



## **LeiningerCPA, Ltd.**

### **Components of Effective Financial Governance and Accountability**

#### **1. Clearly understood roles and responsibilities / decision making**

- Clearly define who is in charge, and how decisions are made; the “buck stops here”
- Board, church staff, lay leaders and volunteers, and congregation
- Two models for business admin. – driven by Bus. Administrator or volunteer Treasurer;
  - a. Best is team approach – segregation of duties; succeed or fail as a team, not one person
- Requires a “chief architect” to design and lead

#### **2. Active Board participation**

- Intentional plans vs. reactive; hold church staff accountable

#### **3. Coordination / oversight over all ministry activities and resources**

- Ability to see the big-picture, and say “yes”/“no,” when allocating finite resources / needs
- One Board ultimately oversees entire ministry; even if separate boards for school, etc.
- One main check book

#### **4. Complete / combined financial picture – the ability to “see the big-picture”**

- Combined report of entire ministry; in addition to individual ministry activity reports
- Allows one person/group to see the big-picture when analyzing results and making decisions
- Requires all material activity to flow through the P&L (vs. checkbook or B/S only)
  - a. All departments / dedicated accounts / funds
- Identify and understand the Big Risks facing the entire Ministry

#### **5. Decision-useful financial information (relevant, reliable and timely)**

- Numbers categorized in General Ledger / reports to “tell the story,” vs. rambling list of acct’s and \$
- Well-designed chart of accounts facilitates departmental/ministry-level analysis

#### **6. Stewardship / safeguarding of assets**

- Segregation of duties – team approach
- Protect all assets / resources from loss
- Well-designed internal controls – fraud deterrent; comply with laws
- External and or internal validation of effectiveness – “audit procedures”

#### **7. Tools to manage the financial accountability process**

- Written policies and procedures
- Internal Control Chart – communicating and monitoring status of key controls

#### **8. Business administration is viewed / supported as a critical “ministry”**

- Not just a bill paying function
- Effective business admin. is critical to effective allocation of ministry resources
- Business admin. processes and people grow along with the overall organization.

Contact Dave Leininger at (763) 404-0004 or [Dave@Leiningercpa.com](mailto:Dave@Leiningercpa.com) to learn more about how to establish an effective culture supporting church governance and accountability.