the objectives of the study. It also presents the general framework within which the study is to be undertaken. Emphasis in the chapter is laid on research design, target population, sample size and sampling method, methods of data collection and instrument and the method of data analysis.

3.2. Research Design

The research approach use in this study is the case study approach. According to Denscombe (2007), the purpose of adopting a case study approach is to shed light on the general by looking at a particular issue in detail. Compared to a survey, a case study can study issues in details. A case study deals with holistic factors rather than isolated ones. Denscombe (2007) asserts that one of the strengths of the case study approach is that it allows for the use of a variety of methods depending on the circumstances and the specific needs of the situation. The case study approach encompasses procedures and techniques of investigating and understanding the dynamics of a particular system and in this research it is adopted because it is the finest approach for the study of the financial management system of a church. It is important to note that apart from all the advantages that come with a case study approach, case studies are challenging to generalize because of intrinsic bias and because they are based more on qualitative data, which can only be generalized in only a particular context as stated by Colorado State University.

According to Kerlinger (1969) a research design refers to a strategy used by researcher in collecting and analyzing data in order to answer the research questions or test the research hypothesis. In this research descriptive survey will be used. Descriptive survey is a method of collecting information by interviewing or administering a questionnaire to a sample of individuals (Orodho, 2003). The descriptive survey research is used to describe a portion or part of the population that is a sample. This design saves time and labor because only part of the population is studied.

3.3. Target Population

In research methods, population is the entire aggregation of items from which samples can be drawn (Yin, 2009). The target populations of this research are 10 churches of the Methodist church Ghana in the Tema Diocese. The study targets the pastor, steward in charge of finance, the accountant or treasurer and two members of the finance committee of these churches. The Tema diocese was chosen because they are one of the major financial contributors to the Methodist Church in Ghana. The churches are carefully selected from the Diocese due to their location, membership composition and financial contribution to the church.

3.4. Sample Size and Sampling Method

Covering the whole population in a research makes the study difficult and so sampling is mostly used by researchers. Sampling is the process of choosing a group, which is believed to be representative from the target population to enable one to draw a general conclusion (Marshall & Rossman, 2006). Purposeful sampling is widely used in qualitative research for the identification and selection of information-rich cases related to the phenomenon of interest (Patton, 1990). This

technique is a non-probability technique used to identify and select individuals or groups of individuals that are especially knowledgeable about or experienced with a phenomenon of interest (Metawos, 2018). Purposive sampling is a good technique in case study analysis.

In order to undertake this research, the study purposely sampled selected churches from all circuits in the Tema Diocese of the Methodist Church Ghana. Purposive sampling technique was used to select respondents who are actively involved in the financial management because not all church members will be able to provide the needed answers to the questionnaire. The churches were selected because they have large congregations' majority of who are educated and occupy important positions in society and thus have a good understanding of financial management practices and systems hence will be able to critically provide the right information needed in arriving at answers to the research questions.

3.5 Data Sources and Instruments.

3.5.1 Primary Data.

Primary research is the collection of data that does not previously exist. The primary data used in this particular research was gathered from raw sources from the people who are directly involved in the finance ministry of the church. These people include pastors, stewards, accountants, finance committee members. Data collected covered topics on their general understanding of the financial management system of the Methodist Church Ghana, its efficiency and effectiveness of the internal control system in ensuring financial control and accountability, the challenges faced in the implementation of the financial management system of the church and the relevance of the

current system in contemporary times. The main instruments used in the collection of the primary data were questionnaires and interviews.

3.5.1 a. Questionnaire

The research questionnaires which contained both open-ended and close-ended questions were used in this research. In order for respondents to freely make useful contributions to the research and not to feel restricted in expressing their opinions, the mixed questionnaire approach was used. The questionnaires were distributed to pastors, stewards in charge of finance, church accountants or treasurers and finance committee members. This is because these people are directly involved in the financial management of the church and are also part of the decision making body of the church when it comes to financial issues.

3.5.1 b. Interview

Semi structured interview was used in addition to the questionnaire. The interview was conducted with two (2) central officers of the church. The director of finance at the head office of the Methodist Church Ghana who is responsible for the overall financial management policies of the church in general and the diocesan treasurer of the Tema Diocese. The major purpose of interview is to corroborate certain facts that the investigator already thinks have been established (Yin, 2009). The semi structured interviews were used in order for the researcher to ask follow-up questions which may arise in the course of the interview. Answers from the interview were used to assess whether the financial management systems of the selected churches were in line with the prescribed policies and procedures in the management of the financial resources on the church.

3.5.2 Secondary Data

Secondary data is information that already exists somewhere and has been collected for another purpose (Kotler, 2002). Secondary data collection helps the researcher to get a broader view about the topic under study. The review of financial directives, manuals and the constitution of the Methodist Church Ghana produced the secondary data used in this research. In order to get a general view about the financial management of churches an extensive literature review was done drawing information on relevant secondary sources such as articles, journals, books, reports and the internet.

3.6 Method of Data Analysis.

3.6.1 Quantitative Approach

Questionnaires were administered to the target population in this research. The Likert scale was for the closed ended questions ranging from Strongly Disagree (SD), Disagree (D), Neutral (N), Agree (A) and Strongly Agree (SA). Respondents were expected to select the one that appropriately fits their choice of answer the research questions of how efficient and effective the existing financial management system of the church is and how the system has helped in the attainment of the church's mission and vision.

3.6.2 Qualitative Approach

Semi- structured interviews were conducted with the main central officers in the connexion and the diocesan office of the church. The interview was recorded and transcribed in order to provide the appropriate answers to the research questions. This approach was used to answer the

questions on whether the system ensures financial control and accountability and the challenges faced by stakeholders when implementing the financial management system of the church.

3.6.3 Mixed Approach

In order to overcome the limitations of using either the quantitative or qualitative approach, this research combines both approaches in order to come out with a good research.

3.7 Tools for Analysis

Data collected in this research using questionnaires were analyzed with excel and descriptive statistics using Statistical Package for Social Sciences (SPSS) software in order to achieve the objectives of the research. Using such package helps to describe what the data look like, where the center (mean) is, how broadly they are spread in terms of one aspect to the other aspect of the same data and more descriptive analysis are made (Leedy, 1989). Interviews were transcribed and analysed thematically.

CHAPTER FOUR

DATA ANALYSES

4.0 Introduction

This chapter of the study presents an analysis of the data, findings and interpretation of the results obtained from the data collected on the field. The first section provides the demographic characteristics of the respondents, as well as the church demographics in relation to the respondents. The second section describes the nature of leadership training in the Methodist Church of Ghana. The third section also outlines the leadership assessment of the financial management systems of the church. The fourth and fifth sections present the challenges faced in managing the financials of the church and some suggestions made by the respondents for improvement respectively.

4.1 Demographic Characteristics of Respondents

The data was collected from a sample of 100 respondents in the Tema diocese of the Methodist Church Ghana. The main demographic characteristics of the respondents include their age, sex, educational level, position in the church, as well as length of stay in the Church as presented in Table 4.1. The sample was dominated by males who represented 74 per cent of the respondents and the females who comprised 26 per cent of the respondents. Generally, the leadership of the church at all levels of the church hierarchy (Society, Circuit, Diocesan and Connexional levels) is dominated by males and this explains the reason for the higher proportion of males as females within the sample. The majority of respondents were between the ages of 40 to 49 years (32.3 per cent of respondents) and 50 to 59 years (28.3 percent of respondents). The average age of the respondents was approximately 47 years, indicating that the sample generally comprised an adult

group. This is also representative in the general leadership of the church as most leaders are found within the age groups of between 40 to 60 years.

The educational level of respondents showed that 53 per cent were graduates with Bachelors or Diploma degrees. The data also shows that about 35 percent of the respondents had post graduate certification and only one respondent (1 percent of respondents) had obtained primary education. This suggests that the respondents were largely literate with majority of them (88 percent) attaining tertiary education.

In terms of the length of stay with the church, the respondents had spent an average of 16 years with the church. The majority of respondents (about 85 percent) had spent over 15 years with the church, which suggests that they had some level of knowledge with regards to the financial affairs of the church. However, only one per cent of respondents had been with the church for less than a year.

Table 4.1: Demographic Characteristics of Respondents

Variable	Frequency	Percent
Sex		
Male	74	74
Female	26	26
Age		
Below 30	5	5.05
30-39	20	20.2
40-49	32	32.32
50-59	28	28.28
60 & Above	14	14.14
Educational Level		
Primary	1	1
Secondary	11	11
Graduate	53	53
Post Graduate	35	35

Source: From field data 2019

Table two presents the demographics of the respondents with respect to their positions in the church and the length of time they have stayed in the church. Respondents with different positions in the church were interviewed to ensure a good representation of leadership assessment on the church's financial management system is obtained. The data revealed a large pool of leadership positions which were classified into five major classifications as indicated below:

Administrative officers: Society and Circuit Stewards, Property Stewards, Secretaries to leaders meeting and Quarterly Meeting.

Caretakers: Caretakers of nursery (i.e. smaller Methodist churches which are being nurtured).

Church / Organizational Leader: Leaders of various organizations in the church such as the choir, Singing Band, Men's Fellowship as well as members of the Leaders Meeting, Bible Class leaders etc.

Clergy: These are the Resident Ministers, Superintendent Ministers and Diocesan Ministers.

Finance / Audit Officers: Auditors, Finance Stewards for the Society, Circuit or Diocese.

The largest proportion of the sample (about 28 percent of respondents) were clergymen, 23 per cent were administrative officers, 20 percent were finance/audit officers and the least proportion of positions (1 percent of respondents) held no leadership position in the church. The average length of time of leadership of the respondents was approximately 6 years. The least time period which a respondent was in office was six months and the longest time period of leadership was 40 years.

Table 4.2: Church related demographics of respondents

Church Demographics		
Length of stay with Church		
Less than a year	1	1.02
1-5 years	6	6.12
6-10 years	2	2.04
11-15 years	6	6.12
Above 15 years	83	84.69
Position in the Church		
Administrative officer	22	23
Caretaker	9	10
Church / Organisational leader	17	18
Finance / Audit officer	19	20
Clergyman	26	28
No leadership position	1	1

Source: From field data 2019

4.2 Leadership and Financial Training

The section provides an overview of the nature of the financial training leaders received upon induction into office. As shown in table 4.2, about 77 percent of respondents received some form of training before and (or) after induction into their positions in the church. The training obtained was mainly geared towards enhancing the financial management abilities of the leaders. With regards to the time intervals within which the training was done, about 48 percent of the respondents indicated that they obtained financial training every year, whereas approximately 30 percent rarely received training while in leadership positions. The respondents who received no form of financial training over their period of leadership were about 3.75 percent of the entire sample.

The financial training of the leaders was conducted by persons such as the clergy, lecturers from the Trinity Theological Seminary, circuit/diocesan/connexional officers, some church leaders and resource persons. The major group of people that provided financial training for the leaders in charge of church funds was the clergy (36 percent of trainers), followed by circuit/diocesan/connexional officers (26.7 per cent of trainers). However, the training sessions conducted by finance experts only comprised 4 percent and about 13 percent of the trainers were resource persons invited by the church. This representation suggests that the handlers of the church's finances may not have received adequate training from the right experts for which some financial challenges could occur in the church.

The literature review indicates that periodic training of personnel in charge of church finance is a standard procedure for ensuring proper financial management (Regobeth, 2009). Training in financial management is important for all leaders of the church, especially leaders who have little or no knowledge in finance. This is to help them manage the finances of the church and that of the organization they lead within the church to the best of standards.

Although the Accounting Policies and Procedures Manual of the Methodist Church Ghana does not state explicitly the need to train stakeholder of the financial management system, the Constitution and Standing Orders of the Church instructs that people appointed into all positions should be trained for the purpose they are to serve and this includes people appointed to manage Church funds.

The data shows that generally, there is some level of training that is given to church leadership over their tenure of office. However, the frequency of the trainings leads much to be desired. on the average, training is seen to be done rarely although it is required that these be done frequently for leaders to hone their skills.

Secondly, the facilitator of the training is as important as the frequency of training in itself. The data clearly shows that training in these areas are generally done by clergymen or the Ministers within the church. While the Reverend Minister is the head of the church, it must be noted that he / she is not the beacon of the financial management skills, albeit there are Ministers who had financial background before entering into ministry. It is important that training in financial management in the church be conducted by resource persons who are well versed in the knowledge of financial management. from the data, the resource persons used in training leaders on financial knowledge stood at about 10% while that of the clergymen as facilitators stood at almost 40%. This, the study believes will leave a knowledge gap as ministers may not be able to cover much ground in terms of financial management to the understanding of church leaders.

Table 4.3: Financial Leadership Training Facilitators

Variable	Frequency	Percent
Received financial training		
Yes	75	78.95%
No	20	21.05%
Frequency of training		
Quarterly	9	10.84
Yearly	41	49.40
Every 2 years	5	6.02
Irregular times	24	28.92
Training facilitators		
Church leaders	10	13.3%
Circuit/Diocesan/Connexional officers	20	26.7%
Clergy	27	36.0%
Finance officer	3	4.0%
Other	2	2.7%
Preachers	1	1.3%
Training officers / Resource persons	10	13.3%
Uncertain	1	1.3%
None	1	1.3%

Source: From field data 2019

4.3 General Leadership Assessments

4.3.1 Leadership Assessment of the Financial Management Systems of the Methodist Church Ghana

This section of the study seeks to highlight the views of the church leaders with regards to the current condition of the financial management systems of the church. Theories of sound financial management systems reviewed from credible literatures indicate the need for churches to have financial manuals that give clear directions to make it easier to follow established policies and procedures. These policies are to be formulated in consultation with the stakeholders and personnel in charge of church finance must have sound financial background.

In respect of the foregoing assertions, a set of statements were given to respondents to rank on a scale of 1 to 5 based on their levels of agreement to the statements. Table 4.4 shows the average scores of the various constructs as well as the standard deviations. The assessment of the financial management systems by the respondents showed that majority of them agreed to the assertion that financial and administrative manuals are essential for church management at the highest average score of 4.37 with a standard deviation of 0.79. This assessment was followed by the view that a sound financial background of all players (ministers, leaders, stewards, finance officers, etc) in the church was necessary for a good financial management system (Mean=4.18, SD=0.92).

This shows that leader's agreement to the assertion, that a basic knowledge in financial management systems is essential for every leader in the church especially for accountability purpose. An antecedent to having this knowledge is also having the right training materials in addition to the frequency of training organized by the church.

However, the respondents disagreed with the opinion that the financial policies of the church were clearly understood by all stakeholders (2.73, SD=0.94), stakeholders were involved in the church's policies and directives formulation process (2.8, SD=1.03), and the stakeholders were adequately trained on the financial policies of the church (2.83, SD=1.13). This indicates that the leaders of the church were not adequately equipped for the tasks of maintaining sound financial management in the church since most of them lacked understanding of the directives and policies they operate with.

This partly arises because of the inadequate trainings that are being conducted by the church as seen in section 4.2 of this chapter. This finding is interesting to note as one would have argued, that training facilitated by the Ministers of the church will help leaders to be mindful of the policies of the church, since the ministers are well versed in the church policies. However, this is not the case as assessed by the respondents. This shows the dearth in training as well as the gaps in understanding of the leaders. Perhaps the ministers, since most are not with a solid finance background may not have adequate understanding of the financial policies of the church. This is one reason the study calls for adequate financial training and training facilitated by the qualified resource persons will help leaders understand the policies of the church as well as proper financial management skills.

The Accounting Policies and Procedures Manual of the Methodist Church is silent on the qualification and background expertise of people appointed to manage the Church's finances. And though the Accounting Policies and Procedures Manual is in print and has clear policy directions, many stakeholders have never seen a copy of the manual before. The ideas they have about the Church's financial management system were gleaned from verbal communications at various meetings.

Table 4.4: Assessment of Financial Management Systems

Financial Management Systems	Mean	Standard Deviation
Sound financial background is essential in financial management systems	4.18	0.91
Easy to understand and implement financial management systems of the church	3.72	0.89
Financial and administrative manuals are necessary for church management	4.37	0.79
Adherence to the financial policies and directives of the church is easy	3.29	0.93
Financial management players are aware of the existence of financial policies and directives of the church	3.49	0.99
The church's financial policies are consistent with best financial management practices.	3.46	1.02
The financial policies of the church are clearly understood by all stakeholders.	2.73	0.94
Stakeholders in the financial management system are consulted in the formulation of the church's policies and directives.	2.80	1.02
Stakeholders are properly trained on the financial policies of the church.	2.83	1.13

Source: From field data 2019

4.3.2 Leadership Assessment of Planning and Budgeting of the Methodist Church Ghana

Literatures reviewed cite planning and budgeting as indispensable in bringing a sense of direction and control in the use of a Church's financial resources (Pollock, 2000). This requires the drafting and implementation of policies to ensure that expenses are made within budget limits and for transparency and accountability (Fishman, 2007). The Accounting Policies and Procedures Manual of the Methodist Church Ghana gives detailed direction on planning and budgeting.

The average scores for each of the indicators of the assessment of the leaders on planning and budgeting in the church were calculated. The scores ranged between the least score of one (strongly disagree) and a highest score of five (strongly agree). For constructs relating to the assessment of planning and budgeting in the church, respondents indicated that budgeting

ensured that finances were properly controlled by those who handle the finances of the church (average of 4.00 with standard deviation of 1.00). Their responses gathered also suggest that the misuse of financial resources of the Methodist church could be limited by the use of budgeting tools as presented in Table 4.4.

The respondents were generally neutral in their responses with respect to the approval of expenditures solely done by the minister in charge (3.05, SD=1.21), the existence of enough control mechanisms in the disbursement of church funds (3.42, SD=1.04), periodic reviews of budgets (3.28, SD=1.09, and the involvement of all stakeholders in the budget formulation process of the church (3.18, SD=1.08). The results obtained show that though budgeting and planning is key to attaining financial success in the church, respondents were not confident about the effectiveness of these mechanisms in the church.

It is seen that generally the budgeting is done in the church as a way of planning the year and this is done with people who have sound financial background. The data however does not show much convergence in the agreements to the fact that all the players in the financial system are involved in the preparation of the church's budget. In many Societies, the budget is prepared by the Coordinating Office of Finance and Development (CFD). The CFD is composed of the church's financial steward and other financially knowledgeable member of the church and the Leaders Meeting. These members plan the budget, in consultation with the Minister for onward approval by the Leaders Meeting. This also underscores the importance of the Minister not being the sole individual to approve the draft budget prepared by the CFD.

This means that budgeting and its approval follows a more thorough process. The reason for the non-convergence in this statement however, could possibly arise from the fact that some respondents do not see the utilization of financially knowledgeable members of the church in the preparation of the budget for the church.

The Accounting Policies and Procedures Manual of the Methodist Ghana requires that the plan and budget is communicated clearly to all stakeholders but this does not seem to happen in most societies and from the interviews, findings show that stated period for beginning budget process for new fiscal year is generally not followed. The Manual directs churches to hold budget workshops “to provide the maximum number of people the opportunity to know how the mission of the church will be tied to budget allocations and church resources.” Unfortunately, this workshop does not seem to take place in any of the Societies from which data was collected. The implication is that budgets are drawn without recourse to the due processes and procedures prescribed by the church. It also explains the reason why respondents were not confident about the effectiveness and efficiency of budgets in driving the core mission of the Church.

Standard practice as gleaned from the literature review and the position of the Methodist Church Accounting Policies require that expenditures are only made if there exist an approved budget. However, data gathered indicate that some Societies of the Methodist Church make expenses that have not been approved in the church’s budget. This makes realizing the goals tied to the budgets impossible since resources are channeled to other unapproved expenditures.

Table 4.5: Assessment of Planning and Budgeting

Planning and Budgeting	Mean	Standard Deviation
The financial management system of the church has enough control mechanisms in the use of the church's funds.	3.43	1.04
The controls help to curb the menace of financial mismanagement	3.57	0.97
The financial management system of the Methodist church allows for proper planning and budgeting.	3.636	0.90
Budgeting is a means of ensuring financial control in the church	4.0	1.00
Budgets of societies are prepared to reflect the goals of the church.	3.67	1.07
People with a sound financial background are involved in the preparation the church's budget.	3.67	1.08
All players in the financial system are involved in the preparation of the budgets.	3.18	1.08
Budgets preparations are means of preventing misuse of financial resources.	3.94	1.07
Budgets implementation provides direction and control in the church.	3.86	0.94
Expenditures outside the budget are approved solely by the Minister in Charge	3.05	1.21
There is periodic review of the budget to detect deviations and in order to correct them.	3.28	1.09
There is accountability and transparency in expenditure management.	3.63	1.01

Source: From field data 2019

4.3.3 Leadership Assessment of Internal Control Systems of the Church

It is standard practice, as the literature review reveals, for churches to put internal control systems in place, in spite of trusting church employees and members to work faithfully (Emile, 1990). This helps to stem the tide of embezzlement by directing, monitoring and controlling church activities to maintain good ethics, good governance and enhance the exercise of best practices (Tanui et al , 2016). The Accounting Policies and Procedures Manual and the Constitution and Standing Orders of the Methodist Church Ghana have internal control systems clearly enshrined in them. Some of these include, the double signatories signing all cheques of the Church at all times, separation of duties of persons authorizing, preparing and signing cheques. All payments are also to be made against original invoices and documents only.

The existence of internal control mechanisms in the church was shown in Table 4.5 to be a highly relevant aspect of the financial management systems of the church. This item had the highest average score of 4.33 and a standard deviation of approximately 1.00. The average score (4.32, SD=0.90) for auditing the church's financials indicated that the respondents regarded the auditing of the church financials as a means of ensuring financial control and accountability, which minimizes the problems associated with financial mismanagement in the church (average score of 4.26, SD=0.84).

On the average, the leaders further indicated that the auditors of the church somewhat diligently performed their duties (score of 3.60, SD= 1.06) with objectivity and without influence from interested parties. The respondents were also largely indifferent about the view that the church places more value on trust than on enforcing control mechanisms in the management of church finance (3.60, SD=1.00).

The Methodist Church in general runs a bureaucratic administrative process where all power is not vested in the hands of the Reverend Minister. At the Society level, the Leaders Meeting is said to be the highest decision making body of the church. Thus, financial approvals for most big ticket projects undertaken by the church are not done by the Minister and the Church Stewards alone but that has to be decided by the Leaders Meeting. This goes without mentioning, that the Minister, being the head of the church and the chairperson of the Leaders Meeting can possibly use his position to influence the decision of the Leaders Meeting.

Every Society is required to have an auditor who audits the books of the church before financial statements from finance stewards are approved. These are done to help control and minimize risks of financial malfeasance in the church. Internal control system in the church therefore, is seen to be well placed as assessed by respondents. Thus, Methodist Church Ghana significantly enforces the implementation of its internal control systems as the Accounting Policies and Procedures Manual and the Constitution and Standing Orders of the Church direct.

Notwithstanding the positive inclination of the respondents and apparent detailed policies of the church regarding internal controls, interviews conducted revealed that some churches beat the system by making cash expenses that are not supported by invoices and vouchers. And these are not even accounted for in the books. It appears that such financial deductions and expenses are made before entries of records into the books of account.

Table 4.6: Assessment of Internal Control Systems

Internal Control Systems	Mean	Standard Deviation
There is the need for both internal and external control mechanisms in the church.	4.330	0.995
The controls help to curb the menace of financial mismanagement	4.260	0.836
The controls ensure adherence to church policies.	4.063	0.844
The internal controls help in the achievement of the church's objectives.	4.020	0.947
Controls are means of reducing financial risks.	4.240	0.830
Auditing of the church is a means of ensuring financial control and accountability.	4.320	0.898
Auditors of the church perform their duties diligently.	3.596	1.059
Church auditors are always objective with their findings.	3.454	1.000
The church values trust in place of control mechanisms in the management of its finances.	3.606	0.998

Source: From field data 2019

4.3.4 Leadership Assessment of Asset Management in the Church

Asset management is stated as key factor of financial management decisions in the church from the literature review. The literature underscores the need to assign value to all property and ensure maintenance by appointing experts to asset management office or position of the Church and putting in measures to reduce or avoid the risk of losing value through asset depreciation and loss (Jamieson & Jamieson, 2009).

The Accounting Policies and Procedures Manual and the Constitution and Standing Orders of the Methodist Church Ghana details out policies for safeguarding the Church's assets, referred to as property, plant and equipment (PPE).

Churches generally have lots of assets, due to the nature of the ministry and the management of these assets is left to the hands of the property steward. The leaders of the church provided their opinions on the management of projects, investments, and other assets that belong to the church in this section. The indicator that suggested that the investment decisions of the church was solely the responsibility of the leaders had the highest average score of 4 among the respondents. The respondents also agreed (average score of 3.88) to the assertion that the management of the church's asset was necessary in the financial management systems of the church; the opinion of all stakeholders was essential when financial decisions on projects were taken (3.78, SD=1.03). Nonetheless, the average score (2.04, SD=1.25) on the use of church funds suggested that the respondents disagreed to the fact that it was the sole responsibility of the pastor to use the funds of the church.

The policies of the Church regarding asset management should meet high standards as the literature specifies, however the implementation of the ideals in the manual is not properly done.

Although respondents agree that investment decisions are made by leaders, they do not follow the directive enshrined in the Accounting Policies and Procedures Manual thoroughly. The Manual is emphatic in directing the specific portfolios that the church should invest in and specific companies they should refrain from investing with, such as alcohol, tobacco, firearms companies.

Interview findings show that although leaders are involved in making investment decisions they do not act in accordance with the investment objectives that are stipulated in the Manual. They are to be moderate in the pursuit of profit and to seek to “earn reasonable returns,” nevertheless, they are driven by unrealistic returns and end up making wrong investment choices. It also came up, that some of the investment decisions are taken by a section of the leaders without seeking the approval of the general leadership or going through the process of getting the Finance and Development Committee to do due diligence and approve investment choices as the Manual and best practice clearly indicate.

Table 4.7: Assessment of Asset Management

Variables	Mean	Standard Deviation
Asset management is a key element in the financial management system of the church.	3.88	0.98
Financing decisions for church projects is a collective decision by all stakeholders,	3.78	1.03
Monies contributed by members are used for the intended purpose.	3.51	0.98
The use of church funds is the sole responsibility of the pastor.	2.04	1.25
Investment decision is determined by the leaders of the church.	4.00	0.95
Assets are approved by the church before acquisition.	3.76	1.06
People with the right skills are involved in the management of the church's assets.	3.62	1.02

Source: From field data 2019

4.4 Challenges in Adhering to the Financial Policies and Directives of the Church

The study shows that there have been some challenges in managing and complying with the financial policies and directives of the church. Most of the respondents (31 per cent) were of the opinion that the complex nature of the church's directive impeded understanding by all related stakeholders, which caused the issue of non-compliance. The complexity of the directive mainly had to do with the inconsistency in policies, the absence of detailed information to enhance interpretation, and the bureaucratic nature of approval process in the church. Policies are seen to be complicated and it is difficult to interpret and this can possibly lead to misappropriation of funds, as indicated by the respondents.

“some directives and policies are complicated and difficult to be interpreted by the people who manage the church finances in the village and remote areas and in effect they end up doing what is outside the directives”

The second major challenge with financial policies of the church is the generally the implementation of those policies. The financial percentage payments to the headquarters, Circuits, Diocese and Connexion required of local churches seems to be a major concern for these churches. The targets are usually beyond their capacities and thus make it difficult for some churches to comply with the directives. This creates instances where finance stewards are pushed to understate the amount received from offertories and tithes, to help them keep some appreciable amount of money for the running of local church or the Society. This has both moral and criminal implications. The implementation of policies also fails where effective supervision

in respect of financial policy adherence is absent. Other respondents however attributed this challenge to the fact that finance committees and finance stewards lack support from their ministers in charge.

The third challenge suggested by the respondents to be a threat to effectively managing the finances of the church is the lack of leadership training. The leaders who handle the finances of the church usually have no formal training that equips them with the skill of managing funds. The church also fails to organize periodic seminars and workshops especially when new financial policies are issued by the church. We discovered from the study that about 30 per cent of leaders (the respondents) obtained no training before assuming leadership positions. This is particularly worrisome because most of the leaders who handle the funds usually have no financial qualifications, and the training that could enhance their knowledge is also lacking.

“Some of our stewards do not have the right financial skills to manage our funds. Some ministers also lack financial skills.”

Other essential issues identified include the lack of accountability and transparency mechanisms – internal and external audits in the church; the interference of societal and circuit activities by unplanned events and orders from the top leadership of the church; non-involvement of all stakeholders in the formulation of church directives; and the lack of resources (like computers) that enhance financial record management of less endowed churches.

4.5 Respondents Recommendations for Improving the Financial Management Systems of the Church

This section presents the recommendations given by the respondents on how to improve the financial management systems in the Methodist Church of Ghana. This information would be useful for the modification of policies and directives on managing the finances in the church. About 44 per cent of the respondents recommended that the best means for improving the financial management systems of the church is to train the leaders and ministers who are in charge of funds. Strengthening the transparency and accountability tools through auditing (both internal and external) of financial records, supervision and regular engagements with key stakeholders to monitor the financial affairs of the church. In addition to training the financial handlers of the church, professional finance officers should be employed to manage church funds. Over dependence on voluntary services of members with regards to handling church finances should be avoided.

They also suggested that the church channel more efforts into creating awareness on the directives of the church through education and training workshops. The respondents also suggested that the formulators of the church's policies and directives issue clear and consistent directives that could be easily understood by all members, even those who have had no education in finance. Specific directives need to be formulated to meet specific goals to avoid suspending projects because of unplanned contingencies.

Improvement in the financial system of the church also depended on the accountability measures that would be instituted by the leaders of the church. The services of external professional

auditors who are not members of the church should be engaged periodically to provide unbiased and independent reports on the financial performance of the church.

4.6 Results of In-Depth Interviews

In order to give more meaning to the study objectives, in-depth interviews were conducted with two key people in managing the church's finances at the Connexional level and the Diocesan level. These were the Director of Finance and the Treasurer of the Tema Diocese. These respondents were separately interviewed and each interview took approximately one and half hours. The interviews were transcribed and analysed thematically.

4.6.1 Church Resource Mobilization

Early on, the church mobilized resources from the Society level in the form of assessments. These assessments were monies that were levied to Societies to pay through their respective Circuits and Dioceses to the head office for its duties. Also, Ministers were paid through the Circuits. Issues with difficulty of payments of assessments especially deprived Societies, led to a new resource mobilization system for the church. As this was instituted, the head office also took the responsibility of paying the salaries of the Ministers from a central pool.

From the research the current resource mobilisation system showed that out of the main revenue of the society (tithe payments and offertory), 15 percent will go to the Circuit, 10 percent will go to the Diocese while 35 percent will go to the Connexion, i.e. head office. The Society therefore keeps the remaining 40 percent. In effect, the local church sends 60% of its weekly revenue to its administrative offices within the Circuit, Diocese and the Connexion.

Although these key respondents perceived this as the best option, it was noted that they had received several complaints from Societies regarding the fact that a huge chunk of their monies are being wheeled away to the administrative offices, leaving little to manage the Society. However, the respondents called for the need to manage their finances in lieu of the changes in the policies. The issue as pointed out by the director of finance indicated that Societies are unable to adjust their spending in line with new policies that are in place.

“Yet policy changed and if policy has changed, you should be able to rework your expenses in such a way that what has been left should be able to cater for your expenses. But they want to go the same way as they were doing formally. Eg: Ministers are paid. They pay their leave allowance from the head office, they pay their responsibility allowance from the head office, and book allowances are also paid. So this basic three things are statutory things. So looking at your income, you decide what you have to pay your ministers at the Society level.”

One key thing that concerns financial management is the ability of the financial manager to align finances based on their current income and changes in cash flows. The inability of some Societies to make these adjustments have expenditures not meeting their current income, in line with the new directives that have been issued.

In the large sample survey, it was noted, that some stewards would prefer to understate their financial position, in order to pay less to the administrative offices and leave more for the operations of the Society. These sentiments were expressed in a similar but different approach as described by the Diocesan Treasurer. In his description, some stewards in Societies do take out

the percentage payments for the administrative offices from the net revenues instead of the gross revenues. Although stewards have been given words of caution against these practices, they still linger in some Societies. Financial management malpractices do not thus necessarily arise solely from lack of knowledge or financial training, but also from the fear that there shall be limited funds to cater for Society's needs.

4.6.2 Internal Controls in the Church

The church is seen to have stronger internal controls as it was evidenced based on the scoring given by the respondents for the large sample case. Internal controls were further discussed by these two respondents during the in-depth interview process. Internal audits are carried out in randomly selected Circuits and the results of the audits are beginning to put people on their toes. In addition, the Diocese scrutinizes reports that are sent by Societies and Circuits to crosscheck if the right accounts were done.

Although this is a sign of good internal controls, the lack of full coverage in terms of auditing is a worrying situation. According to the respondents about 40% of the total Circuits are carried out and this leaves 60% not audited. The presence of anomalies in the current 40% presupposes other anomalies in the others that have not undergone audits. It is thus important for the church to ensure that full audit is carried out among all the Circuits found within the church.

4.6.3 Investments and Loans

The Diocese has some level of autonomy when it comes to investment projects. Thus the leader of the Diocese does not have to consult the headquarters for permission before a capital project is

undertaken. However, Circuits and Societies are required to seek permission from the Diocese before such projects are undertaken. Advice on investments and loans are to be sought from the Diocese. Societies are to seek permission from the Diocese before they for loans. This is to ensure that the Society has the needed cash flow for the payment of loans.

However, these directives are not duly followed. Societies take loans without consulting the Diocese for advice or consent. Some investments are also made with some financial houses at attractive interest rates without checking for the levels of risk involved in such activities. It is worrying that issues of nonpayment of loans and lock up of investments become inevitable as Societies are not very much aware of their cash flows in servicing the loans and the risk profiles of investments before engaging in them. Knowledge in risk profiles and how to manage such situations is therefore important for church financial stewards to consider.

When linked with the outcome of the data from the large pool of respondents, it was noted that trainings in such risk profiling measures are not really undertaken. Thus, the concern must not be only for members to be trained in understanding church's resource mobilization policies. There must be the conscious effort for training to be done on investments and also managing cash flows.

“There was no provision made for them. The policy of the church and according to the church constitution is that before you pick any loan, approval should come from the Head office. But most churches do not seek approval from the Head office. When this happens if they pick the loan without the approval from the head office, they should be able to pay the loan from their

harvest, because they don't touch the harvest money and also they leave about 40% of the money with the church and still people are taking loans without consulting the head office."

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

Church scandals relating to financial malfeasance has become prevalent in recent times. There are many daunting consequences on churches that fall victim to such financial scandals. These occurrences are usually traceable to lack of, or ineffective financial management systems to ensure control and accountability. The purpose of this research was to assess the financial management system of the Methodist Church Ghana using the Tema Diocese in which I worship and serve as a case study to ascertain whether there are systems in place to safeguard the church from being plunged into the influx of scandals that has bedeviled other churches.

The research revealed that the Methodist Church Ghana has a financial management system in place that is designed to ensure financial control and accountability. The implementation of the system has revealed some practical challenges which requires the attention of the connexional office for redress. These challenges have been discussed extensively in the data analysis.

5.2 Conclusion

In conclusion, the Methodist Church Ghana has a strong financial management system in place to check malfeasance and misapplication of church resources. The Accounting Policies and Procedures Manual of the Church provides directives that ensure stewardship, transparency, consistency and accountability that are in line with best practices.

The financial management system of the Methodist Church Ghana thrives on the integrity of church workers to record and remit actual amounts raised at the revenue generation levels. This

integrity is lacking in some cases as church workers make cash expenses before entries of revenues generated are recorded in the books of accounting. Moreover, many workers are not previewed to the content of the manual because it was not formulated in consultation with all stakeholders and certain relevant details about the quality of training and trainers, and the background knowledge of workers on the finances of the Church are missing in the manual. Some workers also stay too long on particular committees and little opportunity is given to women and the youth with requisite expertise to serve in the financial management system of the Church. Under the new resource mobilization system monies left in the coffers of Societies, Circuits and Dioceses are lesser than what they used to have under the previous system, however, some still draw up budgets that are unrealistic in relation to the current amounts they retain. The church has stipulated sanctions for those who default or flout the financial management system regulations but these sanctions are not being applied effectively. Moreover, only 40% of the total Circuits in the Connexion are audited by the external auditors from the Conference office and this leaves 60% not audited. The presence of anomalies in the current 40% presupposes other anomalies in the others that have not undergone audits.

The Church however, has fitting prospects to better their lots by teaching and training workers on financial management principles and by making the Accounting Policies and Procedures Manual available to all stake holders. The church can also take advantage of the recent advancement in technology to create a centralized system of recording keeping and reporting of financial details that can easily be shared with the various levels of the church hierarchy with the click of the mouse to reduce the manual and cumbersome way of doing things.

Under the New Fund Mobilization System of Percentages which the church endorsed to replace the assessment system at the August 2015 Expanded General Purposes Council, the system's sustenance is threatened by levies from the Conference office to Dioceses that also pass on levies to Circuits and Societies which are outside the remit of their budgets. Unconstitutional expenses such as monthly allowances paid to Bishops by Circuits and Societies drains their meager coffers and frustrates the implementation of budgeted ideals.

5.3 Recommendations

- The church has a good Accounting Policies and Procedures Manual which is in line with best practices, so compliance to its directives should be enforced within the hierarchy of the Church.
- The study recommends that all stakeholders should be consulted in the formulation of church related policies especially financial policies so as to ensure their commitment and dedication when it comes to implementation.
- The study calls for adequate and periodic financial training facilitated by qualified resource persons to help leaders understand the policies of the church as well as inculcating in them modern and acceptable financial management skills. As part of the training, it is important to provide leaders with trainings and seminars on integrity, honesty, transparency and accountability to ensure that they do not compromise on these principles as they are important for the effective and efficient running of the financial system of the church.

- Societies that do not have the right personnel like accountants to oversee its financial duties should be assisted by circuits and diocesan officers in the recording and preparations of their accounts. This will ensure that the policies of the church are clearly understood and the right foundation is laid for such Societies to follow the policies and directives when they become of good standing and have the capacity to hire the services of skilled personnel.
- Interference of Societal and Circuit activities by unplanned events and orders from the top leadership of the church, especially the Diocese that require financial commitments outside of budgeted expenditure should be curtailed.
- Since inflows to the churches are not 100% guaranteed because these inflows are mostly from tithes, offerings and donations, churches should draw flexible budgets so as to ensure easy implementation and consequently reduce financial burden on the congregation.
- In the process of auditing, church leaders who have led churches to go for unapproved loans and credit facilities should be sanctioned so as to deter others from following suit. This practice would help reduced the excessive financial pressure on the church because indiscriminate use of credit facilities will be reduced.

- Data gathered by this research indicates that, some leaders appear to have absolute autonomy when it comes to how the financial resources are used, for example diocesan bishops have the sole privilege of determining how monies are used at that level. This sometimes promotes the abuse of power hence the need for measures to ensure that such powers are reduced and not completely eliminated.
- There should be financial thresholds at the various levels of the church, that is the Society, Circuit and Diocese where financial decisions will need the approved of the highest decision making body as this will reduce discretionary practices that goes on in the church. These financial thresholds should also include the cash limits or amount of cash that a Society, Circuit or Diocese should hold; this will ensure efficient cash management practices.
- This study will recommend that the tenure of office for members who serve on finance related committees should be specified to ensure that leaders appointed into such offices do not stay for unspecified periods as this could have dire consequences on the financial management system of the church.
- The Church at the Circuit, Diocese and Connexional levels thrive on the financial abilities of the various Societies. The current percentage system the church operates is such that an increase in revenue generation will lead to a corresponding increase in amounts that constitute the various percentages. It is therefore important for the church to

organize intense teaching on giving so that members will be well vest in such areas as this may increase the level of their financial commitment which will go a long way in ensuring the availability of enough funds to run the activities of the church.

- It is recommended that unconstitutional expenses cleverly camouflaged as conventional diplomatic practice such as Circuits giving monthly allowances to Bishops and Societies doing same for Superintendent Ministers place enormous burden on the Societies and must be checked. These expenses are usually not accounted for and so the books do not reflect them because the amounts are taken from source before entries are made in the books.
- The research findings indicate that pastoral visits of certain authorities of the Church goes along with high financial targets as honorarium that Societies find burdensome, because the amounts demanded usually go beyond what is planned and budgeted for. It is also important to recommend that honoraria to all categories of visiting officers of the Church and others invited to perform various functions in the various Societies are given a certain capping.
- This research recommends that a directive be issued to curtail the practice of apportioning induction and sendoff expenses to Societies as this places enormous burden on the local congregation and usually comes as unbudgeted expenditure.

- In response to the finding that lesser women and youth are in leadership positions of the Church, it is recommended that practical steps are taken to give a certain percentage of leadership position to women and youth who are qualified and have the requisite skills to apply themselves diligently to that cause.
- External auditing should be conducted in all Circuits within the Connexion

DEFINITION OF TERMS

Connexion: This refers to all Societies, Circuits and Dioceses of the Methodist Church Ghana banded together as One under the leadership of the Presiding Bishop.

Conference: It is the governing body of the Methodist Church Ghana constituted and meeting biennially.

Synod: Synod is the annual meeting of the various circuits in each Diocese which is established to advise and assist the Conference and Diocesan Bishop in the Development of the work of God in and through the Circuits of the Diocese.

Circuit: A Circuit consist of one or more Societies under the pastoral care of one or more Ministers. It is distinct authoritative unit within a Diocese, in which usually several Societies, conveniently situated for the purpose, are banded together for pastoral oversight, mutual support and Christian service.

Society: The Society is the local organization of the Methodist Church, meeting as one congregation for public worship, and organized into classes under the supervision of the Leaders' Meeting.

Full membership: A full member of the Methodist Church Ghana is one who has made a conscious and definite response to Christ in personal faith and commitment and have been

baptized and received by confirmation into the membership of the Church and have their names recorded in a current class book.

Full Connexion and Ordination: When all the requirements of ministerial training have been duly met, those Deacons who have completed their probation are received into Full Connexion as Elders with the conference in its representative session; and thereafter ordained by the laying on of hands with prayer at a service conducted by the Presiding Bishop, or by any other Bishop designated by him.

Minister: The Ministers of the Methodist Church Ghana are those who have been or shall be accepted in accordance with the Standing Orders in Full Connexion and Ordination. The term Minister is used to refer to both Ministers in Full Connexion/Elders and Probationers/Deacons.

Steward: they are full members of Societies who are appointed to assist the Minister in the Pastoral care of the members of the Church. The stewards include Society Steward in charge of finance or administration, property steward, chapel steward and poor fund steward.

Lay: this is term used to refer to members of the Church other than ministers.

Superintendent: The Superintendent is the Minister who is stationed as Chairman of every Leaders Meeting in the Circuit.

Standing committee: Between the close of one Diocesan Synod and the opening of the next Synod the Representative Session of the Standing Committee is authorized to act on behalf of the

Representative session of Synod and the Ministerial Session of the Standing Committee on behalf of Ministerial Session of Synod provided that such action is not contrary to the Constitution and Standing Orders or to decisions of the Synod already recorded.

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