



# CORE POLICIES (S 90):

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Developed Pathways for Compliance





# Policy Compliance Testing - 2018

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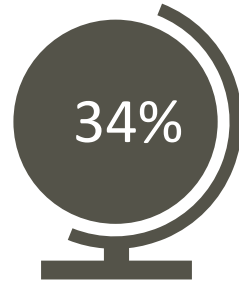
79%

The percentage of Church organizations with **at least one violation** of the core policies enumerated in *GCWP S 90*

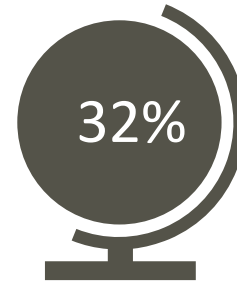




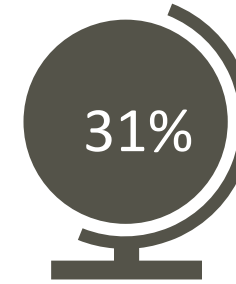
# Another perspective on violations



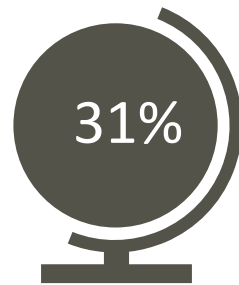
Financial  
Reports



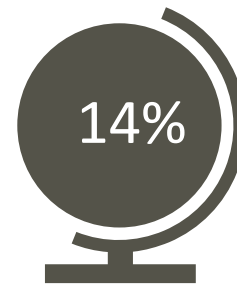
Audit  
Committees



Insurance  
Coverages



Conflicts of  
Interests



Service  
Records



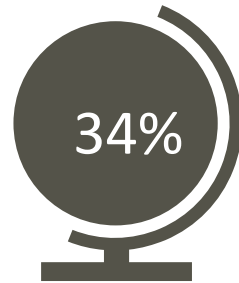
Operating  
Deficits





# What could go wrong?

An organization does not provide monthly financial reports to management and governance



Financial Reports

*Management* decisions may be irrelevant, uninformed, and tardy in correcting problems

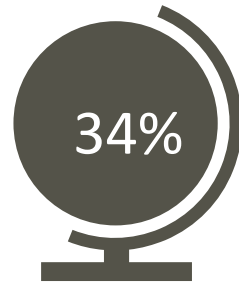
*Governance* relies entirely on management representations which may be incorrect (intentionally or inadvertently)





# What could go wrong?

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Audit  
Committees

An organization does not have a properly constituted or functioning audit committee

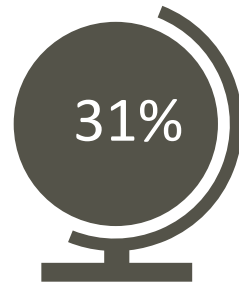
Governance does not get an unbiased and expertly informed understanding of audit results and may make uninformed decisions





# What could go wrong?

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Insurance  
Coverages

An organization does not have adequate insurance coverages

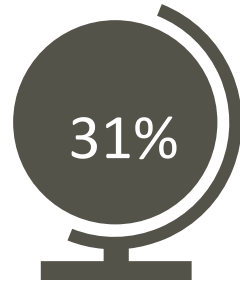
The organization could experience significant uncovered losses, could become bankrupt and affect higher organizations





# What could go wrong?

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Conflicts of  
Interests

An organization does not obtain conflict of interest statements from all board members and designated employees

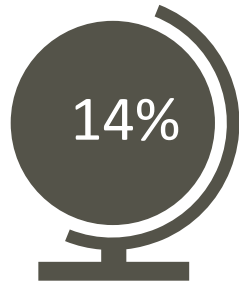
The organization could experience an increased risk of fraudulent activity because governance is not aware of potential conflicts and individuals are not informed or reminded of the expectation to be free of conflicts





# What could go wrong?

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Service  
Records

An organization does not have service records,  
or they are not properly updated

The organization does not have any  
defense/protection from claims in the future by  
employees who did not qualify for benefits in  
years past

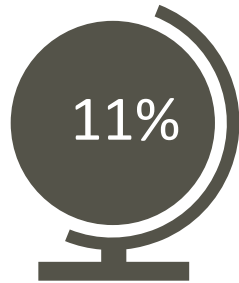






# What could go wrong?

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Operating  
Deficits

An organization does not make provision in subsequent years for operating deficits

The organization could go bankrupt due to inadequate planning and impact higher organizations who may be called upon for a bail out or stimulus package





## What if *Top 6* violations are addressed?

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79%



8%

The percentage of Church organizations with **at least one violation** of the core policies enumerated in *GCWP S 90*





Developed Pathways  
for Compliance with Core Policies (S 90)



# Role of Financial Oversight Committees

## Audit

- To be fully informed about audit matters, financial reporting risks and financial reporting processes

## Compensation

- To be fully informed about compensation practices within organization and ensure compliance with policies

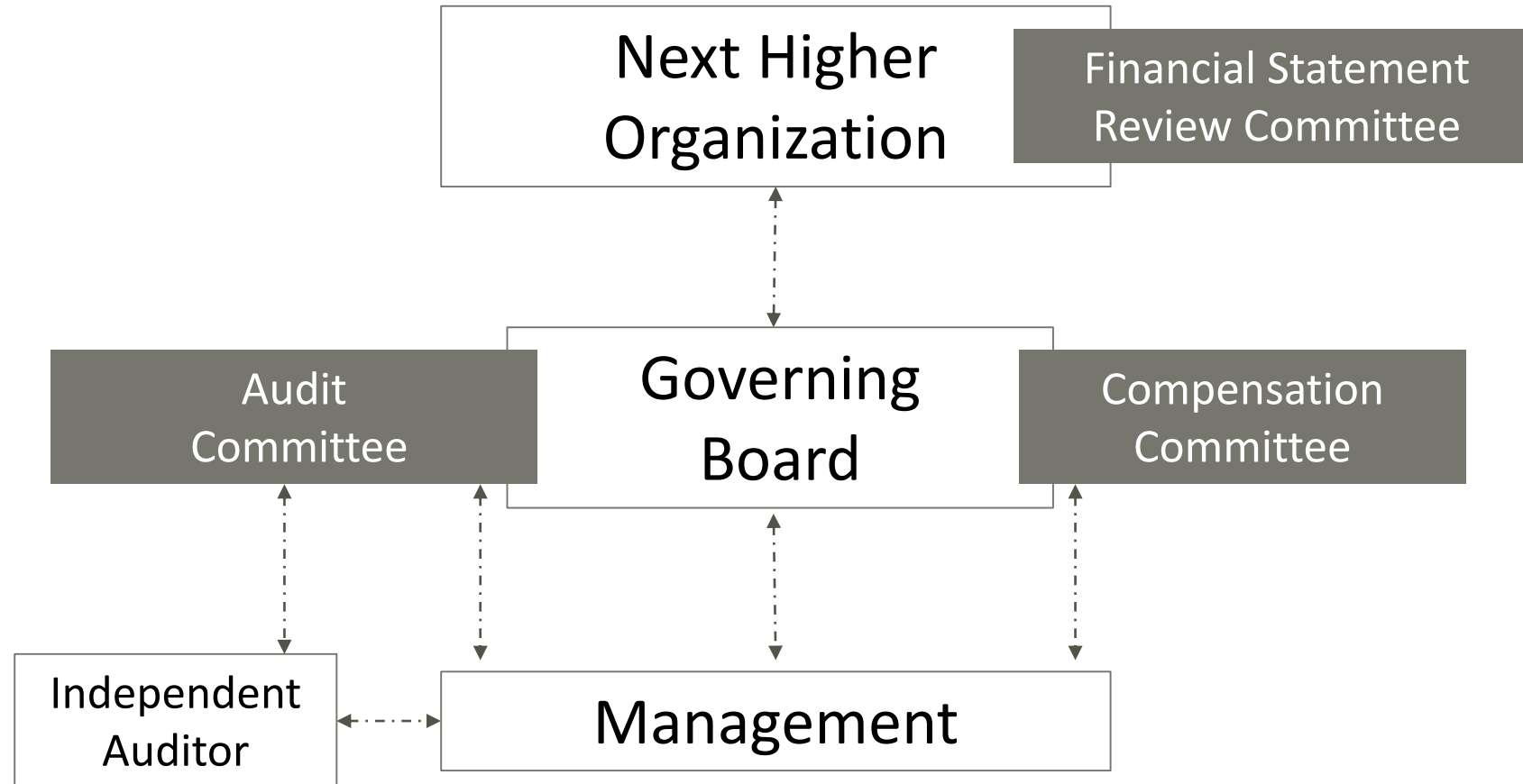
## Financial Statement Review

- To be fully informed about the financial health of subsidiary and affiliated organizations





# SDA Financial Oversight System





# Developed Pathways for Compliance

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1. Ensure implementation and compliance with core policies as part of its own governance and that of the World Divisions and GC Institutions
2. Recommend a revision to the terms of reference for GC Audit Committee to specifically include attending to noncompliance reported by the external auditor
3. Assign responsibility to the GC Treasury Group and Executive officers for implementing core policies and report yearly to the GC Audit Committee





# Developed Pathways for Compliance

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*World  
Divisions and  
Institutions*

1. Operate a Financial Statement Review Committee that includes in its responsibility discussing with an organization's administration about reported noncompliance with core policies
2. Expect officers representing Presidential, Secretariat, and Treasury to dialogue with administrations about implementation and compliance with core policies
3. Expect officers representing Presidential, Secretariat, and Treasury to file a report with the Financial Statement Review Committee regarding the status of implementation and compliance with core policies





# Developed Pathways for Compliance

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ECD

1. Prepare a database of audit committee recommendations by Union territory
2. Facilitate constant communication between audit committees and management all levels
3. Provide oversight in form of quarterly progress reports
4. Require Unions to follow a prescribed four-step process for addressing reported noncompliance
5. Report to the Division Executive Committee on implementation of audit committee recommendations







# Developed Pathways for Compliance

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ESD

1. Implement an Action Guide for the review and study of audit reports
2. Prepare an abstract of the core policies to be distributed to the leadership in territory
3. Include core policies as agenda item for Executive Committee meetings and request each attendee sign a commitment to implement core policies
4. Create Financial Review Committees at all levels and establish consequences for persistent non-compliance.
5. Utilize a checklist to review implementation of core policies during interviews with Union officers.





# Developed Pathways for Compliance

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EUD

1. Analyze core policy violations
  - a. 75% can be resolved easily
  - b. 25% will require more effort to be resolved (appear to be associated with a financial tradeoff or an underlying structural problem)
2. Discuss analysis with Union treasurers and their fellow Union officers
3. Maintain awareness of core policy compliance by reporting to Division Executive Committee and regular meetings of Union Treasurers





# Developed Pathways for Compliance

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IAD

1. Work with the administration of each Union to ensure that audit committees function appropriately throughout the territory
2. Implement the operation of financial statement review committees at all levels
3. Conduct interviews with Union officers and require the development of action plans to address compliance with core policies
4. Promote compliance with core policies at Treasury Meetings and Division Executive Committees
5. Strengthen the culture of managing Division entities with an emphasis on compliance with core policies





# Developed Pathways for Compliance

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NAD

1. Encourage all entities to establish audit committees
2. Review all sub-standard audits results with the GCAS Associate Director for North America
3. Discuss all substandard audit results with the respective Union Treasurer
4. Apply a financial penalty for persistent sub-standard audit results
5. Maintain a standing agenda item for the Union Treasurers Committee to monitor compliance with the core policies (S 90)





# Developed Pathways for Compliance

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NSD

1. Distribute a list of core policy violations to treasurers for each Union and request follow up in their territory
2. Emphasize the establishment audit committees at Year-End Meeting
3. Encourage Union Treasurers convene meetings and require Treasurers to prepare report on which violations have been corrected and a timeline on when remaining violations will be corrected
  - a. Division Treasurer and Under-treasurer to attend these meetings





# Developed Pathways for Compliance

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SAD

1. Utilize a compliance department to assist organizations with practical actions on how to reduce noncompliance
2. Expect observance to a *Code of Conduct and Ethics* by all leaders and employees
3. Analyze all GCAS reports and provide Union Administrators with three types of reports for consideration: [Global], [Personalized], [Sensitive]
4. Incorporate technology into routine processes to minimize errors leading to noncompliance
5. Require each Union to coordinate and control the audit committee activities within its territory





# Developed Pathways for Compliance

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SID

1. Sensitize leaders about the lack of adequate compliance to core policies
2. Promote collaboration of Presidential, Secretariat and Treasury departments for compliance with core policies
3. Introduce monetary and non-monetary incentives
4. Implement consequences for persistent noncompliance including removal for cause
5. Place core policies as a standing agenda item for Union Officers Interviews and Executive Committee meetings





# Developed Pathways for Compliance

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SPD

1. Amend and/or harmonize SPDWP to GCWP S 90
2. Promote the establishment and function of audit committees in the following forums:
  - a. Division Executive Committee and major boards
  - b. Union Officers Meetings
  - c. Division and Union Treasurers Meetings







# Developed Pathways for Compliance

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SSD

1. Conduct peer reviews for all conferences/missions and institutions with emphasis on audit recommendations, policy compliance and financial statements
2. Strengthen emphasis on policy compliance and overall financial management at Union seminars
3. Activate the Financial Statement Review Committee at the Division and require Unions to do the same
4. Develop and provide resources on internal control and guidelines for different types of organizations





# Developed Pathways for Compliance

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SUD

**COMING  
SOON**





# Developed Pathways for Compliance

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TED

1. Accept that financial leadership and accountability is the collective responsibility of leadership
2. Place core policies as a standing agenda item for Division and Union Treasurers meetings
3. Operate a TED Financial Statement Review Committee
4. Discuss the importance of core policies at treasury training meetings
5. Attend meetings of Union audit and executive committees and provide advice regarding any divergence from policies





# Developed Pathways for Compliance

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1. Require all Unions to submit their voted actions and those of their conferences/missions/institutions on:
  - a. the establishment of audit committees
  - b. the implementation audit committee recommendations
2. Require all Unions to submit voted actions and evidence of communicating with their entities regarding compliance
3. Form a Division Crisis Committee to:
  - a. Examine recommendations from Unions regarding disciplinary actions
  - b. Examine records of noncompliant Unions and recommend disciplinary actions





# Developed Pathways for Compliance

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CHUM

IF

MENA

**COMING  
SOON**





# CORE POLICIES (S 90):

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Making a Case for Compliance

