



Report of the Treasurer, Part One: Work of the Office

Statement of Purpose

The treasurer of the Evangelical Lutheran Church in America (ELCA) proposes policy and oversees the implementation, within such policies, of the financial, accounting, audit, banking, investment, property, information technology, and building management systems of the churchwide organization. In addition to serving as the executive officer for the Office of the Treasurer, the treasurer serves as president of the Mission Investment Fund of the ELCA. The duties and responsibilities of the treasurer are explicitly defined in the *Constitution, Bylaws, and Continuing Resolutions of the Evangelical Lutheran Church in America*, provision 13.50. and following, with additional responsibilities related to the operation of the Mission Investment Fund of the ELCA found in provision 17.50. and following.

Report of Work 2007–2009

In the last biennium, the staff of the Office of the Treasurer (OT) has concentrated efforts on aligning the work of the unit and its sections with the needs of the organization, implementing best practices related to information technology and data security, planning for an upgrade of the general ledger system, and maintaining a strong internal control structure. A new area of emphasis has been the development of finance and accounting resources for synods and congregations.

Internal Controls

Internal auditing continues to work with operations and systems of the churchwide organization to ensure proper control, safety, and security. Some recent efforts are outlined below.

Data Security: A series of three workshops tailored to the needs of congregations, synods, and the churchwide organization was developed and presented to churchwide staff and to gatherings of synod vice presidents and administrators.

Policy and Procedure Controls: All policies and procedures are reviewed annually. This review is completed by the end of September in preparation for the external auditor's review and testing at both the entity and account level.

Information Technology: Internal audit has worked with Information Technology in a number of areas, including review of procedures, resource and capacity planning, change management, development of performance indicators, business continuity planning, and review of new system(s) scope and specification documentation.

Regional Audits: The implementation of a Regional Office Audit Program has led to the strengthening of controls governing each of these regions, especially in the area of controls over bank accounts and segregation of duties. Four regional reviews were completed in 2008, with another three planned in 2009.

Critical Vendors Review: A program was designed and implemented to identify the churchwide organization's critical vendors and to obtain and review their SAS 70 auditing standards reports to ensure that the vendors' internal controls are adequate and appropriate.

Accounting System Update

The accounting system used by the churchwide organization is being updated to a Web-based system. Staff has been engaged in planning and preparing for the conversion by participating in best practices interviews with representatives of the service provider, reviewing current operations, evaluating the impact of the upgrade on our practices and procedures, and identifying reporting needs. Various user groups have been formed and are meeting on a bi-weekly basis to ensure a smooth transition to the new system in August 2009.

Support to Units

The Office of the Treasurer strives continually to enhance the service and financial information provided to the units of the churchwide organization. Some enhancements made over the past six months include the following:

Credit Card Review: An additional corporate card program has been established for travel to certain parts of the world to improve acceptance and for certain ELCA events to improve administrative efficiency.

Credit Card Merchant Gateway: A vendor relationship has been established that will greatly ease use of credit cards as an option for donors and eliminate multiple entries into the accounting system.

Youth Gathering Support: Accounting for the ELCA Youth Gathering has been centralized in the Office of the Treasurer. New procedures and reports have been developed in cooperation with the Youth Gathering staff that will greatly facilitate the financial management of this event, including an online registration process, three-year budget report, and a vendor report that monitors receipt, status, and pending payments.

Cross Training: Staff completed a cross-training process to enhance the unit's ability to provide service without interruption.

Budget Planning and Tracking: A new budget planning worksheet that shows three prior years of actual expenses was developed for use by program directors to help units more accurately prepare detailed budgets. Also created were standard reports that capture key information on variances and fund balances in order to facilitate efficient quarterly budget reviews with each churchwide unit.

Automation: A new system was developed that decreases invoice processing time for United Parcel Service (UPS) bills from the previous four–six hours down to ten minutes. This process codes journal entries to the proper accounts, produces check requests for payments of invoices, and sends e-mails to units informing them of their UPS charges. Also created were automatic journals, e-mail notification, and an online approval process for users of Publishing Services.

Workshops: The Office of the Treasurer provided a series of learning opportunities for all staff in the Lutheran Center. The 25 workshops in 2008 covered 17 different topics. Certificates were issued to staff members who attended, and they are eligible for continuing education credits.

Review of Banking Fees and Services

A comprehensive review of banking fees and services was completed. As a result, the banking relationship with Northern Trust was terminated, and certain services provided by Harris Bank were expanded. Lower banking fees were achieved as well as an increase in the uncommitted line of credit, along with a new committed line of credit in the amount of \$10 million. Given the state of the economy and changes in the banking system, it was determined that an unsecured line of credit was no longer sufficient to meet any unanticipated, short-term cash flow needs as called for in the cash management policy. There have been no recent draws on the line of credit.

Recommendations of the Blue Ribbon Committee on Mission Funding

One of the recommendations in the report of the Blue Ribbon Committee on Mission Funding is that the churchwide organization provide expanded acknowledgement of local giving. While the Office of the Treasurer can only report on income received for churchwide ministries, the office has worked to enhance reporting to synods so that they have better information on both the unrestricted and designated gifts that are given for churchwide ministries through the synod and directly to the churchwide organization. Examples of designated gifts include gifts for the World Hunger appeal and Disaster Response. A comprehensive report of congregational giving, both direct and indirect, is now provided for synods twice a year.

The missing component in the reporting is mission-support income by congregations. OT continues to encourage synods to move to using the Synod Remittance Advice System, so that mission-support income by congregation can be captured and automatically uploaded to the Raiser's Edge system. In addition to allowing for expanded reporting capacity, use of this system would decrease staff time in processing information and would increase accuracy. Thirty-six synods currently use this system.

Finance and Accounting Resources for Synods and Congregations

Resources have been developed and provided on the www.elca.org Web site that will assist synods and congregations in their financial management and oversight. Resources available on the Web pages for the Office of the Treasurer include the following:

Synod Audit Committee Charter (Model): Audit committees are being required to take an increasingly important role in the financial management and oversight of any organization. The model Audit Committee Charter can be used by synods that are in the process of establishing a formal Audit Committee and need to define the committee's responsibilities.

Synod Treasurer Position Description (Model): Synods may use this position description when electing a treasurer or when they need to define the roles a treasurer will play. Job descriptions for synod officers can be useful during times of transition within the synod.

Synod and Congregational Guidelines for Internal Controls Best Practices: In order to exercise good stewardship and care of the resources entrusted to them, each synod and congregation should establish and maintain good internal control and accounting policies. These documents describe major financial activities and related best practices that will assist the synod or congregation in establishing its own systems.

Contingency Planning for Synods and Congregations: In response to requests for assistance in responding to economic uncertainty, a resource that addressed budget contingency planning was created and sent to the synodical bishops, treasurers, and vice presidents in December 2008. It included two documents intended as reference tools: "Basic Components of Budget Contingency Planning," and "Budget Prioritization Criteria Tool." A similar document later was created for congregations.

"Administration Matters" Newsletter: This bi-monthly, electronic newsletter was launched in January 2009. It was developed for all church leaders with an interest in financial, legal, tax, and general administrative issues. This newsletter is a collaborative project of the Office of the Treasurer, the Office of the Secretary, Communication Services, and Synodical Relations. Other churchwide units participate in providing content. Church leaders wishing to subscribe free of charge can do so online at www.elca.org/adminmatters.

Congregational Audit Guide: This comprehensive guide addresses questions ranging from who can perform a congregational audit to what an audit plan encompasses.

Congregational Treasurers Financial and Accounting Guide: This guide for treasurers and bookkeepers reviews responsibilities of the congregational treasurer, the chart of accounts, financial reporting, and more.

Data Security Presentation: A growing concern in this society is the issue of data security. Entities that collect, store, and communicate information have a responsibility to those who provide their information to keep it secure. This presentation provides an explanation of Personal Identity Information (PII) and how to keep data secure at many levels.

Church Administrative Software: Provides a list of companies that offer fund accounting and other non-profit administrative software.

IT Assessment and Leadership Transition

The Office of the Treasurer conducted an assessment of the information technology (IT) function of the churchwide organization in early 2008. The assessment included an analysis of the skills that should be sought in the next executive for this section. Mr. Jonathan Beyer was hired as the new executive for information technology in Spring 2008 and brings excellent technology and management skills to the work. A significant portion of his work over the course of the first year has been in implementing key components of the IT assessment recommendations. A report on the IT section's work is found in Section III, Part 3 of this volume.

Major Directions 2009–2011

Major directions that will receive the attention of staff of the Office of the Treasurer over the next biennium are the following:

- Coordinate and participate in a review of the structure, governance, and funding of the Foundation of the ELCA.
- Provide for an external audit of information technology systems controls, followed by implementation of any resulting recommendations.
- Complete the process of upgrading the general ledger system, including analyzing work flow, adjusting process documentation, and testing controls.
- Review cost allocation for services to churchwide units and separately incorporated units in order to improve information about the full cost of programs and to apply a more uniform accounting methodology across units.
- Review processes and staffing structure of the Office of the Treasurer to ensure that the office is operating at maximum efficiency.

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