

Financial misappropriations, internal control, and Pentecostal Churches in Nigeria

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ABSTRACT: The spate of financial misappropriations and reckless spending of funds belonging to religious organizations in Nigeria has attained worrisome heights. Fraud can occur in any organization, but Churches are extremely susceptible due to their trusting nature. This research seeks to find out the existence or otherwise of internal controls in sacred organizations. The research employs survey and literature review methodologies in evaluating the soundness or inadequacy of the internal control systems of Pentecostal Churches in Nigeria and at the global level. The research finds out that strong internal control systems were not in existence in these Churches. There was also no positive correlation between the trust reposed in Church officers and lower operating costs as officers could leverage on their trusted positions to exploit. The paper, therefore, suggests that good corporate governance should be extended to non-profit making organizations for more accountability, probity, and transparency.

Keywords: Churches, corporate governance, financial misappropriations, internal controls, Nigeria.

INTRODUCTION

One of the challenges critical to any organization, be it profit or not-for-profit organization, is survival. In Nigeria and other parts of the world, people have witnessed the distress and sudden collapse of organizations which had resulted in huge financial loss. This experience has brought to fore the relevance of effective and strong internal control systems with a view to bringing soundness to the operations of such organizations.

In Nigeria, there has been a plethora of allegations of fund misappropriations, theft and fraud scandals ravaging religious organizations, most especially, among the Pentecostal Churches. Oloidi (2014) maintained that many Pentecostal Churches in Nigeria are set up mainly for financial gains without any sound spiritual backing. He

posited that such Churches are using unwholesome means, which have great moral implications, to take advantage of their members. These reports are quite unfortunate and have put into question the existence of sound internal control systems in religious organizations (Bowrin, 2004). Many of the Churches in Nigeria are being run by the promoters, most especially, the small and medium size ones, as their personal estates and as such mismanagement is inevitable. One of the causes of these irregularities had been linked to poor internal control systems. Therefore, the deep understanding of the concept of internal control is important for developing and understanding its effect on the performance of these organizations.

Internal control has been defined as the system of internal administrative and financial discipline designed by management, together with corrective actions, in ensuring that the goals and purpose of the organization are achieved (Cahill, 2006). Many frauds and financial irregularities have passed through the church systems unnoticed. According to Spitzer (2005), the implementation of strong and proper internal controls leads to effective and efficient operations of the organization. It is therefore required of every church leader to ensure that the assets of the organization as well as the safety of the lives of members are protected.

The fundamental purpose of internal control includes fraud and error prevention, detection, and correction (Kieso, 2010). This is vital for non-profit organizations, which depend on public trust more than any other organizations (Wilhelm, 2006), and more importantly the churches, which rely on members' benevolence, trust and faith (Mulder, 1999).

Statement of problem

Laughlin (1988) maintained that the Church of England sees accounting as secular exercise which should not interfere with the divine assignment. As earlier stated, the concept of internal control is to ensure soundness in the operation of any organization. In the Pentecostal Churches, many of the leaders believed that the main purpose of internal control is to detect and prevent fraud and that its implementation is disreputable to their status of trust. The Church occupies a position whereby it could dictate the pace or set the standard for secular or corporate organizations to follow. The question that readily comes to mind is why are Churches not imbibing the principles of internal control in their operations, most especially in the areas of finance? One of the challenges in Churches is that standard and professional methods of accounting records are not in place. This is based on the premise that Church leaders and workers are holy, faithful and trustworthy people who cannot engage in any act of indiscipline or financial mismanagement. But recent happenings and recorded cases of frauds have proved that premise wrong.

The Church has recorded some financial misappropriations as follows: Christ Embassy fraud scam ₦39m (2002), ₦10m (2003) and \$96,607 (2009); Yoido Full Gospel Church, in Seoul, South Korea, \$12m (2014); Nigeria Benny Hinn Ministry Crusade \$4m (2005) (Igwe, 2007). The board of trustees of Christ Embassy Church was incriminated for shoddy management of the church's account, arbitrary and curious payments, failure to comply with its grant-making policy, inadequate recording of its decision making processes and serious misconduct and/or mismanagement in the charity's administration (Ibekwe, 2019).

Ekanem and Ekefre (2013) posited that the decay in social values and morals is exacerbated by the prosperity gospel engineered by Pentecostalism in Nigeria. It is worse that even within the Church, only the rich are always being recognized and cared for by some self-acclaimed leaders.

The requirement imposed by the Financial Reporting Council (FRC) on not-for-profit organizations in order to ensure accountability and probity through the Statement of Accounting Standards (SAS) 32 has made it unconditional for Churches to embrace internal control. The SAS 32 stipulates, amongst others, that financial statements for not-for-profit organizations shall include: Statement of Accounting Policies; Statement of Financial Position; Statement of Activities (income and expenditure); Statement of Changes in Net Assets; Statement of Cash flows; Notes on Accounts and Five-year Financial Summary. The FRC advised promoters of not-for-profit organizations who were not aware of the new accounting regime to ensure compliance by fine-tuning their financial reporting and corporate governance structure.

This paper seeks to scientifically find out whether Churches, most especially, Pentecostals, are using internal controls in the area of finance to safeguard assets and prevent losses arising from financial theft, fraud, and misappropriations, and to establish the extent to which these internal control systems are effective.

Research questions

In carrying out this research work, the following questions have been borne in mind:

1. To what extent have the existence and independence of internal control functions in the Nigerian Pentecostal Churches been achieved?
2. How adequate and effective are the internal control systems of Pentecostal Churches operating in Nigeria in detecting frauds, errors and mistakes?
3. What are the changes or improvements brought about on the operational efficiency of the Churches?

Objectives

The main objective of this research work is to find out the existence and adequacy of systems of internal control in dealing with the leaders, members, and workers of the Churches in financial matters. The following specific objectives guided this work are:

1. To find out the existence and independence of internal control functions in the Nigerian Pentecostal churches;
2. To examine the adequacy or otherwise of the internal control systems in mitigating the incidence of frauds, errors and mistakes;

3. To determine the effectiveness of internal control systems on the operational efficiency of Pentecostal Churches.

REVIEW OF RELEVANT LITERATURE

Committee of Sponsoring Organizations of the Treadway Commission (COSO) (2009) defined internal control as a process designed by the management both at the strategic and operational levels to provide reasonable assurance in the attainment of the set objectives in the area of operational efficiency and effectiveness, reliability of financial reporting, and compliance with applicable rules, laws and regulations.

Internal control system can be described as the whole system of control, financial and otherwise established by management in order to carry on the business of the enterprises in an orderly and efficient manner. It involves the control environment and control procedure, all the policies and procedures adopted by the directors and management of an entity to assist in achieving their objectives, including adherence to internal policies, the safe-guarding of assets, the prevention and detection of fraud and error as well as the completeness and accuracy of records, with the timely preparation of reliable financial information (Benjamin, 2001).

An internal control system consists of five interrelated components that provide the foundation for fraud detection. Internal control is a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations (COSO, 2019).

Internal control as a management tool is very vital for the survival or otherwise of both the profit and non-profit organizations. According to Wilhelm (2006), internal control is especially important for Churches which rely on public trust more than other organizations. The non-existent or weak internal controls could lead to asset misappropriations, corruption, organizational fraud and fraudulent financial statement (Miller, 2005). Churches which are categorized as non-profit organizations do not and are not expected to issue shares, neither are their missions to maximize profit. As the corporate bodies are accountable to shareholders, the Churches are expected to be accountable to members of the Churches who provided the money and materials in the effective running of their activities. The unending reports on mismanagement of Church funds have put a demand on the functionality of the system of internal control in religious organizations (Bowrin, 2004). Petrovits (2011) defined internal control as the process put in place by management to provide reasonable assurance regarding the achieve-

ment of effective and efficient operations, reliable financial reporting and compliance with laws and regulations. Internal control is not just a single activity but a series of activities put together by management.

According to Myers (2012), if money is expended for only Church business, it is also an important part of a financial system, both for administrative and tax purposes. The objective is to verify that money is not being allotted fraudulently. John (2011) said that the current environment is ripe for scandal and Church leaders need to be wise by completing forms and filing records. This will go a long way to assist a Church in case of an investigation by tax authorities.

Laughlin (1988) argued that the Church of England regards accounting as an activity that should not interfere with the more important spiritual endeavours of the Church. They are allowed to exist to assist the created internal resourcing units, but their role is clearly limited. Thus, parish accounting systems are rudimentary, precisely because they actually have no part to play in this clearly demarcated spiritual units. As suggested by Laughlin (1988), conflicts may exist between the sacred belief systems within Churches and the secular role of accounting. Internal control is likely to be viewed as secular rather than sacred, and as a result, considered irrelevant and unnecessary. Persson and Tabellini (2000) reported that although Church financial disclosures are relatively infrequent and not uniform across Churches, this deficit does not appear to alter the confidence of Church members that their contributions are being used appropriately.

Shaibu (2013) also suggested that frequent reconciliation of bank statements related to offerings must be instituted to avoid any vacuum created for people to take undue advantage to pilfer Church offerings and the need to have a purchase order that should be used to control Church purchases and advance payments to ensure transparency.

Ahiabor and Mensah (2013) posited that Churches in Ghana have some form of internal control systems present and that there is a significant relationship between internal control and the finances of the Churches or organizations. Although, they did not narrow down the result of their research to a specific denomination (whether Orthodox or Pentecostal), it appears that the result cannot be the same for all Churches globally, most especially, the Pentecostal Churches in Nigeria.

Theoretical framework

This research is built on and perceived from the standpoint of stewardship theory as well as agency theory. Stewardship theory states that managers, left on their own, will indeed act as responsible stewards of the assets they control. This theory is an alternative view of agency theory,

in which managers are assumed to act in their own self-interests at the expense of shareholders. The scriptures also emphasize in 1 Corinthians 4:2 that stewards are required to be found faithful.

Stewardship theory relies on a model of man that describes people as self-actualizing and other-serving rather than self-interested and self-serving. It assumes that when people hold these attitudes, they will subsume personal interests to those of the principal by placing higher utility on organizational goals than on individual goals. Because the goals of individuals are presumed to already be aligned with those of owners and/or the organization, stewardship theory assumes that the use of formal controls such as monitoring and incentive compensation systems are unnecessary and potentially counterproductive.

By contrast, agency theory assumes individuals are self-interested and will behave opportunistically when their interests diverge from those of principals. However, since researchers recognize that opportunism does not always follow from conflicts of interest, they propose stewardship theory as an alternative to overcome the limitations of agency theory.

Be that as it may, it has been contended that stewardship theory's model of man does not realistically depict the way individuals think and behave; its assumptions regarding goals do not fully capture the multiple, heterogeneous, and conflicting goals of organizational stakeholders; and its dismissal of monitoring and incentives overlooks the value of these mechanisms for communication and motivation. Thus, it has been argued that rather than treating stewardship theory as an alternative to agency theory, it would be better to consider how the two theories can be combined, using a more realistic set of assumptions.

It is better to treat the two theories as two parts of the same whole rather than as opposites. In this respect, agency theory and stewardship theory are viewed as two ends of a continuum. It is good to note that self-interest and other-interest coexist and influence the behavior of every individual to varying degrees depending upon personality and circumstances, and that the assumptions and mechanisms of agency and stewardship theories are both important for organizational governance (Chrisman, 2019).

Empirical literature data

Fraud can occur at any organization, but churches are extremely susceptible due to their trusting nature. Church leaders are responsible to God and to their congregation to safeguard the ministry's assets. Unfortunately, churches experience fraud to nearly the same extent that secular organizations do. For these reasons, the potential for fraud must be taken seriously as the challenge can go undetected

for months or even years (AG Financial, 2021).

If the banking industry which is the most regulated industry globally could still be bedeviled with incidences of frauds unabated, then, not-for-profit organizations and most importantly, Pentecostal Churches which are not strictly regulated in Nigeria cannot be exempted. Reports in both print and electronic media as well as research works on frauds in Churches are on the increase.

In 2013, the Economic and Financial Crimes Commission, EFCC, arrested five members, including three pastors, of Redeemed Christian Church in Abuja, following a petition of diversion of funds totaling ₦600m paid by Church members for a housing scheme (Nnamdi, 2013).

According to Averill (2015), a long-time pastor of the Greater Cornerstone Baptist Church in Tulsa, Oklahoma, Willard Leonard Jones, was sentenced to 37 months in prison for embezzling close to \$1 million from a community center he helped to establish to aid the Church's struggling neighborhood.

Iheanacho (2010), in her research work on the Contemporary Nigerian Christianity posited that apart from fraudulent ministering, Churches have cases of embezzlement and misappropriation of funds. Such fraudulent cases affect public perception of the Church in contradiction to the basic teachings of the institution, and its founders. For instance, the Saint Andrew's Anglican Church Diobu, Port Harcourt, had for long been closed, following frequent fraud related controversies within its fold. She concluded by saying that this is an open challenge to 21st century Christianity in Nigeria.

Greg (2013), in an overview of religious financial fraud, referred to the work of Barrett and Johnson in the reference book "World Christian Trends". It was reported that, "probably 80% of all fraud cases are kept private or swept under the carpet, but each year, a rash of mega thefts (over \$1 million each) is uncovered and publicized in the secular media". The following is a small sample of religious financial scandals from around the world:

1. Brazil: Bishop Edir Macedo, head of the Universal Church of the Kingdom of God, and 9 of his associates were charged with embezzling more than \$2 billion.
2. Canada: Televangelists Ron and Reynold Mainse allegedly recruited investors in a Ponzi scheme.
3. China: A whistleblower goes to jail for speaking out after donations for earthquake victims were stolen.
4. Italy: Police confiscated 23 million euros in a Vatican bank account as part of an investigation into money laundering.
5. Ukraine: Pastor Sunday Adelaja was charged with fraud in promoting a business venture to his congregation that lost \$100 million.
6. United Kingdom: Church treasurer Derek Klein embezzled funds to pay for a stamp collection.
7. United States: Trent Huddleston, former senior

accountant at Oral Roberts University, alleges that more than \$1 billion was the money laundered annually by members of the Oral Roberts University board.

8. United Kingdom/Nigeria: A popular case of a Pentecostal Church where it was allegedly found that the Church leader was diverting the Church money to personal covert under the heading of charity donation (Global News, 2015).
9. The UK Charity Commission has indicted the Christ Embassy church's board of trustees of a wide range of fraudulent practices including illegally paying more than N827 million (£1,767,250) to entities and organizations it shares close relationships with (Ibekwe, 2019).

In Nigeria, there were cases of stolen money paid into Churches' accounts as tithes and offerings or fraudulently taken from members. Some of these cases are as listed thus:

1. Ex-bank PHB boss who paid the sum of N45million to a Church as tithes from stolen money through a bank transfer from Bank PHB Mortgage Limited accounts (Ogunbumi, 2012).
2. According to Banjo (2014), Economic and Financial Crime Commission (EFCC) arrested an Abuja civil servant who paid N60m tithe to RCCG Church for workplace fraud.
3. Ikeji (2014) reported the suspension of the General Superintendent of Assemblies of God Church from the Church over allegations of misconduct, highhandedness, and financial misappropriation in the administration of the Church.
4. Sahara Reporters (2015) reported how the General Overseer of Presence Redemption Ministries defrauded his members to the tune of N5m.

All these revelations therefore point to the fact that sound or effective internal control systems are lacking, inoperational, or weak. There is flagrant non-compliance in the day to day operations of the Churches, especially, among the Pentecostals (Shaibu, 2013; Irvine, 2005; Federal Bureau of Investigation (FBI) (2015).

METHODOLOGY

This research work uses survey method administered through a structured and closed ended questionnaire to collect data. The researchers printed and distributed one hundred (100) copies of questionnaire to ten (10) Pentecostal churches within Abeokuta South Local Government Area of Ogun State, Nigeria. The research also adopts literature review approach to gather information from the earlier researchers and their

conclusions on the matter.

The choice of Abeokuta Local Government Area was borne out of the need to apply the convenience random sampling principle. The financial activities of the ten Pentecostal Churches selected for the study are similar to and very largely sufficiently representative of what is obtainable in other Pentecostal Churches. Also, the greater number of the selected Churches have their headquarters and zonal offices in Abeokuta. In view of the concise nature and number of questionnaire administered questions, a 100% success was recorded in the responses.

Data analyses

Data analyses have been done using the quantitative technique. This technique makes use of hypothesis analysis and correlation analysis. Hypothesis analysis is a statistical test method that uses sample data to test a hypothesis. It seeks to validate an assumption and determine if it is factual by exploring the null hypothesis and the alternative hypothesis. Correlation analysis is also used to test the relationship between the two variables – 'the implementation of internal control results in lower cost' and 'all officers on financial matters are trusted people whose judgments were sanctioned without any doubt'. Correlation analysis measures the strength of the linear relationship between two variables and compute their association. The result shows -1.01, meaning that the relationship is negatively correlated. The implication is that irrespective of the degree of trust reposed on the managers of funds, this did not guarantee or lead to lower costs (Maryville University, 2022; QuestionPro, 2022).

RESULTS AND DISCUSSION

The first research question seeks to find out the existence or otherwise of internal control in the day to day financial activities of the Pentecostal Churches. It is expected that the 21st century Pentecostal Churches should have guiding policy on financial matters, proper recording of financial transactions and detail maintenance of members registered, most especially, major financiers. The majority of the respondents, representing 49%, maintained that internal control system was not in existence (Table 1).

The second research question tests the adequacy and effectiveness of internal control system in detecting frauds, errors and mistake. The dimensions of importance of this are varied: whether necessary authorizations are obtained before incurring any expense and the extent to which financial impropriety is being curbed. The result shows that, though, there was no any incidence of financial indiscipline as indicated by 78% of respondents, expenses were incurred without the authorization of the control

Table 1. The extent to which the existence and independence of internal control have been achieved.

SN	Statement	SA	A	U	D	SD	Total
1.	All financial transactions are being carried out in line with the policy of our church.	25	56	1	14	4	100
2.	All financial transactions (cash inflow & outflow, income & expenditure) are recorded in the relevant books of account and supported with relevant documentation.	5	50	7	21	17	100
3.	Our church keeps records of each member of the church (financial and non-financial records) and we update regularly.	-	-	9	22	69	100
	Overall	10	35	6	19	30	100

SA = Strongly Agreed; A = Agreed; U = Undecided; D = Disagreed; SD = Strongly Disagreed.

Table 2. The adequacy and effectiveness of internal control in detecting frauds, errors and mistakes.

SN	Statement	SA	A	U	D	SD	Total
1.	Our members have been previously invited by Economic Financial Crime Commission (EFCC) or any other law enforcement agency for financial misconduct or impropriety.	-	3	-	36	61	100
2.	The Control Officer/Internal Audit Unit approves all expenses before any transaction is consummated.	7	11	21	4	57	100
3.	All our officers and workers are trusted and as such, their judgments in all financial matters are sanctioned without any query or doubt.	13	38		41	8	100
4.	Some of the leaders of my church have been sanctioned, expelled or dismissed on the account of fraud or reckless spending.	14	9	7	63	7	100
5.	There are current provable cases of financial impropriety against the leadership or members of our church.	-	2	-	77	21	100
6.	There have been repeated cases of stealing and fraudulent practices among the leaders or workers or members of our church.	-	-	3	75	22	100
	Overall	6	11	5	49	29	100

SA = Strongly Agreed; A = Agreed; U = Undecided; D = Disagreed; SD = Strongly Disagreed.

officers (Table 2). The implication is that the control officers only engaged in post audit exercises. This supports the opinion of Greg (2013) that cases of fraud in Pentecostal Churches are being swept under carpet.

The third research question inquired from the respondents, the changes or improvements which have resulted from the implementation of internal control measures on the financial operations of Pentecostal Churches. The significance of this test is to gauge the accountability and probity of the managers of funds. Although, it is believed that internal control reduces cost, the majority of respondents, representing 62%, were of the opinion that internal control is anti-Pentecostal (Table 3). This supports the opinion of Laughlin (1988) that internal control is secular and should not interfere with divine assignment.

The outcome of the correlation analysis carried out shows a negative result of -1.01 (Table 4), implying that irrespective of the degree of trust reposed on the managers of funds, this did not guarantee or lead to lower costs. The officers could therefore leverage on their

trusted and exalted positions to plunder the finance of the organizations without being checked.

It could be inferred from the above that internal control has not been given its rightful place in financial matters in Pentecostal Churches. The importance of internal control to any organization cannot be overemphasized as it gives room for checks and balances and ultimately guarantees good corporate governance. With the requirements or demand from the not-for-profit organizations, which include Churches, by the Financial Reporting Council of Nigeria as contained in the SAS 32, it is ideal for Churches, most especially, the Pentecostal Churches, to implement proper internal control systems.

One of the areas where the internal control system would be much needed is in the area of updating the details of their members, most especially, the major financiers, members of management team of corporate organizations, and politically exposed individuals, in monitoring their financial commitments to the Church. This is referred to as 'Know Your Members (KYM)' and 'Know Your Members' Business (KYMB)'. This will help in guiding

Table 3. The changes or improvements in internal control effected on the financial efficiency of Pentecostal Churches.

SN	Statement	SA	A	U	D	SD	Total
1.	Strict adherence to expense policy is secular in nature and as such, slows down the operations of the church.	22	27	6	32	13	100
2.	The implementation of internal control system has resulted into lower cost, accountability and probity in my local church.	11	35	14	27	13	100
3.	All financial matters relating to income & expenditure are made available to the general members of my church (through the church bulletin or notice board) on weekly or monthly or yearly basis.	-	-	-	48	52	100
Overall		11	21	6	36	26	100

SA = Strongly Agreed; A = Agreed; U = Undecided; D = Disagreed; SD = Strongly Disagreed.

Table 4. Correlation analysis.

	X	Y	XY	X ²	Y ²
1	4	6	24	16	36
2	3	5	15	9	25
3	6	4	24	36	16
4	5	5	25	25	25
5	4	4	16	16	16
6	6	7	42	36	49
7	5	5	25	25	25
8	3	5	15	9	25
9	6	4	24	36	16
10	4	6	24	16	36
	46	51	234	224	269

$$\begin{aligned} & n(\Sigma XY) - (\Sigma X)(\Sigma Y) / \sqrt{[(n(\Sigma X^2) - (\Sigma X)^2)(n(\Sigma Y^2) - (\Sigma Y)^2)} \\ & = 10(224) - (46)(51) / \sqrt{[10(224 - 46.46)(10(269 - 51.51))]} \\ & = -1.01. \end{aligned}$$

against litigations, check the excesses of top management, and prevent the name of God from being ridiculed.

The implementation of sound internal control systems will also enable Churches to distinguish the income generated from spiritual activities from those generated from business activities. The Pentecostal Church is expected to take a lead in transparency, accountability and probity. Poor or non-existent internal controls will endanger the effectiveness of Church workers, thus exposing them to unethical and sharp practices. Knowing why internal control fails and how to prevent the failure of internal control will help churches and charities to operate in the optimal environment for succeeding in their mission (AG Financial, 2021; Table Stewards, 2022).

Conclusion and Recommendations

On the overall, the research shows that the existence of internal control systems were very poor and weak in the management of Pentecostal Churches, not only in Nigeria but globally. Internal control systems were not in existence and expenses were incurred without the authorization of

the control officers. There was the prevalence of the mindset that internal control is a secular concern. There was also no positive correlation between the trust reposed in Pentecostal Church officers and lower operation costs as officers could leverage on their trusted positions to exploit the finance of the Churches without being checked.

The issue of internal controls in Pentecostal Churches should not only be directed at the Church workers alone but extended to cover every stakeholder. To this end, the following important recommendations are being proffered:

1. As KYC and KYCB (Know Your Customer and Know Your Customer's Business) are applicable to the Deposit Money Banks (DMBs), the same principles should be extended to the Pentecostal Church. Every Pentecostal Church should know and have the details of information of every member. These details should include biometric data, occupation or profession, sources of income, residential addresses, phone numbers, and every other information that could assist the Church or law enforcement agencies in maintaining cordial relationship devoid of any sharp or fraudulent practice.
2. In order to strengthen the effectiveness of the internal

control system in Pentecostal Churches, there is need to put in place a robust accounting system that will ensure proper documentation, recording, authorization, approval and timely reconciliation of transactions. This will, in essence, permit reasonable assurance that transactions are being carried out in strict compliance with the financial policies of the institution. There must also be checks and balances on core areas of a Pentecostal Church's activities which include offerings, tithes, vow and pledge collections, lodgments, transfers, postings, and withdrawals of cash.

3. It is equally important for every Pentecostal Church to have a prepared manual for procedures or an outline of internal controls that will assist in the training of new staff, volunteers, finance committee members, and clergy men on their deliverables, in order to uphold the sanctity or integrity of the organization and trust being reposed on them by the congregation and all the stakeholders.
4. The Pentecostal Church, as a representative of God, should put in place effective and sound corporate governance mechanisms. One of the principles of effective corporate governance is effective internal control system. The key roles of internal control are to correct, detect and prevent frauds or any form of irregularity.
5. The role of Internal Auditor should not be merged with that of the leader of the Pentecostal Church. Every Pentecostal Church should have independent internal control and audit units to monitor every transaction in line with the established policies of the organization. Audit committee could be established to check the operations of the control and audit units which should have direct reporting line to the committee. For smaller Pentecostal Churches which cannot afford the services of full time Internal Auditors, professionals within the Church could be engaged to perform the function without any form of favour or partiality.
6. In addition to the institution of sound internal control systems, the Pentecostal Churches should also employ sound financial reporting systems. There should be proper documentation and recording of transactions, weekly or monthly preparation of management accounting reports, preparation of budgets and monitoring of their implementation, segregation of duties, strict adherence to policies on all financial matters, regular weekly rotation of counters to guide against theft or pilfering of cash and periodic reconciliation of all accounts and general ledgers.
7. The spiritual head of the Pentecostal Church should be a distinct entity from the Church. His personal finances should not be merged with the expenses of the Church. The Pentecostal Church leadership should also subject the financial statements of the

Church to external audit and the final audited account be made available to every registered member of the Church. This will not only encourage the members of the Church but also spur them to give their best to the service of God and humanity. In addition, every other income outside the normal offering should be receipted.

8. The training of all staff should be taken into consideration. Regular in-house and external training of workers will strengthen the soundness of the internal control of the Pentecostal Churches, most especially, in view of the requirements of the Financial Reporting Council of Nigeria.
9. Frequent and timely reconciliation of bank statements relating to offerings will be very necessary in order to avoid any opportunity for people to take undue advantage to pilfer. The use of purchase order forms should be put in place to control Pentecostal Church purchases and advanced payments. This will ensure transparency. It will also bring to birth good corporate governance that will enable the management or those charged with such responsibility to review and control the Pentecostal Church finances.

CONFLICT OF INTEREST

The authors declare that they have no conflicts of interest.

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