

MISAPPROPRIATION and INCOMPETENCE (revised 10/2/10)

71 Action to be taken on discovery of dishonesty or incompetence

It is an unfortunate reality that very occasionally those who have been entrusted with the stewardship of Church funds in the past have not been fully competent or fully honest. Although the proportion of those who have failed in either of these two areas has been very small, nevertheless it is incumbent upon every member of the Church Council, including the chair, to be alert to this possibility and to ensure that appropriate procedures and checks are in place. This applies also to Circuit Meetings and all other trust bodies.

Requests for signatures on blank cheques; the late payment of bills, especially assessments; the lack of suitable arrangements for the handling of collections or other cash income; the late presentation of accounts; the failure to have accounts properly audited/independently examined; the lack of tax recovery income, are all signs of irresponsible or incompetent handling.

These all give cause for considerable concern and should be investigated immediately.

Where there is initial evidence that a problem exists the fact should be reported immediately to the superintendent minister as chair of the managing trustees who should initiate an investigation by a competent person. If it is discovered that the problem is one of incompetence then the treasurer must be replaced forthwith, usually following an emergency meeting of the managing trustees.

Should the problem of misappropriation be revealed then the matter must be reported to the Superintendent who should contact the Chair of District. In such cases the trustees have a fiduciary duty to report the matter to the police.

An independent examiner or auditor, upon becoming aware of a serious and deliberate matter, could report directly to the Charity Commission, at the same time reporting the matter to the managing trustees.

It is not sufficient for trustees to depend upon the knowledge that any office holder, including the treasurer, has particular expertise in financial matters. Appropriate checks and questions by trustees when annual accounts are presented are entirely prudent and a sign of good stewardship and trusteeship.

Such checks and balances in no way undermine or call into question the expertise of the treasurer, independent examiner or other person. On the contrary, they serve to protect such individuals as well as the charity itself.

After all, it is the charity trustees who are ultimately accountable if things go wrong – except in cases of dishonesty or misappropriation.