

## PROJECT ABSTRACT

Master of Business Administration  
Accounting Option

Adventist University of Africa

School of Postgraduate Studies

**TITLE: A STRATEGY TO COMBAT FINANCIAL NON-REPORTING  
OF CHURCHES IN MALAWI UNION: A CASE STUDY  
OF NORTH MALAWI FIELD**

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This case study was conducted to find strategies to combat financial non-reporting in Malawi Union Conference. The result shows that financial non-reporting is a very serious issue that needs to be combated. The study targeted pastors, elders, church treasurers and Field officers and department directors in North Malawi Field.

A sample size of 135 respondents from the selected churches using simple random sampling was to ensure that most churches in the church district are represented. The study used descriptive study design to capture the relevant issues in financial non-reporting of the local churches.

The study revealed that a major reason for non-reporting is the fact that the local churches are far from each other. In addition, the distance between office/bank and the churches, the lack of commitment, training, motivation, follow-ups, mentoring, not aware of the dangers of non-reporting, illiteracy, lack of logistics are

marginal causes of financial non-reporting in the local churches. Reasons attributed to non-reporting also include the absence of treasurers during the reporting period, low fund collection during the month, infrequent visitation of pastors to the churches and lack of feedback from the Field.

Furthermore, the problems of financial non-reporting have resulting implications on the Field. The study revealed that income is not fairly stated, low wage factor and lack of transparency and accountability are the three top consequences of non-reporting. Besides, the three major suggestions to combat non-reporting include training on how to preparing reports, more stewardship seminars and putting mechanisms to reduce distances.

Based on the results, the researcher proposed strategies in order to minimize financial non-reporting. Furthermore, a list of recommendations has been proposed to address the issue of financial non-reporting.

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School of Postgraduate Studies

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OF CHURCHES IN MALAWI UNION: A CASE STUDY  
OF NORTH MALAWI FIELD

A project  
presented in partial fulfillment  
of the requirements for the degree  
Master of Business Administration

by  
Moffat Braston Moyo

2018

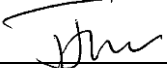


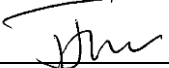
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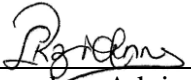
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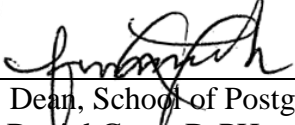
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Dedicated to North Malawi Field of the Seventh-day Adventist Church.

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## CHAPTER 1

### INTRODUCTION

#### **Background of the Study**

Reports are vital to any organization. According to Snyder and Parth (2006), there is a common saying that “no job is finished until the paperwork is done.” Malawi Union Conference (hereafter called the Union) is one of the Unions in Southern Indian Ocean Division of the General Conference of Seventh-day Adventists. Its offices are located in Lilongwe the capital city of Malawi. The Union was organized in 1925 (General Conference of Seventh-day Adventists, Office of Archives and Statistics, 2015). It comprises of one conference and two fields, namely Central Malawi Conference, South Malawi Field and North Malawi Field. According to the SDA yearbook (General Conference of Seventh-day Adventists, Office of Archives and Statistics, 2015).

The Union has approximately 1383 organized churches and 1287 companies, totaling to 2670 churches expected to report every month. The reports include statistical, financial and other departmental reports. In statistical reporting churches are expected to report the increase or decrease of church membership while in financial reports churches are expected to report the trust funds.

In May 2014, in a Stewardship Council meeting organized by Malawi Union Stewardship department, the report presented by the Stewardship Director showed that about 48% of the churches from January to May 2014 did not report to the Union. It was then resolved at the Stewardship Council that one of the solutions to combat

the situation was that pastors who do not bring all the reports should not be paid unless all reports are brought to the office. In a related meeting that happened on 4 May 2017 organized by the Malawi Union, it was discovered that the problem of all churches not reporting the finances is still persistent. It was further noted that the suggested solutions were not fully implemented in all the conferences/fields.

In the Seventh-day Adventist church system most reports have financial implications; therefore, the Union is losing substantial income every month due to churches which are not reporting. According to Hargrave (2015), a church's record keeping and financial reporting are of deep importance because they serve as measuring rods to determine how the church is doing and can also serve as a compass, helping keep the church on course. In addition, they serve as the main method of financial accountability. This non-reporting issue raises concern to the leadership of the Union on how to combat financial non-reporting of the church. Therefore, the study explored the strategies to mitigate the problem of financial non-reporting of churches in Malawi.

### **Statement of the Problem**

For the Malawi Union Conference of the Seventh-day Adventist Church to function effectively, it must receive reports in a timely manner. Despite measures put in place to tackle financial non-reporting of churches in Malawi Union Conference, it has remained a major problem in the Malawi Union Conference. The Union depends on income that comes from different churches for its operations to run smoothly. Therefore, if the churches withhold reports it deprives the much-needed resources for the smooth running of the churches in Malawi. Therefore, this study purposed to explore the possible causes of the problem and the resulting effects on North Malawi

Field. In addition, the researcher proposed strategies to combat the menace of financial non-reporting of churches in Malawi Union for smooth operations.

### **Research Questions**

Consequently, the following research questions were raised and addressed:

1. What are the major causes of financial non-reporting in North Malawi Field?
2. What are the implications of financial non-reporting in the North Malawi Field?
3. What are the possible remedies to combat financial non-reporting?

### **Significance of the Study**

The study came up with suggestions on how to combat the financial non-reporting situation in Malawi Union. This will help the Fields if implemented to reduce the issue of financial non-reporting. It will also help Malawi Union Conference to evaluate its stewardship strategies, as a result, the revenue base of the Conference will increase since many churches will be reporting. Also, this study will also help the administration of North Malawi Field and the local churches to see the importance of reporting to the higher organization accurately and in time. Furthermore, the result of the study is expected to add value to the already existing body of knowledge.

### **Scope and Limitations of the Study**

#### **Scope**

The study was delimited to the North Malawi Field as an administrative unit operated under Malawi Union Conference. It has 610 churches and companies divided into 43 districts. The study focused on selected churches in the 43 districts that have high percentage incidents of financial non-reporting. Among the several reports that

churches are required to submit to the Field Office, the study concentrated on financial reporting.

### **Limitations**

Malawi Union is composed of two Fields and a Conference with different settings but this research focused on North Malawi Field as a case study. This poses a limitation because the findings may not represent the whole Union. Also, the relatively low response rate of 57.2% could affect the generalization of the results.

### **Definition of Terms**

**Accountability**-The obligation of pastors, treasurers, and elders to account for the activities, accept responsibility for them, and to disclose the results in a report.

**Internal Control**-A process or procedure designed by management for assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations, and policies.

**Local Church**-A group of Seventh-day Adventist church members in a defined location that has been granted, by the constituency of a conference session, official status as a church.

**Non-reporting**-A situation of not giving the required reports to the responsible personnel, not at all, not accurate or not on time.

**Report**-A document containing information published monthly, quarterly or annually and distributed to the different committees or to the higher organization.

**Stewardship**-The lifestyles of one who has a living relationship with Jesus Christ, accepts His Lordship and walks in partnership with God and acts as His agent to manage His affairs on earth.

**Strategy**-A detailed plan of action designed to enable the local churches to submit their financial reports always, accurately and on time.

**Transparency**-Operating in such a way that it is easy for the officers to see what actions are performed in the churches.

**Trust fund**-Conference funds which include tithe, mission funds, and all funds for projects and institutions.

## CHAPTER 2

### LITERATURE REVIEW

Business reports are a form of communication that conveys relevant information about the condition of any kind of organization. Top management uses such reports to track progress toward its various goals and achievements and also to make important decisions such as control expenditures and increase revenue. In a church setting, reports are important administrative duties that are key to transparency and accountability of the financial resources.

#### **The Bible and Reporting**

The Bible has a lot to say about reporting. According to the book of Ecclesiastes 3:15 “that which is, has already been and what is to be, had already been; and God requires an account of what is past.” The SDA Commentary as cited by the Jugbo (2009) remarks that God expects us to give an account of all that we do; we must, therefore, discharge our duties honestly and report accurately and regularly.

Hargrave (2015) explains that one reason why a church’s financial reporting is so important is that, as unpopular as this may be today, a church is in the accountability business. The author uses the Bible phrases like “give an account” which as he says is found several times in the scripture. He further quoted Roman 14: 12 where Paul reminds that each of us will be accountable to God.

Furthermore, in the book of Hebrews, as the author said we must obey our religious leaders because they serve us with the understanding that they will give an account of their stewardship to God. Hargrave (2015) gives examples of the bible



parable of Jesus and the Shrewd Manager in connection with financial management. Angels also keep a faithful record of every man's work. Every act of love, every word of kindness, every prayer in behalf of the suffering and oppressed, is reported before the eternal throne and placed on heaven's imperishable record (White, 1925)

Reports can affect the behavior of people. This was the case with spies that went to spy in 2 Numbers 13:25-33. Verse 32 says the spies gave out to the sons of Israel a bad report of the land which they had spied out, saying, "the land through which they have gone, in spying it out, is a land that devours its inhabitants; and all the people whom they saw in it were men of great size. (New American Standard Bible). But the Bible specifically is in disfavor with false reports. In Exodus 23 verse 1 the bible says, nobody shall raise a false report; do not put your hand with the wicked to be an unrighteous witness. Even kings can be adversely affected by words. "The king of Babylon has heard the report of them and his hands waxed feeble: anguish took hold of him, and pangs as of a woman in travail (Jeremiah 50:43).

All in all, the Bible has several verses that show the importance of reports and reporting. Although not all reports were satisfactory, they give this paper the idea of how vital reports are for any job. "The light of the eyes rejoices the heart: and a good report makes the bones fat." (Proverbs 15:30). Conversely an evil false report decayeth and rottens the bones. (Proverbs 12:4; 14:30; 17:22). "Pleasant words are as a honeycomb, sweet to the soul, and health to the bones." (Proverbs 16:24) (Davies, 2016).

### **Transparency and Accountability in Reporting**

Transparency means telling the truth about your organization, your partnership, and your goals (Burtch, 2014). Also, as cited by Adeh (2004), Gebler (2011), Williams (2015) defined transparency as "the process of sustaining trust-

based relationships with stakeholders through the open exchange of information and knowledge.”

According to Gebler (2011), it’s ironic that a word like “transparency” can have several confusing meanings, even in a business context. While transparency as a concept is often most visible in the realm of social responsibility and compliance, its real benefit is when it’s seen as a business priority.

Gebler (2011) further states that transparency is about information. It is about the ability of the receiver to have full access to the information, not just the information the sender is willing to provide. Transparency embodies honesty and open communication because to be transparent someone must be willing to share information when it is uncomfortable to do so. Transparency is about an individual being honest with himself about the actions he is taking. Transparency is also the organization being upfront and visible about the actions it takes, and whether those actions are consistent with its values. Companies with cultures that are working for them and not against them are ones where transparency is seen as an internal imperative and not an external disclosure requirement.

Ramesh (1996) as cited by Adeh (2004) contends that, transparency is an indispensable aspect of accountability: effective accountability requires a statement of goals, transparent decision-making, and relationships, and honest reporting of resource use and achievements, which can emphasize the honesty and efficiency with which resources are used or the impact and effectiveness of the work. Administrator (2016) says that in leadership roles, accountability is the acknowledgment and assumption of responsibility for actions, products, decisions, and policies including the administration, governance, and implementation within the scope of the role or employee position. Accountability also encompasses the obligation to report, explain,

and answer for resulting consequences. As leaders often make decisions with far-reaching consequences, accountability has a substantial ethical component.

Accountability is often used synonymously with responsibility, blameworthiness, and liability. As an aspect of governance, accountability has been central to discussions related to problems in the public, non-profit, and corporate sectors.

“As the church engages in its mission-driven business it needs a system of assessing progress and reporting the result” (Izungu, 2009, p. 41). More so, as stated by Izungu (2009), the principles that form reporting is the principle of accountability. The author stressed the need for churches that follow best practices to ask the following questions. “How thorough is our record keeping?” and “how forthcoming are we in communicating our reports to the Body?” he added that those that avoid financial “train wreck” have a reporting system that includes accountability: the willingness to be forthcoming and complete in their reporting. They are also transparent: they are unafraid to open up their books and records.

Jugbo (2009) also argues that the financial growth of the church depends solely on the keeping of good records. Thus, the accountability of the church shows whether the church is healthy or not. The author continued to say a growing church radiates on reports and accountability. In the words of (Reheul, Caneghem, & Verbruggen, 2012), “timely financial reporting enhances decision making and reduces information asymmetry”.

More so, Reheul et al. (2012) studied how financial reporting lags among non-profit organizations. Their results suggested that important changes in accounting regulations significantly delay the financial reporting process. They also said that financial reporting problems with Non-Profit Organizations (NPO) have led legislators worldwide to examine governance and accountability issues in the non-

profit sector. They argued that it is important to improve NPOs accountability because of their strong reliance on government grants, donations, and volunteers. Reheul et al. (2012) also affirmed that accountability relates to transparency with respect to the activities and achievements of the organization. Therefore, accountability allows better-informed decisions by stakeholders e.g. donors and at the same time, serves as a stimulus for management to improve performance (Connolly & Hyndman, 2003). Moreover, Cordery & Baskerville (2007) as cited by Reheul et al. (2012) said, accountability increases NPOs legitimacy and reduces the risk of sanction.

### **Stewardship and Reporting**

Reporting displays the accountability and stewardship of the people entrusted for Gods assets in the churches. The Accounting Standard Board (2007) says stewardship is inherently linked to agency theory. The owners assign stewardship of their company (or church) to management. The owners wish to have the ability to oversee management behavior to ensure that it is aligned to the owner's objectives and that management is devising strategies aimed at making the best use of company assets and no misappropriation of the company assets takes place.

Historically, according to Engstrom & Shockley (1985), stewardship reporting was an important tool in the establishment and development of American colonies. A corporate trust was established to implement this purpose and it was necessary for the trustees to account for the many private contributions to the cause as well as the grants from the crown. In their article among others, they discuss the trust accountant and illustrates by example the financial reporting developed for the Georgia colony.

According to the authors, the first charge and discharge statements of colonial Georgia was an example of financial reporting used to help establish the Colonies of America. They added to say it was immediately apparent that a serious and

conscientious effort was made to account for all the monies and goods received for the support of the people who were to settle in the new colony. The Trustees were accountable, or held a public trust, for the funds and other items made available for the settlement of Georgia. So according to the authors, all this needed reporting that is providing a detailed and clear stewardship report. The treasurer's reporting to the congregation is as important as proper distribution and recording (Hedrick, Stagg, & Riley, 2006). An informed church is more responsible and active than an uninformed church. Therefore, reporting should be as informative and open as possible.

To a Christian as stated by Chavula (2015) stewardship means "man's responsibility for, and use of everything entrusted to him by God--life, physical being, time, talents and abilities, material possessions, opportunities to be of service to others and his knowledge of the truth. Chavula (2015) added that Christians serve as managers over God's possessions and view life as a divine opportunity "to learn to be faithful stewards, thereby qualifying for a higher stewardship of eternal things in the future life.

### **Internal Control and Reporting**

Accountability and funds safeguarding leads to Internal control (Izungu, 2009). As cited by Izungu (2009),

Internal control comprises the plan of the organization and all of the coordinated methods and measures adopted within a business to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

Izungu (2009), added that internal control is another subject worthy to be discussed along with reporting. He said, reports help in planning, a tool for planning and decision making and a tool for encouraging church members to be faithful in giving their tithe and offerings and lastly but not least reports helps in communication.

Jugbo (2009), defined a report as a document with weight and authority. He continued to say in the business world, or with public bodies and voluntary organizations, reports are requested prior to managers taking important decisions that affect personnel or involves sizeable expenditure.

The Treasurers' manual for the Seventh-day Adventist Church (North New South Wales Conference) outlines the purposes of financial reporting; financial reports assist in decision making and gives account for funds managed under trust. In order for financial reports to be useful and achieve their purpose of assisting in decision-making, they must exhibit four elements, namely, timeliness, accuracy, logical and clear and complete.

The manual further states that if financial reports are extremely accurate, but are not issued in a timely manner, then the information becomes out-of-date and is of limited use for decision-making. On the other hand, if the financial reports are completed very quickly and delivered to the users in a timely manner, but are not accurate, then again decision based on this data is likely to be flawed. The accuracy of financial data can be best achieved by establishing good internal controls at the transactional level. The old adage of “garbage in – garbage out” applies with respect to financial information and the quality of decision making.

### **Trust and Financial Reporting**

Another element of financial reporting is trust. Although there are many definitions of trust, this paper follows Oxford English Dictionary (Oxford University Press, 2016) which defines trust as a firm belief in the reliability, truth, ability, or strength of someone or something. Other scholars define trust as a willingness to rely on the other party because of the belief, expectancy, or feeling that other party would act in the interest of the trusting party (Yu, Balaji, & Khong, 2015).

Trust is “the actor’s belief that, at worst, others will not knowingly or willingly do him harm, and at best, that they will act in his interests” or its variant, “the belief that others will not deliberately or knowingly do us harm, if they can avoid it, and will look after our interests, if this is possible” (Delhey & Newton, 2005; Newton, 2015).

Financial reports need to be trusted. Whittington, (1999) also adds that trust is an essential ingredient in facilitating a financial transaction. The financial reporting helps to create trust, but it, in turn, has to be trusted. More so, auditing and professional standards have been the traditional means by which trust in financial reporting has been fostered. In addition, trust has long been considered as central to buyer-seller interactions (Yu et al., 2015). Thus, from an economic perspective, trust is seen as a mechanism that reduces the transaction cost of an exchange. It decreases the customers’ perception of risk and enhances their likelihood to engage in an exchange, resulting in efficient transactions.

Treasurers and financial secretaries have the primary responsibility to inform church leaders and congregational members about financial support and use of congregation’s resources. Financial results should be presented in a format that produces the greatest amount of understanding for the members and encourages them to continue their support for the Lord’s work (The Lutheran Church, 2017). No wonder Barlaup, Drønen, & Stuart (2009) remarked that trust and confidence have always been important but are even more important in today’s complex, changing business environment.

For the church members to continue giving, the church treasurers must give a financial report to the body. According to the Seventh-day Adventist Church Manual (General Conference of Seventh-day Adventists, 2015), a treasurer is required to give

a report during the business meeting of the church showing the amount of tithe received and sent to the conference, a statement of mission offerings received and forwarded, and a statement showing local church funds received and disbursed (p.183). This should happen every month or quarterly depending on the arrangement of the church in order for the church members to have trust and confidence in the financial reporting and the treasurers.

### **The Seventh-day Adventist Church Treasurer and Reporting**

Hedrick et al. (2006) describe the church treasurer's principal functions. The church treasurer is responsible for the proper receipt, accounting, and disbursement of church funds within policies established by the church for adequate financial control. Hedrick et al. (2006) further suggested that the treasurer's work focus primarily on financial records and payment procedures rather than the handling of cash. Also, the authors suggested on the duration of the church treasurer that a long term of service may provide more stable leadership and continuity of financial program of the church.

As supported by Seventh-day Adventist Church Manual (General Conference of Seventh-day Adventists, 2010), "because of the important function of the treasurer, it is wise to choose one who can be reelected to provide continuity in record keeping and reporting" (p.80). They continued to say if there is a problem with the quality of work the church should appropriate leaders to discuss the situation with the treasurer and set into motion a procedure to improve the quality of work. If the treasurer does not wish to comply with the suggestions, the church may choose to elect someone else to the position.

According to the Treasurer's Manual of the Seventh-day Adventists, the conference mandates the Treasurers to submit the monthly financial report to the



conference at a date set by the conference and also to report to the local church the funds received and disbursed as stated in the Seventh-day Adventist Church Manual (General Conference of Seventh-day Adventists, 2015); “Reports of all funds received and disbursed should be presented at the regular business meetings of the church. A copy of these reports should be given to the leading officers” (p.83).

The SDA Church Manual further states that “Conference funds, which include tithe, all regular mission funds, and all funds for special conference projects and institutions, are trust funds. At the close of each month, or more often if requested by the conference, the treasurer shall send to the conference treasurer the entire amount of conference funds received during the period of time. The church may not borrow, use, or withhold such conference funds for any purpose” (p.81).

In all the literature reviewed there is little or no empirical research study done in a church setting, especially with financial non-reporting issues, therefore this is a gap that this research will fill hence adding to the body of knowledge. Thus, looking at how important financial reports are in decision making, it is mandatory that all churches report accurately and in time all the reports to the conference or field.

### **Theoretical Framework**

From the literature reviewed, this study is based on the theory that transparency and accountability, stewardship, internal control and trust as important factors to ensuring good financial reporting. Transparent is doing things in an open way so that anyone can be able to see what is happening. Accountability is accepting responsibility for what has transpired. Stewardship is taking care of things that do not belong to you. Internal controls are policies set by the organization to safeguard and control the organization’s assets. Lastly, trust is the confidence individuals put in someone or something.

In the church, pastors, elders, and treasurers have primary responsibility and accountability for ensuring that church reports, including financial reports, are prepared and submitted duly. Stewardship, therefore, plays an important role in the ability to prepare and submit such reports. When church officers do not take their stewardship role seriously, it is likely that they will not provide the needed reports. More so, when the church has no or weak internal controls, there is a high possibility that reports will not be prioritized. Non-reporting will also affect trust because of lack of accountability and transparency. Therefore, financial reporting in increasing accountability, trust, transparency and helps making informed decisions.

## CHAPTER 3

### METHODOLOGY

#### **Setting**

Malawi is located in Southeast Africa, comprising three regions Southern, Central and Northern. Malawi is over 118,000 Square Kilometer and a population estimated at 17,473,734 Million people (January 2016 est.). Malawi is a landlocked country bordering with Tanzania to the Northeast, Mozambique to the East, South and West and Zambia to the Northwest. Lake Malawi takes up to about a third of Malawi's area. Malawi Union Conference became a conference on 11 June 2015 and it covers all regions of Malawi that is South, Central and North with its headquarters in Lilongwe, the Capital and largest City in Malawi.

The Union has one Conference, and two Mission Fields, namely Central Malawi Conference with its headquarters in Lilongwe, South Malawi Field with its headquarters in Blantyre and North Malawi Field with its headquarters in Mzuzu. North Malawi Field was reorganized in 1964; formally it was called North Lake Field since its organization in 1929. It covers all areas in the Northern part of Malawi and part of Central Malawi. It borders with Tanzania to the Northeast, Zambia to West and Mozambique to the East. North Malawi Field has a membership of 89, 574 baptized Christians in its 43 Church districts as of September 2017. North Malawi Field is an agriculture-based economy; hence three-quarters of the Christians depend on agriculture for their tithes and offerings.

## **Research Design**

The research questions raised in this study were addressed through a cross-section descriptive research design. This enabled the researcher to identify the relevant factors causing financial non-reporting of the local churches in the North Malawi Field of the Seventh-day Adventist Church and proposed a strategy to combat non-reporting of churches.

## **Population and Sampling Procedures**

The target population for this study comprised 610 churches in 43 church districts within North Malawi Field. Table 1 shows the districts, churches and its corresponding membership in each district.

*Table 1. Target Population of the Study*

	District	Number of Churches	Membership
1	Bulala	18	2,189
2	Bungulu	19	2,085
3	Mzuzu Central Church	9	1,681
4	Chambo	9	881
5	Chasefu	11	2,502
6	Chibavi	6	1,381
7	Chintheche	25	5,242
8	Chinyera	13	884
9	Chulu	11	481
10	Chisemphere	16	2,111
11	Chitipa	16	1,209
12	Dididi	14	1,389
13	Dwangwa	9	1,314
14	Edingeni	15	1,377
15	Efumbeni	33	2,023
16	Ekwendeni	13	777
17	Endindeni	23	6,500
18	Enunwini	25	2,686
19	Euthini	13	1,211
20	Hewe	6	331
21	Holera	21	1,381
22	Ighembe	15	1,321
23	Jenda	13	836
24	Kajaliro	11	734
25	Kapoli	16	3,659
26	Karonga	12	1,402
27	Kavuzi	17	1,814
28	Likoma	3	307
29	Luwazi	22	3,088
30	Luwinga	7	1,372
31	Lunjika	17	5,783
32	Masasa	5	1,387
33	Misuku	2	63
34	Mchengautuba	10	2,175
35	Mzimba	18	2,136
36	Nkhatabay	15	2,276
37	Nkhorongo	16	3,485
38	Nthenje	25	2,253
39	Rumphi	15	1,642
40	Sangiro	25	3,503
41	Usisya	3	212
42	Viphya	11	1,550
43	Zolozolo	4	909
	<b>Total</b>	<b>610</b>	<b>81,542</b>

In selecting the sample, only districts that had a membership of more than one thousand were included. Therefore, 32 districts were selected, four churches were selected randomly (except in the districts that have less than 10 churches where two church were selected). In addition, two respondents were selected in each selected church that is the church pastor, first elder and/or the church treasurer. Therefore, a total of 118 churches were randomly selected giving a total of 236 respondents (2 from each church) that was used in this study. Furthermore, the researcher collected data from the officers at the Field office to determine the impact of financial non-reporting at the union or conference level.

### **Research Instrument for Data Collection**

A self-designed questionnaire was used to collect data related to the research questions. Two similar questionnaires were developed to collect data from the pastors and the Church elder/treasurer. The first section of the questionnaire asked questions about the causes of financial non-reporting in North Malawi Field. The second section asked respondents to suggest how to reduce the non-reporting problem and the last section asked the respondent's general questions that assisted to identify the respondent's current position, years on the position, gender, age and location of the church under study to enable the researcher to understand the characteristics of the respondents.

The questionnaire consisted of a combination of open questions that allowed the respondents to answer the question without restrictions. This allowed the respondents to express their inner thoughts about the issues. Also, close-ended questions were mostly used in the form of Likert scale and checklist. According to Sekaran & Bougie (2013), a Likert scale is a scale designed to examine how strongly respondents agree with the statement on a five-point scale. In this type of

questionnaire, the response was tailored for a four-point scale. The expected mean for completely true was 4 and the analysis was based on how the mean responses of the respondent were close to the expected. Table 2 below shows the verbal interpretations for each of the mean scores.

*Table 2. Verbal Interpretation of Rating Scales*

Mean Interval	Response	Verbal Interpretation
0.50 – 1.50	Not true at all of my church	The suggested cause is not true at all
1.51 – 2.50	Slightly true of my Church	The suggested cause is slightly true
2.51 – 3.50	Mostly true of my Church	The suggested cause is mostly true
3.51 – 4.00	Completely true of my Church	Suggested reason is completely true

A checklist was also used to address the other two questions that asked the respondents the effects of financial non-reporting and the remedies to combat the vice. The respondents were asked to rank their responses. 8 were regarded as the most important factor and 1 as the least important factor. This was followed by the open-ended questions that asked the respondents to express their thoughts on causes and remedies of financial non-reporting in North Malawi Field.

### **Instrument Validity**

There are different types of instrument validity tests. In this study, the questionnaire was checked for content and face validity to ensure that the questionnaire would measure what it was supposed to measure. The questionnaire was presented to the researcher’s advisor, reader and other experts in the field. They then ensured that the questionnaire included an adequate and representative set of question items based on the research questions.

### **Instrument Reliability**

Before the questionnaires were distributed to the intended respondents, the researcher conducted a pilot study to pre-test the questionnaire for reliability. Copies of the questionnaires were distributed to the pastor, the elder and the treasurer of the selected churches for the exercise. The Cronbach alpha showed the scale items to reach acceptable reliability of 0.86; suggesting a high reliability of the scale items.

*Table 3. Reliability Test*

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.86	0.86	7

Cronbach's alpha has a threshold or cutoff as an acceptable, sufficient of satisfactory level. This is normally seen as equal or greater than 0.70 (Taber, 2016). Therefore, the Cronbach alpha of 0.86 clearly indicated that the research instrument was reliable.

### **Ethical Considerations**

In the course of carrying out this study, several ethical considerations were taken seriously. Since the study involved the church employees (pastors), first elders and the church treasurer, the researcher sought permission from North Malawi Field to conduct the study. Also, the researcher sought consent from the respondents and urged them to be truthful and honest in their responses. In any case, no one was forced to participate in the study against his/her will.

Also, the purpose of the study was explained to the Field and the respondents. The respondents understood the information is for academic purposes only and not victimization. The respondents and North Malawi Field were assured that there will



be no misrepresentation in reporting the data collected and that the information given will be treated strictly confidential. To ensure utmost privacy, respondents did not indicate their name on the questionnaire and all the data collected were aggregated.

Also, all the sources of intellectual materials quoted directly or paraphrased in this research are acknowledged in accordance with the American Psychological Association (APA) referencing style.

### **Data Collection Procedure**

After the approval of the research proposal by the School of Postgraduate Studies, the following procedures were followed:

1. Permission was sought from North Malawi Field to conduct the research in the selected churches.
2. Thereafter the validated questionnaires were administered in person to the respondents and this gave the researcher opportunity to explain clearly the purpose of the research.
3. After the data were obtained through questionnaires, they were coded by assigning numbers to the respondents' responses. After that, they were keyed into statistical software (SPSS) for analysis.

### **Data Analysis**

In this study, descriptive statistics such as frequencies and corresponding percentages, as well as means and standard deviations were used to address the research questions. This was done by using a statistical data analysis software called SPSS (Statistical Package for Social Sciences) to calculate the mean, standard deviation, and frequency.

### **Program Design**

Based on the findings the study came up with an outline and a timetable for seminars and lectures in different churches to help the local church administration to

fight against financial non-reporting in the churches. All pastors, treasurers, elders are advised to participate in the seminars. Appendix E shows the suggested notes and an outline to act as a guide in teaching the church officers and members on local church financial management skills. To achieve greater positive outcome the North Malawi Field will coordinate the programs.

Furthermore, the study proposed a strategic plan for Financial Reporting for Malawi Union. Its main goal is to promote financial reporting.

## CHAPTER 4

### RESULTS AND DISCUSSIONS

This chapter presents analyzes and discusses the results of the data collected from respondents through questionnaires. The findings are presented according to the three research questions.

#### **Response Rate**

In total, 236 questionnaires were distributed to participants and a total of 140 questionnaires were retrieved. 5 of the retrieved questionnaires were discarded and 135 usable questionnaires were used to generate the results and conclusion of the study. Therefore a response rate of 57.2% was attained for this study.

#### **General Characteristics of Respondents**

Tables 4 – 10 present results on the general characteristics of the study participants. These include gender, age, education, position, period on the position and location.

Table 4 shows the number of the respondents that participated in the study. Pastors represented 25.2%, Officers 8.9% and the majority (65.9%) represented by others (Treasurers and Elders).

*Table 4. Frequency Distribution of the Participants*

Participants	Frequency	Percent
Pastors	34	25.2
Officers	12	8.9
Others	89	65.9
Total	135	100.0

The result in table 5 shows that the majority of the respondents are in the age bracket of 40-49 years representing 37% followed by age range of 50 years and above, 30.4%, then 30-39years 27.4%. This shows that important tasks in the churches are placed in the hands of experienced individuals, rather than the youth of fewer than 30 years.

*Table 5. Frequency Distribution by Age*

Age Group	Frequency	Percent
Less than 30 years	7	5.2
30-39 years	37	27.4
40-49 years	50	37.0
50 years and above	41	30.4
Total	135	100.0

The result in Table 6 shows that both male and female are represented in this study with male 79.1% and Female 20.1%. The result is not strange according to the researcher because seventh-day church positions are dominated by males.

*Table 6. Frequency Distribution by Gender*

Gender	Frequency	Percent
Female	27	20.1
Male	106	79.1
Total	133	99

Table 7 result shows that majority (57.8%) of the respondents are in the rural areas, followed by the town churches (17%), while the urban/city and others are 14%. This clearly shows that most churches in North Malawi Field are in the rural areas.

*Table 7. Distribution according to Location*

Location	Frequency	Percent
Others	1	0.7
Rural	78	57.8
Town	23	17.0
Urban/City	20	14.8
Total	122	90.4

Table 8 Shows that majority of the respondent were treasurers (40%), followed by Elders (28.1%) and Ordained pastors (14.1%). This is because much of the financial reporting work in the churches is done by the treasurers.

*Table 8. Frequency Distribution by Position*

Position	Frequency	Percent
Treasurer	54	40.0
Elder	38	28.1
Ordained Pastor	19	14.1
Un-ordained Pastor	12	8.9
Accountant	4	3.0
President	1	0.7
Departmental Director	7	5.2
Total	135	100.0

Table 9 shows the result of the years the respondents have been in the current position. This is important because it shows the experience of the respondents as well. The result shows that 63 out of 135 respondents served at the current position for less than 3 years, representing 46.7%, followed by 28.9% of 3-5 years stay in the position. Most local church positions have a one year term subject to a renewal, that might be the reason most respondents fall in the less than 3 years.

*Table 9. Frequency Distribution according to years on the Position*

Years on the position	Frequency	Percent
Less than 3 years	63	46.7
3-5 years	39	28.9
6-10 years	17	12.6
11 years and above	16	11.9
Total	135	100.0

Table 10 shows the results of the education level the respondents attained. The results show that most respondents attained Secondary education with 55.6%, followed by tertiary level with 41% and others with 4%. The researcher can conclude that majority of the respondents highly educated.

*Table 10. Frequency Distribution by Education Level*

Qualification	Frequency	Percent
Other	4	3
Secondary	75	55.6
Tertiary	56	41.5
Total	135	100.0

### **Research Question 1**

What are the major causes of financial non-reporting in North Malawi Field?

One of the fundamental questions raised in this study was to find out the major causes of financial non-reporting in North Malawi Field. Table 11 presents the results of the major causes of financial non-reporting.

*Table 11. Descriptive Statistics of Causes of Financial Non-reporting*

Causative Factors	Mean	Std. Deviation	Interpretation
Office/Bank far from the church	2.36	1.30	The suggested cause is slightly True
Lack of Commitment	2.24	1.14	The suggested cause is slightly True
Lack of training	2.10	1.18	The suggested cause is slightly True
Lack of Motivation	1.98	1.18	The suggested cause is slightly True
No Proper follow up from the office	1.93	1.05	The suggested cause is slightly True
Lack of Mentoring	1.81	1.03	The suggested cause is slightly True
Not aware of the dangers	1.68	1.05	The suggested cause is slightly True
Illiteracy	1.68	1.13	The suggested cause is slightly True
Lack of Logistics	1.66	1.11	The suggested cause is slightly True
Lack of time	1.42	.98	The suggested cause is not true at all
Reporting dates not convenient	1.24	.70	The suggested cause is not true at all
The problem of Power and authority	1.14	.71	The suggested cause is not true at all
Not aware of reporting monthly	1.10	.56	The suggested cause is not true at all
Not among the very importance	1.06	.56	The suggested cause is not true at all
Too many churches I cannot keep up	1.29	1.07	The suggested cause is not true at all
Churches are far from each other	2.54	1.22	The suggested cause is mostly True

\*\* the last two causes are unique to only pastors

Table 11 above shows the mean and standard deviation of the variables which were used as indicators of causes of non-financial reporting. From the table, the pastors, elders, and treasurers indicated that almost all the factors are possible causes, ranging from ‘slightly true’ to ‘mostly true’.

Nevertheless, the respondents indicated that lack of time, reporting dates not convenient, the problem of power and authority, not aware of reporting monthly, reports not among the very important and too many churches for the pastors are not the real causes of non-reporting. This so because the pastors, elders and treasurers have all the time to prepare and produce the reports since they are all aware their obligation to report every month according to the Seventh-day Adventist Church

Manual (General Conference of Seventh-day Adventists, 2015) which states that “Conference funds, which include tithe, all regular mission funds, and all funds for special conference projects and institutions, are trust funds. At the close of each month, or more often if requested by the conference, the treasurer shall send to the conference treasurer the entire amount of conference funds received during that period of time. The church may not borrow, use, or withhold such conference funds for any purpose” (p.83).

They further indicated that reporting date not convenient for their churches is not a causal factor for the churches not to report. As discussed earlier, the pastors, elders, and treasurers know that every month they are supposed to report. The Conference gives the dates for reporting at the beginning of the year showing the reporting dates for all the months. If the church has not reported it’s not because of not knowing the date for reporting but may be other causes as outlined in table 11 above. Reports are very important for the church’s financial growth as stated by Jugbo (2009) who argues that the financial growth of the church depends solely on the keeping of good records and at the same time being transparent and accountable.

Furthermore, the pastors disagree that too many churches are a cause for them not to report. This is because pastors delegate their duties to elders. According to Wikipedia (2015) states that delegation is the assignment of any responsibility or authority to another person to carry out specific activities. However, pastors remain accountable for the outcome of the delegated work.

Lastly, the pastors strongly agree that one of the major causes for the churches not to report is that churches are far from each other. On average every pastor according to 3<sup>rd</sup> quarter statistical report (2017), holds 14 Churches, with 33 Churches to 1 pastor being the highest. The distance between some churches is 40km.



## **Other Reasons for Financial Non-reporting**

Respondents were also given a chance to express other issues they considered as causes of financial non-reporting. Most respondents expressed that the absence of the treasurers during the time of preparing reports due to their personal issues causes some churches not to report. This disturbs the outflow of information because treasurers are the official persons tasked with producing financial reports in churches.

Another reason for financial non-reporting according to the respondents is the lack of pastor's frequent visitations to various churches. Occasionally, churches feel abandoned and the spirit of giving in some church members are compromised. As a result, there's nothing to count, record and report. Furthermore, they indicated that low funds collected during the month, make the treasurers feel no need to report especially from churches that are far from the office or banks.

Hence, when they compare the transportation to bank or office with the funds collected, the transportation becomes higher than the trust funds they are holding. In addition, the respondents indicated that there is disunity among church office bearers and lastly but not least the respondents indicated that there is lack of feedback from the conference. When trust funds are sent to the conference the churches do not receive feedback of the funds remitted regularly and in time.

### **Research Question 2:**

What are the implications of financial non-reporting in the North Malawi Field?

As noted in the introduction of this study, the study also wanted to find out to what extent does financial non-reporting affect the office financially. Since the officers had an upper hand to know the effects of financial non-reporting in the office,

this research question targeted the officers, department directors, and accountants.

The respondents were asked to rank the factors in order of impact from 1 – 8, with 1 being the least and 7 being the highest. Accordingly, Table 12 shows the ranked means scores and their standard deviations.

*Table 12. Implications of Financial Non- reporting*

Implications	Mean	Std. Deviation	Rank
The revenue item in the Income statement cannot be accurately stated	7.75	.87	1
Low wage factor for the ministers and workers	7.58	1.17	2
Lack of transparency and accountability	7.42	2.02	3
High levels of unfaithful returners	7.33	1.78	4
High levels of mistrust from church members towards the office	7.08	2.23	5
Qualified/Adverse audit Opinion	7.00	2.37	6
Expenses are more than income	7.00	2.13	7

Looking at Table 12, the respondents suggested that all the factors have significant implications as a result of non-reporting. The results show that non-reporting affects income statement the most ( $M = 7.75$ ,  $SD = .87$ ). The income statement is a very important financial statement because it reports revenues, expenses, gains, losses for a specific period of time. Therefore, it is important to accurately capture all the relevant financial records such as tithes and offerings from the local churches. Hence, a miscalculation on the income statement will leads income and expenses not fairly stated.

As a result, ‘low wage factor’ ( $M = 7.58$ ,  $SD = 1.17$ ) is experienced in the Field. North Malawi Field’s wage factor is the lowest in Malawi Union Conference because many churches are not reporting faithfully. Although, the giving power

cannot be compared with the other sister institutions, the little given but reported all would make a big difference.

Furthermore, lack of transparency and accountability (M=7.42, SD=2.02) is also experienced as stated by Gebler (2011) that transparency is about information and accountability encompasses the obligation to report, explain and answer for the resulting consequences. When the church does not report it clearly shows there is lack of transparency and accountability for the funds that do not belong to them. As a result, the church experience a high level of unfaithfulness (M=7.33, SD=2.23) from the church members. This is because church members lose the trust of their authorities. With a membership of over 80, 000, only 15-20% of the members return tithes and offering regularly, there may be several reasons for such a situation, but non-reporting is one of the contributing factors.

Table 12 also shows that high levels of mistrust from church member towards the office (M=7.08, SD=2.23) is also experienced due to a problem of non-reporting. Since the Field does not receive the expected income which the church members may not know and understand, the churches think the Field is misusing the funds.

Churches that are recorded in the church systems which are not reporting monthly, results in an audit query by the auditors. Eventually, looking at the materiality of the non-reports, the auditor may issue a qualified or adverse audit opinion (M=7.00 SD=2.37). This shows how serious the issue of non-reporting is to the church.

Lastly, expenses are more than income (M=7.00, SD=2.13) is just a sign that things are not well in the system. Obviously, when there is non-reporting in churches, the Field may not have enough funds to support all the expenses. The only reliable source for the Fields operations is tithes and offerings from churches.

### Research Question 3:

What are the possible remedies to combat financial non-reporting?

After looking at the causes of financial non-reporting and the implications of financial non-reporting to the organization, the researcher asked the respondents what might be the solutions or remedies to the problems caused by financial non-reporting. The respondents used ranking to identify which were the least important factor and extremely important factor. The ranking was numbered 1 through 8, 1 being the least important factor and 8 being the extremely important factor. Tables 13 show the results of the respondent's responses.

*Table 13. Remedies to Combat Financial Non-reporting*

	Mean	Std. Deviation	Ranking
Train how to prepare reports	6.67	2.31	1
More stewardship seminars in churches	5.89	2.71	2
Reducing reporting distances	5.80	2.79	3
Communicate when supposed to report	5.67	2.51	4
We consult or give a reason in case of not reporting	5.55	2.59	5
Give sufficient time to prepare reports	4.99	2.85	6
Give motivation when reports are sent	4.86	2.78	7
To place remuneration upon production of reports	4.58	2.78	8

Table 13 shows the mean and standard deviation in descending order. The response with the highest mean shows the most important factor. The respondents suggested that all the suggestions in the table are possible remedies to combat financial non-reporting in the churches in North Malawi Field. Above all, training on how to prepare reports (M=6.67, SD=2.31) is the most likely remedy to combat financial non-reporting. This agrees with earlier results in table 11 that indicated that lack of training is one of the possible causes of financial non-reporting in some churches. Training has many advantages to the church members. For instance,

training increases organizational stability and flexibility, heightened morale, reduced learning time, among others (Kalpana, 2017). Above all, training is an integral part of human resource development program in almost all organizations (Kalpana, 2017).

The respondents also suggested that having more stewardship seminars in churches ( $M=5.89$ ,  $SD=2.71$ ) may reduce non-reporting of the churches. Stewardship had different dimensions but above all, “stewardship is all of me in response to all of God” (Puni, 2013). Therefore, the church members will show total and full commitment for the things that belong to God. “Mark 12:30 (NIV) states that ‘Love the Lord your God with all your heart and with all your soul and all your mind and with all your Strength’”. According to Puni (2013), when all church members understand that stewardship is the lifestyle of one who has a living relationship with Jesus Christ, then, they will act as His agents to manage His affairs on earth which includes financial reporting.

Reducing reporting distances ( $M=5.80$ ,  $SD=2.79$ ) can help to combat financial non-reporting. This agrees with that fact that many churches in the North Malawi Field are in rural areas as evidenced in Table 7 where 57% of the churches in North Malawi Field are from rural areas. Also, the fact that the pastors indicated that there are long distances between the churches that the pastors operate. Therefore, reducing long distances may greatly improve reporting.

The respondents also value communication when supposed to report ( $M=5.67$ ,  $SD=2.51$ ) can help to combat non-reporting; this helps responsible personnel at the Field office to remind the treasurers/ pastors on the dates the churches are supposed to report in case they forget. Furthermore, consulting or giving reasons in case of not reporting ( $M=5.55$ ,  $SD=2.85$ ), makes the church members responsible and accountable for their promise. Too many excuses can result in suspensions.

They also indicated that giving sufficient time to prepare reports (M=4.99, SD=2.85) may reduce financial non-reporting in churches. The churches are given a month according to the Seventh-day Adventist Church Manual (General Conference of Seventh-day Adventists, 2015) to report to the conference treasurer all the trust funds (p.57). The respondents furthermore, indicated that giving motivation when reports are sent (M=4.86, SD=2.78) may also help the churches to have the enthusiasm to report every month. Motivation may not mean monetary value but appreciation and acknowledgment on a well-done job can trigger motivation.

Lastly, the respondents recommended make financial reports a condition remuneration (M=4.58, SD=2.78). The suggestion supports the outcome of the stewardship council that was organized by the Malawi Union Conference stewardship department. One of the resolutions was that workers shall not be paid unless financial reports have been presented to the Field.

### **Suggestions on Encouraging Churches to Submit Monthly Reports to the Field**

Apart from the structured questions, the respondents were requested to answer open questions that demanded their opinion on the suggestion on how to encourage churches to submit their monthly reports to the field. In so doing the researcher wanted to find out from the respondents, other ways to combat financial non-reporting which otherwise would not have been captured in the closed questions. In order to understand the respondent's views, the researcher in some cases used the oral interview to understand some of the views that were given. The following were some of the common suggestions from the respondents.

Firstly, pastors should know that they are answerable and responsible for all the reports on the church. Pastors are Chief Executive Officers (CEOs) for their

churches, in so doing, it is their duty and obligation to make sure all the reports are sent to the higher organization, if pastor understand this, the problem of non-reporting may be reduced in some churches. Secondly, the respondents suggested that the office should add banks that are found in rural areas. This according to the respondents will ease traveling long distances to deposit trust fund and the church will just send deposit slips and a summary of the trust fund. This will also be security for God's funds and individuals from harm.

Thirdly, they also suggested that in all church districts there should be a district treasurer who will reconcile that all the churches have reported. In so doing it will ease the church treasurers in traveling long distances. They further, suggested that districts should be divided into zones to reduce reporting distances and the district treasurer to collect reports from zones. Fourthly, they suggested that only committed people should be elected as treasurers while giving them special training before taking office. This goes back to the issue of training, which as discussed above is very important.

The respondents also stressed on the need that pastors should be visiting the small churches as well in their yearly itinerary. Some of the churches have never seen the district pastor visiting them. This also discourages church members. Lastly, the respondents suggested that local church should make it a requirement of all first elders and company leaders to be enforcing treasurers on monthly financial reporting.

### **Strategic Plan**

Based on the results above, the researcher proposed the following strategies in order to minimize financial non-reporting.

*Table 14. Strategies to Minimize Financial Non-reporting*

<b>Objective</b>	<b>Strategies</b>	<b>Action</b>	<b>Responsible Person</b>	<b>Performance Indicators</b>
1.To Increase the total number of churches that report regularly to 95% in 2 years	1.Conducting seminars every quarter at every church. 2.The Field Office will be giving feedback every month on which church has reported.	1.All church elders and pastors will be empowered to remind the church treasurers of the dates they are supposed to report every month 2.We will also involve the Field treasurer to give the feedback every month.	Church elders, pastors The Field Treasurer	Every month there is a percentage increase in the number of financial reports collected to about 98%.
2.To encourage stewardship seminars at every level of the local church	1.To dedicate one Sabbath every month as a Stewardship Sabbath	1.All Stewardship directors, church treasurers, and pastors will promote the day.	The Stewardship director, the Pastor, and Church Treasurer	40% church members have taken stewardship as a lifestyle.
3.To install a culture of transparency and accountability in all the office bearers of the local churches	1.Conducting church internal audit every year	1.Every church will be empowered to choose an internal auditor or use the district treasurer to audit branches and companies. The Field office personnel's will audit the churches	The Pastor and the Field Officers	The Churches are transparent and accountable in all church transaction. 90% of the churches are audited every year
4.To achieve adequate internal controls in churches	Conducting internal control seminars every year	The Field officers will arrange seminars every year	Field Officers	90% of the Churches follow the internal control guidelines set by the Field office
5.To include financial reporting during new church officers training	The pastors will be sending their itinerary to the Field office on the dates that the training will be held.	The Field office will assign personnel to attend the training and teach what the office is expecting.	Pastors, Field Officers, and Departmental directors	95% of local church officers are aware the importance of reporting.
6.To reduce financial reporting distances	1.Every church will have district treasurer so that church treasurer will be reporting to them. 2.The Field Office to open Banks that are accessible by the majority of the churches The Field have open other avenues for reporting ie Airtel Money and TNM Mpamba	1.We will involve all church boards to suggest faithful members be district treasurers at their district meeting and one will be chosen by the majority vote. 2.We will involve the Field officers to scrutinize the possibility of adding other banks and other avenues.	Pastors, Field Officers	Every District has a district treasurer. Each church has a bank or means that is well accessible.



## CHAPTER 5

### SUMMARY, CONCLUSION & RECOMMENDATIONS

#### **Summary**

This research aimed at finding a solution to combat financial non-reporting situation in Malawi Union Conference of the Seventh-day Adventist Church. The study focused on North Malawi Field as a case study. The study raised the following research questions:

1. What are the major causes of financial non-reporting in North Malawi Field?
2. What are the implications of financial non-reporting in the North Malawi Field?
3. What are the possible remedies to combat financial non-reporting?

The research questions were addressed through a descriptive research design to capture the relevant issues in financial non-reporting of the local churches.

#### **Findings**

The study revealed that a major reason for non-reporting is the fact that the local churches are far from each other. In addition, the distance between office/bank and the churches, the lack of commitment, training, motivation, follow-ups, mentoring, not aware of the dangers of non-reporting, illiteracy, lack of logistics are marginal causes of financial non-reporting in the local churches. Reasons attributed to non-reporting also include the absence of treasurers during the time of preparing reports, low fund collection during the month, infrequent visitation of pastors to the churches and lack of feedback from the Field.

Furthermore, the problems of financial non-reporting have resulting implications on the Field. The study revealed that income is not fairly stated, low wage factor and lack of transparency and accountability are the three top consequences of non-reporting. Besides, the three major suggestions to combat non-reporting include training on how to preparing reports, more stewardship seminars and putting mechanisms to reduce distances.

### **Conclusion**

From the findings, it is apparent that financial non-reporting in Malawi Union Conference need a lot of attention in order to combat the vice. This will help to boost the financial capacity of the conferences and the churches. Although, the church members know their responsibilities, enough training and seminars are required on the importance of financial reporting to the higher organization.

### **Recommendations**

Based on the findings the following are the researcher's recommendations to:

#### **The North Malawi Field**

1. The Field should consider possible ways to split big church districts into reasonably manageable churches so that the pastors and elders can manage to visit all the churches regularly.
2. The Field should open accounts from banks that are easily assessed by the majority of the churches.
3. The Field should consider other secure avenues of funds transfers, for instance, Airtel Money and TNM Mpamba for the Field.
4. The Field should deliberately intensify treasurer's seminars in all zones at the start of each year where pastors, elders, and deacon will be in attendance.
5. Each church district should have a district treasurer where all other church treasurers will be reporting.
6. The Field/Conference should ease pastors' mobility by providing car/motorcycle loans.

### **Local Churches**

1. Churches should appoint two treasurers, in case one is unable to discharge his duties, the other can stand in.
2. Local Churches to appoint district treasurer to cater for the churches in the district.

### **District Pastors**

1. Pastors should make sure each church have been visited at least twice a year.
2. Pastors should intensify door to door visitations.

### **Suggestions for Future Research**

A similar study can be conducted in the other sister field and conference that is South Malawi Field and Central Malawi Conference to find strategies to combat financial non-reporting. Also, a study can be conducted on the validity of statistical membership reports as an official instrument for the Seventh-day Adventist church membership in Malawi.

## APPENDICES

## APPENDIX A

### RESEARCH INSTRUMENTS

Questionnaire (Pastors)

Dear Participant,

This questionnaire is designed to study financial non-reporting issues in Malawi Union: A case study in North Malawi Field. The information you will provide will help to formulate a strategy to eliminate or minimize the issue of financial non-reporting in Malawi Union. Because you are the one of those who can give the correct picture about the subject under study, I request you to respond to the questions frankly and honestly.

Be assured that any information provided will be treated in the strictest confidence and your name and individual responses will not be traced to you as a person. Your response will be kept strictly confidential and only members of the research team will have access to the information you give.

If you agree to participate in this study voluntarily, carefully read the questions and answer them according to your best knowledge and experience, having your local church in mind. Thank you very much for your time and cooperation. I greatly appreciate your help in furthering this research endeavor.

Yours sincerely,

Moffat Braston Moyo

Student, Adventist University of Africa.

#### Section A:

Think of the reasons why your district/church is not able to send reports to the Conference monthly. **Please indicate how well each of the following statement describes your District/Church by selecting one of the following response choices using the scale below:**

Not true at all of my church =1

Slightly true of my church =2

Mostly true of my church =3

Completely true of my church=4

you will indicate NA if the reason is Not Applicable to you.

	Major causes of non-reporting in Malawi Union	1	2	3	4	NA
1	We are not aware that we have to report monthly to the field	1	2	3	4	NA
2	There are too many churches in my district, I can't keep up!	1	2	3	4	NA
3	The churches are far from each other	1	2	3	4	NA
4	The office/bank is far from the churches	1	2	3	4	NA
5	Reporting is not among the very important responsibilities	1	2	3	4	NA
6	Reporting dates not convenient for the district	1	2	3	4	NA
7	We are NOT aware of the dangers of not reporting	1	2	3	4	NA

8	Lack of Commitment to Church duties	1	2	3	4	NA
9	Lack of Motivation from the office	1	2	3	4	NA
10	No proper follow-up from the office	1	2	3	4	NA
11	Lack of training	1	2	3	4	NA
12	Lack of mentoring	1	2	3	4	NA
13	Lack of time	1	2	3	4	NA
14	Lack of logistics	1	2	3	4	NA
15	Illiteracy	1	2	3	4	NA
16	The problem of power and authority	1	2	3	4	NA

17. In your own candid opinion, what do you think are the reasons on financial non-reporting of some churches? Please list them below:

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**18. In your own opinion, how can we reduce financial non-reporting in our churches?** Rank the following factors in order of importance (1 to 8), with 1 is the least important factor and 8 is the most important factor.

1. Train on how to prepare financial reports [ ]
2. Give sufficient time to prepare financial report [ ]
3. Communicate when we are supposed to send the report [ ]
4. Motivation to send the report on time [ ]
5. We consult or give reason in case of non-reporting [ ]
6. Reducing reporting distances [ ]
7. To place remunerations upon production of reports [ ]
8. There should be more stewardship seminars in churches [ ]
9. In your own opinion, what is your suggestion on how to encourage churches/districts to submit their monthly reports to the field? List them below:

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**SECTION B: General Information – fill in or circle the appropriate answer**

1. How many churches are you required to report monthly? \_\_\_\_\_
2. How many churches are you able to report monthly? \_\_\_\_\_
3. Which part of North Malawi Field is your church (es)?
  - A. Urban/City
  - B. Town
  - C. Rural
  - D. Others (specify) \_\_\_\_\_
4. Your age range:
  - A. less than 20 years
  - B. 21-30 years
  - C. 31-40 years
  - D. 41 years and Above
5. Your Church Office/Position:
  - A. Ordained Pastor
  - B. Un-ordained Pastor
6. How long have you served in your current church office/position?
  - A. less than 3 years

- B. 3-5 years
- C. 6-10 years
- D. 11 year and Above

7. Your highest educational attainment:

Secondary  Tertiary/university  others, please state \_\_\_\_\_

## Questionnaire (Church elder and Treasurer)

Dear Participant,

This questionnaire is designed to study financial non-reporting issues in Malawi Union: A case study in North Malawi Field. The information you will provide will help to formulate a strategy to eliminate or minimize the issue of financial non-reporting in Malawi Union. Because you are the one of those who can give the correct picture about the subject under study, I request you to respond to the questions frankly and honestly.

Be assured that any information provided will be treated in the strictest confidence and your name and individual responses will not be traced to you as a person. Your response will be kept strictly confidential and only members of the research team will have access to the information you give.

If you agree to participate in this study voluntarily, carefully read the questions and answer them according to your best knowledge and experience, having your local church in mind. Thank you very much for your time and cooperation. I greatly appreciate your help in furthering this research endeavor.

Yours sincerely,

Moffat Braston Moyo

Student, Adventist University of Africa.

### Section A:

Think of the reasons why your district/church is not able to send reports to the Conference monthly. **Please indicate how well each of the following statement describes your District/Church by selecting one of the following response choices using the scale below.**

Not true at all of my church =1

Slightly true of my church =2

Mostly true of my church =3

Completely true of my church =4

you will indicate NA if the reason is Not Applicable to you.

	Major causes of non-reporting in Malawi Union	1	2	3	4	NA
1	We are not aware that we have to report monthly to the field	1	2	3	4	NA
2	The office/bank is far from the churches	1	2	3	4	NA
3	Reporting is not among the very important responsibilities	1	2	3	4	NA
4	Reporting dates not convenient for the district	1	2	3	4	NA
5	We are NOT aware of the dangers of not reporting	1	2	3	4	NA
6	Lack of Commitment to Church duties	1	2	3	4	NA
7	Lack of Motivation from the office	1	2	3	4	NA
8	No proper follow-up from the office	1	2	3	4	NA
9	Lack of training	1	2	3	4	NA
10	Lack of mentoring	1	2	3	4	NA
11	Lack of time	1	2	3	4	NA
12	Lack of logistics	1	2	3	4	NA
13	Illiteracy	1	2	3	4	NA
14	The problem of power and authority	1	2	3	4	NA

15. In your own candid opinion, what do you think are the reasons on financial non-reporting of some churches? Please list them below:

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16. **In your own opinion, how can we reduce financial non-reporting in our churches?** Rank the following factors in order of importance (1 to 8), with 1 is the least important factor and 8 is the most important factor.

1. Train on how to prepare financial reports [ ]
2. Give sufficient time to prepare financial report [ ]
3. Communicate when we are supposed to send the report [ ]
4. Motivation to send the report on time [ ]
5. We consult or give reason in case of non-reporting [ ]
6. Reducing reporting distances [ ]
7. To place remunerations upon production of reports [ ]
8. There should be more stewardship seminars in churches [ ]
9. In your own opinion, what is your suggestion on how to encourage churches/districts to submit their monthly reports to the field? List them below:

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**SECTION B: General Information – fill in or circle the appropriate answer**

1. Which part of North Malawi Field is your church (es)?
  - A. Urban/City
  - B. Town
  - C. Rural
  - D. Others (specify)\_\_\_\_\_
2. Your age range:
  - A. less than 30 years
  - B. 30-39 years
  - C. 40-49 years
  - D. 50 years and Above
3. Your Church Office/Position:
  - A. Treasurer
  - B. Elder
4. How long have you served in your current church office/position?
  - A. less than 3 years
  - B. 3-5 years
  - C. 6-10 years
  - D. 11 year and Above
5. Your Gender:
  - A. Female
  - B. Male
6. Your highest educational attainment:
 

Secondary [ ] Tertiary/university [ ] others, please state\_\_\_\_\_

### Questionnaire (Field/Union Officers)

Dear Participant,

This questionnaire is designed to study financial non-reporting issues in Malawi Union: A case study in North Malawi Field. The information you will provide will help to formulate a strategy to eliminate or minimize the issue of financial non-reporting in Malawi Union. Because you are the one of those who can give the correct picture about the subject under study, I request you to respond to the questions frankly and honestly.

Be assured that any information provided will be treated in the strictest confidence and your name and individual responses will not be traced to you as a person. Your response will be kept strictly confidential and only members of the research team will have access to the information you give.

If you agree to participate in this study voluntarily, carefully read the questions and answer them according to your best knowledge and experience, having your local church in mind. Thank you very much for your time and cooperation. I greatly appreciate your help in furthering this research endeavor.

Yours sincerely,

Moffat Braston Moyo

Student, Adventist University of Africa.

#### Section A:

**To What Extent does financial non-reporting affect the field financially.** Rank the following factors in order of importance (1 to 8), with 1 is the least important factor and 8 is the most important factor.

1. Low wage factor for the ministers and workers [ ]
2. Expenses are more than the income [ ]
3. Income not fairly stated [ ]
4. Qualified/Adverse audit opinion [ ]
5. High level of unfaithful returners [ ]
6. High levels of mistrust from church members towards the office [ ]
7. Lack of transparency and accountability among churches [ ]

In your own candid opinion, what do you think are the reasons on financial non-reporting of some churches? Please list them below:

8. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

#### SECTION B: General Information – fill in or circle the appropriate answer

1. Your age range:
  - A. less than 30 years
  - B. 31-39 years
  - C. 40-49 years
  - D. 50 years and Above
2. Your Church Office/Position:
  - A. Executive Secretary
  - B. Chief Finance Officer
  - C. President
  - D. Stewardship director
3. How long have you served in your current church office/position?

- A. less than 3 years
  - B. 3-5 years
  - C. 6-10 years
  - D. 11 year and Above
4. Your Gender:
- A. Female
  - B. Male
5. Your highest educational attainment:  
Secondary [ ] Tertiary/university [ ] others, please state\_\_\_\_\_

APPENDIX B

STATISTICAL RAW DATA

**Pastors, Officers, and Others = Participants**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Pastors	34	25.2	25.2	25.2
	Officers	12	8.9	8.9	34.1
	Others	89	65.9	65.9	100.0
	Total	135	100.0	100.0	

**Age Range**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 30 years	7	5.2	5.2	5.2
	30-39 years	37	27.4	27.4	32.6
	40-49 years	50	37.0	37.0	69.6
	50 years and above	41	30.4	30.4	100.0
	Total	135	100.0	100.0	

**Gender**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	1	.7	.7	.7
	Female	27	20.0	20.1	20.9
	Male	106	78.5	79.1	100.0
	Total	134	99.3	100.0	
Missing	System	1	.7		
Total		135	100.0		

**Part of the Field**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Others	1	.7	.8	.8
	Rural	78	57.8	63.9	64.8
	Town	23	17.0	18.9	83.6
	Urban/City	20	14.8	16.4	100.0
Missing	System	13	9.6		
Total		135	100.0		

**Church position**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Treasurer	54	40.0	40.0	40.0
	Elder	38	28.1	28.1	68.1
	Ordained Pastor	19	14.1	14.1	82.2
	Un-ordained Pastor	12	8.9	8.9	91.1
	Accountant	4	3.0	3.0	94.1
	President	1	.7	.7	94.8
	Departmental Director	7	5.2	5.2	100.0
	Total	135	100.0	100.0	

**Years on the position**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Less than 3 years	63	46.7	46.7	46.7
3-5 years	39	28.9	28.9	75.6
6-10 years	17	12.6	12.6	88.1
11 years and Above	16	11.9	11.9	100.0
Total	135	100.0	100.0	

**Qualification**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Other	4	3.0	3.0	3.0
Secondary	75	55.6	55.6	58.5
Tertiary	56	41.5	41.5	100.0
Total	135	100.0	100.0	

**Descriptive Statistics on Pastors' Reports**

	N	Minimum	Maximum	Mean	Std. Deviation
How many churches are you required to report monthly	29	3	31	15.48	6.900
How many churches are you able to report monthly	28	3	26	13.36	5.665
Valid N (listwise)	27				

**Descriptive Statistics of Causes of Financial Non-reporting**

	N	Minimum	Maximum	Mean	Std. Deviation
Churches are far from each other	35	0	4	2.54	1.221
Office/Bank far from church	123	0	4	2.36	1.300
Lack of Commitment	123	0	4	2.24	1.139
Lack of training	123	0	4	2.10	1.183
Lack of Motivation	123	0	4	1.98	1.177
No Proper follow up from the office	123	0	4	1.93	1.054
Lack of Mentoring	123	0	4	1.81	1.027
Not aware of the dangers	123	0	4	1.68	1.051
Illiteracy	123	0	4	1.68	1.126
Lack of Logistics	123	0	4	1.66	1.108
Lack of time	123	0	4	1.42	.975
Too many churches I cannot keep up	35	0	4	1.29	1.073
Reporting dates not convenient	123	0	4	1.24	.702
Problem of Power and authority	123	0	3	1.14	.705
Not aware of reporting monthly	123	0	4	1.10	.564
Not among the very importance	123	0	4	1.06	.563
Valid N (listwise)	35				

**Other reason for Financial non-reporting**

	Frequency	Percent	Valid Percent	Cumulative Percent
	59	43.7	43.7	43.7
The absence of treasurers during the time of preparing the reports	1	.7	.7	44.4
Bank distances, time to prepare reports	1	.7	.7	45.2
Banks are far	1	.7	.7	45.9
Banks are far from where they are	1	.7	.7	46.7
Banks very far from districts, lack of pastors frequent visitations to various churches	1	.7	.7	47.4
Belittling their income to report, Church treasurers are mostly committed to their works, Elders, and pastors forgetting their responsibilities	1	.7	.7	48.1
Communication and lack of commitment	1	.7	.7	48.9
Dates for reporting not known to leaders, distances to main churches, busy with personal issues	1	.7	.7	49.6
Distance from their church to the main church to report, a Little fund to report	1	.7	.7	50.4
Disunity among leaders in the churches, Lack of commitment to church duties	1	.7	.7	51.1
Due to lack of commitment and sometimes the treasurer has borrowed money	1	.7	.7	51.9
Due to the logistical problem faced by churches, Other personal engagements	1	.7	.7	52.6
Embezzlement of funds by some treasurers	1	.7	.7	53.3
Feeling of inferiority when reporting little funds, treasurers and not paid	1	.7	.7	54.1
Follow-ups to the treasurers in churches and companies, training church treasurer and church clerks	1	.7	.7	54.8
Follow up is lacking	1	.7	.7	55.6

Forgetting the reporting dates, failing to prepare financial reports in time	1	.7	.7	56.3
Illiteracy and lack of commitment to church duties	1	.7	.7	57.0
Lack of commitment to church duties and lack of motivation	1	.7	.7	57.8
Lack of commitments	1	.7	.7	58.5
Lack of commitment to Gods work, Take thing very lightly, Spiritual problem	1	.7	.7	59.3
Lack of commitment by church officers, irregular church attendance by most members, Lack of cooperation amongst office bearers	1	.7	.7	60.0
Lack of commitment to church duties	2	1.5	1.5	61.5
Lack of commitment to church duties, lack of obedience to our God, Loving ourselves than God work	1	.7	.7	62.2
Lack of commitment to church duties, saying these are spiritual things	1	.7	.7	63.0
Lack of commitment to duties	1	.7	.7	63.7
Lack of commitment to members, Negligence by some churches, Illiteracy	1	.7	.7	64.4
Lack of commitment to the treasurers for bringing the report on time to the pastor or district treasurer	1	.7	.7	65.2
Lack of commitment, long distance to bank	1	.7	.7	65.9
Lack of commitment	1	.7	.7	66.7
Lack of commitment of church treasurer and treasurers are not aware of the dangers of not reporting	1	.7	.7	67.4
Lack of feedback from the field, lack of commitment	1	.7	.7	68.1
Lack of follow up	1	.7	.7	68.9
Lack of frequent civic education to the local elders and treasurer, no training	1	.7	.7	69.6

Lack of knowledge	1	.7	.7	70.4
Lack of knowledge, Lack of commitment, Long distances	1	.7	.7	71.1
Lack of knowledge and Inferiority complex	1	.7	.7	71.9
Lack of proper training in Stewardship	1	.7	.7	72.6
Lack of reminders	1	.7	.7	73.3
Lack of seriousness to other church leaders, some treasurers think they report anytime, one district having many companies with long distances	1	.7	.7	74.1
lack of training by the office and the pastor	1	.7	.7	74.8
Lack of training due to election each year and lack of motivation	1	.7	.7	75.6
Lack of transport	1	.7	.7	76.3
The laziness of some members. Lack of feedback from the conference	1	.7	.7	77.0
Laziness, not willing to walk a long distance to submit reports, Not observing reporting dates, Other take reports simple issue	1	.7	.7	77.8
Little travel allowance, distance places to collect reports	1	.7	.7	78.5
Logistic problem and budget, Hard to reach churches	1	.7	.7	79.3
Long distances	1	.7	.7	80.0
Long distances and forgetting the time of reporting, Rainy season	1	.7	.7	80.7
Long distances that treasurers move.	1	.7	.7	81.5
Long distances to the reporting stations and Failure to compile the reports. Some churches do not provide transport to the people responsible for reporting	1	.7	.7	82.2
long distances where to submit report	1	.7	.7	83.0



Negligence of local treasures and transport is not adequate	1	.7	.7	83.7
Negligence, Network problem for communication and some branches are far	1	.7	.7	84.4
Negligence, cheating and feeling it is not important	1	.7	.7	85.2
Not aware of the dangers of not reporting, Churches are far from the office	1	.7	.7	85.9
Not reminded by the district treasurer or field, distance to the bank/office	1	.7	.7	86.7
The office should provide means of transport to pastors and pastors should train churches on the importance of reporting	1	.7	.7	87.4
People are afraid to carry money for a long distance	1	.7	.7	88.1
Preoccupied with their day to day business, Get no benefits, only interfere with their work	1	.7	.7	88.9
Small churches close down when the area is affected by funeral, Illiterate and not knowing the importance of reporting	1	.7	.7	89.6
some churches are very far with the difficult road during rainy season, Negligence of work by treasurers especially branches	1	.7	.7	90.4
Some district are so wide that collection of reports becomes a problem	1	.7	.7	91.1
Some district are too wide with many branches, so being the case some treasurers don't follow up reporting dates because of long distances to travel	1	.7	.7	91.9
Some do not know the importance of reporting due to illiteracy	1	.7	.7	92.6
Some have small money to report	1	.7	.7	93.3

Some treasurers are not aware of the reporting dates, negligence and some branches are far from the main church where the district treasurer is.	1	.7	.7	94.1
Some treasurers are not committed and some miss dates for reporting	1	.7	.7	94.8
The attitude of the church treasurers towards reporting	1	.7	.7	95.6
The district treasurer is not given financial resources form the field office	1	.7	.7	96.3
The treasurer may have gone to a funeral during reporting time, The treasurer may have embezzled funds or the pastor have embezzled the fund	1	.7	.7	97.0
They feel the funds are small to report	1	.7	.7	97.8
Transport problem to hilly churches	1	.7	.7	98.5
Transports are a problem in rural areas	1	.7	.7	99.3
Very low financial collection so they feel shy to report, Logistical cost	1	.7	.7	100.0
Total	135	100.0	100.0	

#### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Income not fairly stated	12	5	8	7.75	.866
Low wage factor for the ministers and workers	12	4	8	7.58	1.165
Lack of transparency and accountability	12	1	8	7.42	2.021
High levels of unfaithful returners	12	2	8	7.33	1.775
High levels of mistrust from church members towards the office	12	1	8	7.08	2.234
Qualified/Adverse audit Opinion	12	1	8	7.00	2.374
Expenses are more than income	12	1	8	7.00	2.132
Valid N (listwise)	12				

**Descriptive Statistics – how to reduce non-reporting**

	N	Minimum	Maximum	Mean	Std. Deviation
Train how to prepare reports	123	1	8	6.67	2.310
More stewardship seminars in churches	122	1	8	5.89	2.711
Reducing reporting distances	123	1	8	5.80	2.798
Communicate when supposed to report	123	1	8	5.67	2.514
We consult or give a reason in case of not reporting	121	1	8	5.55	2.595
Give sufficient time to prepare reports	121	1	8	4.99	2.850
Give motivation when reports are sent	123	1	8	4.86	2.783
To place remuneration upon production of reports	119	1	8	4.58	2.785
Valid N (listwise)	118				

**Suggestions on how to encourage Churches to Submit reports**

	Frequency	Percent	Valid Percent	Cumulative Percent
	62	45.9	45.9	45.9
A pastor should know he is answerable and responsible, Elders should always remind the church treasurers on reporting	1	.7	.7	46.7
Adding banks that are found in rural areas, promoting stewardship and adding another pastor for the district	1	.7	.7	47.4
Appreciation when doing well, Visiting them regularly with complete love	1	.7	.7	48.1
Be following up	1	.7	.7	48.9
Churches should be advised or know the importance of submitting the reports hence knowing their roles	1	.7	.7	49.6
Civic education of churches, encourage churches to be committed to church duties and monitoring reports	1	.7	.7	50.4
Communication and motivation to send the reports	1	.7	.7	51.1

Districts should have a district treasurer and two in big districts	1	.7	.7	51.9
Districts to be divided into zones to reduce reporting distances and the district treasurer to collect reports from zones	1	.7	.7	52.6
Elders and deacons to remind treasurer when to give reports Only committed people should elected treasurers, Give special training before taking office.	1	.7	.7	53.3
Emphasize on training, Motivation of staff involved in reporting and mentorship to be in place	1	.7	.7	54.1
Emphasize the importance of reporting, Faithfull reporters should be given incentives	1	.7	.7	54.8
Finding ways of resolving transport problems due to long distances that pastors move, districts and zone treasurers	1	.7	.7	55.6
Frequent seminars and date reminders	1	.7	.7	56.3
Frequently visiting churches reminding the crucial it is to report, Have a focal person at the church to be looking after reports	1	.7	.7	57.0
Give the treasurers motorcycles for reporting	1	.7	.7	57.8
Giving the good reporter incentives ie books	1	.7	.7	58.5
Giving transport money to and from the bank to the treasurers, training from the office, empowering the pastors to be visiting the churches frequently.	1	.7	.7	59.3
Giving treasurers ample time to prepare trust funds, Stress dates when reports must be reported, Breakdown challenging districts into zones for easy collection by the district treasurer	1	.7	.7	60.0

Having treasurers meeting and orient them on issues of reporting, and be reminding them before the reporting dates	1	.7	.7	60.7
The incentive to members, Provide transportation to members and Warm welcome to the office	1	.7	.7	61.5
Incentives for churches that report all and timely, The field office should introduce a penalty for not submitting reports in time after 3 warning	1	.7	.7	62.2
Introduction of the trophy at the district level and field level to those that did well in reporting	1	.7	.7	63.0
Itinerary of reporting should be provided in time, transportation for the pastor	1	.7	.7	63.7
Monitoring	1	.7	.7	64.4
More seminars	1	.7	.7	65.2
More stewardship seminars and encourage them that even if the money is small they need to report	1	.7	.7	65.9
Motivating the pastors for reporting all churches and in time	1	.7	.7	66.7
Motivating treasurer who does good reporting	1	.7	.7	67.4
Motivation, equip workers with necessary tools, Loving the workers with grace	1	.7	.7	68.1
The office should top up the district travel so that pastors can follow up the failed churches	1	.7	.7	68.9
Officers should know their duties	1	.7	.7	69.6
Pastors should be visiting the small churches as well	1	.7	.7	70.4
Pastors should train churches on the importance of reporting and office should provide means of transport to pastors	1	.7	.7	71.1

Provide incentives, encourage internal auditing regularly, stewardship campaign to include financial records	1	.7	.7	71.9
Providing means on transports to district treasurer e.g bicycle	1	.7	.7	72.6
Providing means of transport to workers eg car or bicycle loans	1	.7	.7	73.3
Reduce long distances	1	.7	.7	74.1
Reduce reporting distances by adding GP or opening other districts	1	.7	.7	74.8
Reduce the reporting distances, train local treasurer the importance of reporting	1	.7	.7	75.6
Reducing reporting distances	1	.7	.7	76.3
Reminding the treasurers	1	.7	.7	77.0
Reminding them two weeks before the reporting day	1	.7	.7	77.8
Seminars for the treasurer to see the importance and danger of reporting, to set a budget for travel expense for treasurers	1	.7	.7	78.5
Sensitizing churches on the importance of submitting monthly reports and stewardship lessons	1	.7	.7	79.3
Sensitizing the church members and stakeholder on the dangers of the delay in submission of monthly report ie it retards the growth of the churches	1	.7	.7	80.0
Teaching the treasurers the importance of monthly reporting	1	.7	.7	80.7
Thanking them for the good unpaid work they are doing, Teach them to be good stewards	1	.7	.7	81.5
The district pastors should be reminding the treasurer on the dates of reporting	1	.7	.7	82.2

The office should be visiting them, Churches to have district treasurer where local treasurers should be reporting	1	.7	.7	83.0
The office should communicate with the treasurers if report is not given, the office should talk diplomatically to pastors if the report is not given, the office should thank churches which reported well as part of motivation at the end of the year.	1	.7	.7	83.7
The pastor should only be paid after submitting all reports from churches	1	.7	.7	84.4
The Zone treasurer should collect reports, The reports should be kept by the treasurer who has access to the road to the bank	1	.7	.7	85.2
There should be close monitoring with a friendly manner	1	.7	.7	85.9
To make it a requirement of all first elders and company leaders to be enforcing treasurer on monthly financial reporting	1	.7	.7	86.7
To set dates for the district to collect reports, pastors should be given enough travel budget, pastors should conduct seminars with treasurer quarterly	1	.7	.7	87.4
Training	3	2.2	2.2	89.6
Training and empowering some elders in the district to assist in the collection of reports from churches and companies	1	.7	.7	90.4
Training church members the importance of reporting	1	.7	.7	91.1
Training churches members on personal finances	1	.7	.7	91.9
Training of treasurers to continue, reminding the treasurers of the dates of reporting, seminars from the field for the treasurers	1	.7	.7	92.6

Training the church boards how to report and its importance, elders should remind the departments to submit their reports on time	1	.7	.7	93.3
Training the elders and treasurers	1	.7	.7	94.1
Training the importance of reporting to church	1	.7	.7	94.8
Training the treasurers well and they should know the seriousness of reporting	1	.7	.7	95.6
Trainings and motivations	1	.7	.7	96.3
Transport provision by the church, communication between church treasurer and 8church leaders should be improved	1	.7	.7	97.0
Treasurers must keep dates of reports	1	.7	.7	97.8
Treasurers to be encouraged to submit monthly reports, Banking the money if the banks are nearby, Treasurers to be given dates for reporting for the whole year	1	.7	.7	98.5
Using Banks	1	.7	.7	99.3
Using Banks that are commonly found even in the rural, Arranging training for the treasurers on reporting	1	.7	.7	100.0
Total	135	100.0	100.0	



## APPENDIX C

### SEMINAR NOTES SUMMARY

#### Local Church Internal Control Seminar Notes Summary

##### Introduction:

Local church members which include the Elders, Church treasurers need to have some orientation on the basic requirements for their duties. The main target is the church treasurer to know how financial reports are composed of and how they are prepared. Below are the brief notes to give an idea of what the treasurers are taught at the church level.

##### Objectives:

The main objective of the Notes is to orient the newly elected treasurers and to remind the old treasurers of their duties in the presence of the elders and pastors so that the books are ready for audit. The main goal is combat financial non-reporting.

#### **I. RECEIPTING PROCEDURES**

-No matter how small the amount, a receipt should be issued

-Neatness & Accuracy

-A receipt should show the following:

- a. Name of the church
- b. Name of the person giving the money
- c. Date of issue
- d. The amount in figures
- e. The amount in words
- f. What the funds are to be used for
- g. Signature of the person writing the receipt

-Each receipt should be in triplicate (have 3 copies):

- a. One copy to be given to the person giving the money
- b. One copy to be sent to the field with the Trust Funds
- c. One copy to remain in the receipts book until the church accounts are audited.

#### **II. REPORTING PROCEDURES**

Monthly report to the church members-i.e during business meetings

Timely-The Church Treasurer/Pastor should submit the reports on the given day according to the schedule given.

Summary form-It is the sheet that shows all funds collected during the month for all Churches, Branches, and Companies.

The Summary form should comprise of all the Churches in that District whether they report or not.

Each Church, branch or company should deposit its funds collected during the month so that each church, branch or company should have its own receipt from the Office.

Behind the Deposit Slip each church, branch or company should write the

composition of the funds deposited and on the Deposit Slip a name of the church, branch or company.

It is advisable that the District Treasurer should handle Trust funds. The Pastor should be monitoring and get the report from the District Treasurer.

Every building needs a good foundation. In this case, churches are the foundation if things go wrong on the foundation; the building is subject to fall, with any wind or storm. That's why the Church administration is pleading with churches to follow the prescribed guidelines.

### **III. ONE OFFERING PLAN**

-Tithe=10%

-Combined Offering-50%

-Local Church Budget 50%

### **IV. TRUST FUNDS**

1. Funds to higher institutions

2. Local church fund Budget

### **V. AUDIT PREPARATION**

All cash books for the period

All receipt books for the whole period-ensure that none is missing

All bank statements

All canceled cheques for the period

All bank savings book

All copies of fixed deposit certificates and title deeds of property if any

All copies of bank deposit slips

All copies of chequebooks

All receipts for money spent throughout the year

Church board minutes

Asset register of all local church property

Some Church members ask questions on how the Trust fund that is Tithe and Offering are shared or used when the churches pass on to the high organization. For accountability and transparency sake, the pastors, elders, and treasurers should have a knowledge of how the tithe and offering are been shared. Therefore, at every seminar, the description on how tithes and offerings are shared will be included in their training. Below is the description:

### **Malawi Union Conference**

#### **Tithe and Offering Sharing 2017**

##### **A. Tithe Sharing Percentage at Field and Conference level to the higher organization**

1. The tithe of Tithe-Union 10%
2. Special Tithe-SID 7%
3. Special Tithe-Union 7%
4. Retirement Fund 12.5%
5. VOP Support 1%
6. SDA Radio & TV 2%
7. Malawi Adventist Univ. 1%
8. AUA Bursary fund 1%

Total 41.5%

##### **B. Tithe Sharing Percentage at Union Level to higher organization**

1. The tithe of Tithe-Union 10%
  2. Special Tithe-SID 7%
  3. Retirement Fund 12.5%
  4. VOP Fund 1%
  5. SDA Radio & TV 2%
  6. AUA Bursary fund 1%
- Total 33.5%
- C. Offering Sharing at Local Church**
1. Local Church Budget 50%
  2. Offering Share to Field/Conf. 50%
- D. Offering Sharing at Field/Conference**
- Out of the 50% Offering from Churches
1. Field/Conference Development 20%
  2. Offering Share to Union 30%
- Total 50%
- E. Offering Sharing at Union Level**
- Out of the 30% received from Field & Conference
1. Union Development 5%
  2. SID Share 5%
  3. GC Share 20%

**Church Treasurers' Seminar Program 2018**

- I. 1<sup>st</sup> Prayer
- II. Introduction
- III. Presentation
  - A. Receipting Procedure
  - B. Reporting Procedure
  - C. Trust Funds
  - D. Audit Preparation
- IV. Conclusion
- V. Last Prayer

## APPENDIX D

### LETTERS



**AUA**  
*Adventist University of Africa*

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00503 Nairobi, Kenya  
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Email: [info@aua.ac.ke](mailto:info@aua.ac.ke)  
WEB: [www.aua.ac.ke](http://www.aua.ac.ke)

Location:  
Advent Hill, Magadi Road, Ongata Rongai

January 30, 2017

**To Whom It May Concern:**

**RE: Authorization to Conduct a Research Study**

Greetings from Adventist University of Africa (AUA), Kenya! This letter is to introduce **Mr. Moffat Braston Moyo** who is a student in the School of Postgraduate Studies offering Master of Business Administration (Accounting Option) at AUA.

Moffat is currently undertaking research leading to the production of a research project entitled: **"A Strategy to Combat Financial Non-reporting of Churches in Malawi Union: A Case Study at North Malawi Field"**. As part of the research process, he needs to conduct a survey by distributing questionnaires and seeking interviews.

May I therefore request your kind assistance in granting Moffat authorization to distribute his questionnaires in your Field.

Be assured that any information provided will be treated in the strictest confidence and none of the participants will be individually identifiable in the resulting study.

Thanking you in advance for your assistance and support in furthering this research endeavor.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "JGanu".

Josephine Ganu, PhD  
School of Postgraduate Studies, AUA  
Associate Professor of Management  
Director, MBA Program

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**North Malawi Field**

P.O. Box 370 Mzuzu, Malawi  
Telephone: 01 310 245  
Fax: 01 331 245

March 30, 2017

**TO WHOM IT MAY CONCERN**

**RE: AUTHORIZATION TO CONDUCT A RESEARCH STUDY**

Mr Moffatt B. Moyo is a graduate student perusing the Masters of Business Administration Degree at the Adventist University of Africa.

Mr Moffatt Moyo is doing his final year which includes writing of a theses as a result, he has applied to do his research in Seventh day Adventist Churches.

I am glad to inform all pastors, church treasurers, elders and all church accounts officers in our church institutions that he has been granted permission to do such research related to his theses.

Your assistance to him in any way will be greatly appreciated.

Yours Faithfully,

ADV Moyo  
Educational Director (NMF)

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## VITA

### **Personal Details**

Name: Moyo Moffat Braston

Date of Birth: 16<sup>th</sup> March 1983

Marital Status: Married

Nationality: Malawian

Languages: English, Tumbuka, and Chichewa

### **Academic Qualifications**

Master of Business Administration, (Accounting), Adventist University of Africa-Kenya (in Progress).

Bachelor of Business Administration-Accounting-Malawi Adventist University (University of East Africa Baraton- [Kenya] Affiliate)-2004-2008

Malawi School Certificate of Education (MSCE)-2002, Chimaliro Pvt. Secondary School, Mzuzu

### **Work Experience**

Associate Treasurer at Malawi Union Conference-January, 2018-Present

Chief Finance Officer/Executive Secretary at North Malawi Field-June 2012-December, 2017

Acting Chief Finance Officer/Executive Secretary at North Malawi Field-November 2011- June 2012.

Project Accountant for Empowerment for Health and Livelihood Project for 3 years in Karonga-Christian-Aid funded-March 2010 to March 2013.

Accountant at North Malawi Field-January 2009 to October 2011

Assistant Accountant at North Malawi Field- June 2008-December 2008

Sales Attendant at Business Consultant Africa (BCA) on Contract-April 2004 to June 2004