



2017 Southern African Accounting Association
Biennial International Conference Proceedings
Champagne Sports Resort
Drakensberg
SOUTH AFRICA
(ISBN 978-0-620-74762-2)
<http://www.saaa.org.za/>

AUD010 **BEST CORPORATE GOVERNANCE PRACTICES OF
SELECTED CONGREGATIONS IN THE FREE STATE**

AUTHOR(S): Elmarie Goodchild University of Free State goodchilde@ufs.ac.za
 Dave Lubbe University of Free State lubbeds@ufs.ac.za

ABSTRACT:

A decline in church membership, secularisation as well as wide-ranging scandals that plague the church, are to name but a few of the challenges that threaten the financial sustainability of some churches in South Africa. The root of many of these challenges can be traced back to the lack of implementing sound corporate governance principles. The nature, size and form of incorporation are often preserved by churches to substantiate their lack of implementing sound corporate governance principles. There is however increased demand for *all types of organisations*, irrespective of the history, role, nature and size to illustrate sound corporate governance principles.

The purpose of this paper is to investigate the extent to which a selected sample of churches from the Dutch Reformed Church (DRC) and the Apostolic Faith Mission Church (AFM) in the Free State province, in South Africa, implement *sound corporate governance principles*. The data was gathered by means of semi-structured interviews that have been developed based on the principles of the King reports.

Key words: Corporate Governance, King Report, Principles, Dutch Reformed Church, Apostolic Faith Mission

INTRODUCTION

There is an unprecedented interest in the declining membership of churches (Erasmus et al., 2009; Oosthuizen, 2014: 7; Hofmeyr, 2013: 17; Niemandt, 2013: 9). One of the mainstream churches in South Africa is reportedly losing a significant number of members, allegedly more than 20 000 members per year (Janse van Rensburg, 2013: 17; De Villiers, 2012: 10; Vlok, 2013: 22,24; Mailovich, 2015: 7). The decline in membership is increasingly ascribed to the negative impact of secularisation (Hodgkinson, 1990: 290; Venter, 2011: 10). Scholars affirm that secularisation is conceived as an erosion in the level of religious commitment, which causes the church to lose its meaning and power to influence a society and that the effect thereof is evident in the decline of churches' members (Watson et al., 2008: 174; Snyman, 2009: 5). As church membership is often regarded as the quantitative measure of "success" for churches, the decline in membership alleviate the concerns in respect of the financial sustainability of some churches (Strauss, 2013: 6; Hanekom, 2014: 3; Oosthuizen, 2014: 7; Joubert, 2011: 2; Hugo, 2007: 11; Snyman, 2009: 5).

Many scholars are of the viewpoint that the church will play an extraordinary role in South Africa in the future, despite the unremitting prognosis of fading into insignificance due to the abovementioned challenges (Inauen et al., 2010: 39; Hanekom, 2014: 3). There is widespread evidence in media reports, as well as in studies undertaken by scholars, that the church is providing a vast portion of social services and is playing an indispensable role in the social development of South Africa (Koegelenberg, 2003: 10 ; Krige, 2007: 2; Hendriks et al., 2004: 380; Jonker-Bryce, 2011: 2; Claassen, 2009: 16; Mancotywa, 2010: 14; De Gruchy et al., 2008: 209; Swart, 2005: 22). The recognition of the continued relevance of religion has reawakened interest in this subject and the dynamics of churches and the interplay of religion within the larger society reasserts itself as a prime topic for scholarly research (Inauen et al., 2010: 39).

PROBLEM STATEMENT AND AIM

As soon as churches have a significant presence and influence in their community, stakeholders may take on a role of encouraging and demanding the illustration of sound corporate governance principles (Hall, 2002; Floch, 2004: 4; Greenlee et al., 2007: 691; Waddock, 2004: 3; Rossouw and Van Vuuren, 2010: 37).

There have been evidence in media reports and by scholars on the lack of churches to implement sound corporate governance principles (Jansen, 2010: 12; Venter, 2012: 13; Prince, 2008: 5; Feni, 2007: 6; Jansen van Rensburg, 2015: 1; Elson et al., 2007: 122).

The purpose of this paper is to investigate the extent to which selected churches implement sound corporate governance principles. The results of this study could be used as building blocks by churches to improve on their implementation of corporate governance principles. The implementation of sound corporate governance principles will ensure the sustainability of churches, as well as the sustainable involvement in social services.

CORPORATE GOVERNANCE

The recurring views from scholars that corporate governance was developed mainly for the corporate sector (Warren, 2003: 54; Clarke, 2007: 11; Claessens, 2003) ignited a debate on the relevance of corporate governance for other types of organisations, for example non-profit organisations and churches (Bradshaw et al., 2007: 3; Hendricks and Wyngaard, 2010: 104; Nordberg, 2011: 216; Claessens, 2003; Alexander and Weiner, 1998: 223; Nezhina and Brudney, 2009: 275; Barber, 2007: 753). While the argument of the development of corporate governance specifically for the corporate sector is certainly legitimate, Nordberg (2011: 191) states that the implementation of corporate governance principles should be beyond organisations. Jordan (2008: 7) attests to this argument and states that governance was not created exclusively for any organisation. The corporate governance guidelines that have developed internationally and in South Africa target all types of organisations. The new King IV report underline the importance of corporate governance principles to other entities as it is made more accessible to “other types” of organisations, where specific supplements are included in the report to make the recommendations more accessible to organisations. Corporate governance relate to principles which are recommended *to be adopted by all organisations*, irrespective of size and form and whether it is a corporate entity or a non-profit organisation (Jordan, 2008: 7; IoDSA, 2002: 2; Le Roux, 2010: 9).

RESEARCH METHODOLOGY

Population and sampling

The focus of the study was on the two largest Afrikaans Christian denominations in South Africa, namely the Dutch Reformed Church (hereafter DRC) and the Apostolic Faith Mission (hereafter AFM). Congregations from these two denominations were selected with a specific focus on the geographical area of one of the nine provinces in South Africa, namely the Free State province.

Several challenges were encountered to determine the population, and subsequently a representative sample of congregations. One of these challenges related to the available statistics on the size of the church in South Africa. Churches are included in the scope of the non-profit sector. The statistics are more readily available for the sector as a whole, opposed to specific information available on churches. In order to address some of the practical problems, extensive consultation was undertaken by the author among leaders, various role-players as well as the chairpersons from the regional offices of the two selected denominations, namely from the Free State Synod office of the DRC and the Free State Regional Forum of the AFM. In addition, information obtained from the official websites of the two respective denominations was used to determine a population of the congregations.

After the mentioned consultation processes, a joint decision was made to include *five churches* from each denomination. In order to ensure that a representative sample was selected, the decision was taken to include two large, two medium and one small congregation from each denomination. There is no measure for what constitute a large or small congregation and the selection was made based on the relative size of these congregations when compared to other congregations within the Free State region, as well

as after the consultation with the chairpersons of the regional offices, leaders and role-players from the two denominations.

Data collection method: interviews

The semi-structured interview contained some open-ended and closed ended questions. The King Reports are generally accepted as the source document in South Africa of what constitutes sound governance (IoDSA, 2013: 3). The King reports have put South Africa on the map and sent a strong message to the world about the manner in which South Africa does business (Business Ethics Direct, 2002: 1 as cited by Marx, 2009: 186). The recommendations in King III about best practices in corporate governance are applicable to *all entities*, regardless of the manner and form of incorporation or establishment and whether in the public, private or non-profit sectors (KPMG, 2012: 17; Crous, 2012: 111; IoDSA, 2009b: 16). Therefore the corporate governance principles from the King III report have been used as the applicable governance framework in this study. As the study was completed before the release of the King IV report (towards the latter part of 2016) the principles from the King III report have been used in the interview schedules.

In the preparation of the interview schedule, extensive consultation was undertaken by the author among role-players at the DRC Synod office and the AFM Free State Region. The DRC *Church Order* and the AFM *Constitution*, that contain guidelines for the governance structures, as well the governing of the two respective denominations, have been incorporated into the interview schedules. The interview schedules were also peer-reviewed by scholars, academics, the head of the Synod office of the DRC, the chairperson of the Regional leadership Forum of the AFM, as well as several church leaders from the denominations, to ensure that it reflects the most important elements from the King III Report, taking cognisance of the governance structures of the selected denominations.

Interviewees

In the selection of the interviewees, preference was given to key informants who, on account of their position or experience, have more information than the regular group members and are better able to articulate this information (Welman and Kruger, 1999: 197). The following interviewees were selected from each of the congregations:

1. Minister/pastor;
2. Chairperson of the governing board, if not the same person as the minister/pastor; and
3. Scribe/Treasurer.

Depending on the established governing structures of a selected congregation, there have not always been conformity with regards to the number of interviewees selected per congregation. The reason is that in some congregations, the minister or pastor also serves as the chairperson of the governing board. In these congregations, only two interviewees were interviewed – namely, the minister or pastor (which is also the chairperson) and the scribe or treasurer. A total of 23 interviewees have been interviewed.

EMPIRICAL FINDINGS

The interview schedule consisted of several divisions of which many are consistent with the governance elements of the King III report. The empirical results are presented under these respective divisions.

DIVISION A: GOVERNING BOARD

The King III Report states that the governing board is the focal point and custodian of corporate governance (principle 2.1) (IoDSA, 2009a: 21). Several aspects with regards to the governing board have been addressed:

Size of the Governing Board

King III states that when determining the number of directors to serve on the board, the collective knowledge, skills, experience and resources should be considered (principle 2.18, subsection 70). It, however, states as a minimum that there should be two executive directors serving on the board, one being the chief executive officer and one being a board member that is responsible for the finances (IoDSA, 2009b: 39). The “chief executive officer” for the purposes of this study would be the minister or pastor of the congregation.

As presented in table 1 below, all the governing boards consist of more than two members. All the congregations have a member on the governing board that takes responsibility for the finances. This is in line with the recommendations from King III about the minimum required directors that should serve on the governing board.

The size of the governing boards for the five respective congregations, not presented in any specific order, are as follows (C1 represent the first congregation, C2 the second congregation etc.):

Table 1: Average size of the governing board

	Congregations					
	C 1	C2	C3	C4	C5	Average size
Denomination	Number of board members					
DRC	12	29	17	38	13	22
AFM	10	8	12	10	9	9
Total average size of governing board						16

Based on the results presented in the table, the size of the governing board for the DRC is notably higher than for AFM. One of the reasons is that the Church Order of the DRC suggests that the traditional governing board should consist of all the elders and deacons of the respective church wards (or blocks) in the congregation. The congregations are, however, allowed to amend this. Two of the five DRC congregations (40%) have governing boards based on this recommendation from the Church Order. These are the two

congregations indicated as C2 and C4, which have the largest governing boards compared to the other DRC congregations. The remaining three DRC congregations (60%), indicated as C1, C3 and C 5, do not follow this guideline and appoint governing board members based on responsibilities and specific, allocated portfolios.

The two congregations with the traditional governing boards (C2 and C4) both indicated that the size of this governing board is not an effective means for decision-making. They stated that the governing boards function strongly as a means of communication to the members of the congregation rather than to be engaged in the direction, strategy and decision-making of the congregation.

The interviewees were asked to comment on whether they regard the current size of their governing board to be the optimal size and whether they would prefer either a smaller or larger governing board. Eight interviewees (35%) are of the opinion that the current size of their governing board is the optimal size for a governing board to function effectively. Seven of the interviewees (30%) stated that a larger board size than the existing board size will be optimal where the remaining eight interviewees (35%) stated that they would prefer a smaller board size. Overall, it therefore appears that the size of the governing boards is effective for decision-making.

Composition of the Governing Board

King III recommends that the governing board should comprise a balance of power, with a majority of non-executive members (principle 2.18) (IoDSA, 2009a: 25). It further states that the majority of non-executive members should be independent. The explanation on a non-executive and independent director falls outside the scope of this paper.

For purposes of this part of the analysis, it should be noted that a pre-requisite for a person to serve on the governing board is that he/she should be a member of the congregation. Church membership cannot be expressed in terms of a percentage influence or shareholding, which poses some challenges in applying the criteria of “independence” to governing board members. To determine whether governing board members are independent or not was not practically feasible. The focus was therefore placed on the balance of executive and non-executive members.

The following is a summary of the total average composition of the governing boards of the two denominations, split only between executive and non-executive board members, based on the above explanation:

Table 2: Composition of the governing boards per denomination

	Average composition of governing board		Total composition
	Non-executive members	Executive members	
Denomination	Percentage		
DRC	84%	16%	100%
AFM	72%	28%	100%

From the abovementioned, it is evident that the *average* governing board for both denominations consist of a majority of “non-executive” members as explained above. The following is a summary of the non-executive and executive members serving on the governing board for the respective congregations:

Table 3: Composition of governing boards per congregation

	Actual composition of governing board		Total congregations
	Majority (>50%) non-executive members	(<=50%) non-executive members	
Denomination	Number of congregations		
DRC	5	0	5
AFM	3	2	5
Total	8	2	10

Eight of the ten congregations (80%) have a majority of non-executive members serving on the governing board. Two of the congregations (20%) do not have a majority of non-executive members serving on the governing board. It should be noted that these two congregations have an equal balance, exactly 50%, of both executive and non-executive members serving on the governing board. Both these two congregations are from the AFM. These two congregations indicated that the presence of executive members contribute to more effective and efficient decision making. All the DRC congregations have a majority of non-executive members. This, therefore, appears to be in line with the recommendations from King III that boards should consist of a majority of non-executive members.

Chairperson of the Governing Board

King III recommends that the governing board should elect an independent, non-executive chairperson (principle 2.16) (IoDSA, 2009a: 24). Based on the discussion in the preceding section, governing board members would not necessarily qualify as “independent” board members. The following is a summary of chairpersons:

Table 4: Summary of individuals serving as chairpersons

	Chairperson of the board		Total
	Minister or pastor	Main elder	
Denomination	Number of congregations		
DRC	3	2	5
AFM	4	1	5
Total	7	3	10
Total %	70%	30%	100%

As presented above, 70% of the congregations have the minister or pastor serving as the chairperson of the board. Therefore, an executive person is the chairperson of the board. 30% of the congregations have a non-executive chairperson. This is an area of improvement

for congregations. The minister or pastor is in a management position; responsible for driving operations and having a combined role results in monitoring oneself, opening the door for abuse of position.

The interviewees were asked an open-ended question as to what they regard as the three most important functions of the chairperson of the governing board:

Table 5: Important functions of the chairperson

	Interviewees	
	Number	%
Three most important functions of the chairperson		
1. The vision and strategic direction of the congregation;	17	74%
2. To facilitate a meaningful meeting where responsible decisions are made with the engagement of all the members during the meeting; and	17	74%
3. To ensure spiritual development take place in the congregation, incorporating the well-being of the board, the minister or pastor and the personnel.	8	35%

The chairpersons were asked to give their opinions to which extent governing board members share the responsibility with the chairperson in respect of the functions listed above in table 5. Two of the ten chairpersons (20%) of the governing boards raised the concern that the board members do not necessarily share the responsibility of management of the congregation and they revert it back to the chairperson of the governing board.

Period Serving as Board Members

King III recommends that at least one third of non-executive members should rotate on an annual basis (principle 2.18 nr 75) (IoDSA, 2009b: 40). The Church Order and the Constitution for the DRC and the AFM respectively provide broad guidelines to congregations with regards to the period that a board member should serve on the governing board. Congregations can amend these guidelines and follow practises that suit their specific needs. The responses in this section, therefore, reflect the current practises followed by congregations.

Table 6: Prescribed period established

	Prescribed period	
	Yes	No
Denomination	Number of congregations	
DRC	5	0
AFM	2	3
Total responses	7	3
Total in population	10	10
Total percentage	70%	30%

The congregations that have a prescribed period however indicated that even though they do have these prescribed periods, that the governing board members *do not have to rotate* after this period. The lapse of the prescribed period merely serves as an opportunity for governing board members to either make themselves available for re-election or to voluntarily step back as a board member. The discussion in Division B highlights the challenges of congregations to attract (and retain) governing board members. The establishment of a minimum or maximum period for serving of the governing board is regarded by the interviewees as not feasible (or always practical) in the church environment. The challenge to attract governing board members is confirmed later in the paper where the limited involvement of church members has been raised as one of the most significant risks that congregations face.

Meetings of the Governing Board

King III requires that the governing board should at least meet once a quarter (principle 2.1) (IoDSA, 2009b: 29). Nine out of the ten congregations (90%) indicated that their governing board meet once a quarter. The remaining congregation indicated that they meet on a two-monthly basis.

Functions of the Governing Board

The King III Report states that the governing board is responsible for the direction and strategy and should be in effective control of the organisation (principle 2.1) (IoDSA, 2009b: 29,30). The interviewees were asked an open-ended question to identify what they regard as the three most important functions of the governing board. The results of the responses were grouped together and are as follows:

Table 7: Three most important functions of the governing board

	Interviewees	
	Number	%
1. Maintaining the spiritual wellbeing of the members of the congregation and the seeking of God's will for the congregation;	15	65%
2. Taking significant financial decisions; and	9	39%
3. The casting of the vision for the congregation.	8	35%

The most important function of the governing board listed by the interviewees reveals that the church is committed to its religious purpose, as opposed to being focussed on profit.

In this part of the interview, the interviewees were asked to provide their opinion whether the existing governance structures function effectively. Twenty interviewees (87%) indicated that the existing governance structures are effective and three (13%) indicated that the existing governance structures are not working effectively in the congregation. There were two reasons cited by the interviewees on why they deem the governing boards not to be

effective. Firstly, two of the interviewees indicated that the large size of the board makes decision-making ineffective. Both these interviewees are from the DRC and added that the congregation are planning to move away from the traditional governing board where deacons and elders automatically serve on the governing board to a smaller structure of board members. Secondly, all three these interviewees indicated that the governing board members, in many instances, do not take up their responsibility of governing the congregation.

In order to ensure an effective functioning board, the governing board members must have an understanding of their responsibilities. King III states that every governing board should have a charter setting out its responsibilities (IoDSA, 2009b: 29). The interviewees were asked to indicate whether the congregation have documented “policies and procedures” that sets out the “modus operandi” of the specific congregation. This would also include the authority levels and the type of decisions that are required that would serve as a “board charter” to assist governing board members in understanding their role and responsibilities.

Four of the congregations (40%) indicated that they have formal, documented policies. One congregation (10%) indicated that they have partially documented policies and procedures. Five of the congregations (50%) indicated that they do not have such policies. This finding supports the lack of the induction process provided to new governing board members where board members’ responsibilities should be communicated. The congregations that do not have formal policies or partially documented policies indicated that the minutes of governing board meeting serve as guidance and a reference for levels of authority and decision-making that would be required.

Many of the congregations do not have a formal “charter” that set out the responsibilities of the governing board members. Some of the congregations indicated that they have certain areas of responsibilities or portfolio’s that they allocate to governing board members. The interviewees indicated that the governing board members are informed on their responsibilities during the induction process of new governing board members. However, as illustrated later in the paper, there are not sufficient induction processes to new governing board members.

The congregations stated that they are compensating for the lack of formal policies by relying on the Church Order and the Constitution for guidance on the responsibilities of the elders and deacons respectively. The five DRC congregations indicated that the new board members will be issued a copy of the Church Order. The five AFM congregations indicated that each congregation should have their own Constitution. This document is, however, general in nature and contain mostly the general guidelines from the AFM Constitution adding on amendments or additional clauses accepted by the specific congregation.

The abovementioned suggest some areas for improvement to congregations in respect of communicating responsibilities and functions to governing board members. Congregations should engage in formal procedures that include, but are not limited to formal induction processes and documented policies.

Finance Function

Governing boards should have an executive member on the board that takes responsibility for the finance function. All ten congregations (100%) have a treasurer or scribe or congregational manager that is taking responsibility for the financial aspects of the congregation. The interviewees indicated that there are no formal qualifications required for this position, but that prior experience in finances or financial background is an important consideration.

The functions of the scribe and treasurer, and the congregational manager, are presented separately as part of this section. The reason is that it does not only represent a difference in the “designation” or the terminology used for these individuals, but the responsibilities of the congregational manager are in many instances broader than the scribe or treasurer.

Table 8: Position of scribe or treasurer or congregational manager

	Position		Total
	Scribe or treasurer	Congregational manager	
Denomination	Number of congregations		
DRC	3	2	5
AFM	4	1	5
Total	7	3	10

An open-ended question was asked to all the interviewees as to what they regard as the three most important functions of the scribe or treasurer. The results of the responses were grouped together and the three functions cited the most by the interviewees are presented as the three most important functions. The responses of the interviewees of the seven congregations that have a scribe or treasurer (which amount to 15 interviewees) are:

Table 9: Three most important functions of the scribe or treasurer

Functions	Interviewees	
	Number	%
1. Bookkeeping;	13	80%
2. Management of finances; and	9	60%
3. Administrative responsibilities.	6	40%

The “management of finances” is a very broad function and upon further elaboration provided by the interviewees, it includes, but are not limited to, the comparison of actual versus budgeted expenditure, preparation of payments, receiving of funds and the preparation of financial reports.

Depending on the structures of each congregation as well as the size of the congregation, the functions of the scribe or treasurer might also include some administrative responsibilities (i.e. secretarial work, taking minutes of meetings and preparation of agendas

for meetings). Some of the congregations have a separate bookkeeper (over and above the treasurer) who is responsible for capturing financial information, whereas for some other congregations the capturing of financial information, processing and analysis and interpretation of financial information all resides with the scribe or treasurer.

The congregations that have a congregational manager listed the following as the three most important functions of the said manager:

Table 10: Three most important functions of the congregational manager

Functions	Interviewees	
	Number	%
1. Management of finances;	8	100%
2. Personnel matters; and	4	50%
3. Operational matters (including maintenance of systems and procedures).	4	50%

If the results of table 9 and 10 are compared, it is found that the functions of the congregational manager are broader than the responsibilities of the scribe or treasurer. Based on the discussion it, therefore, appears that the congregations have individuals that take responsibility for the financial aspects of their congregations and it appear that the recommendations of the King Report are met.

Company Secretary

King III recommends that the governing board should be assisted by a suitably qualified and experienced “company secretary“ (principle 2.21) (IoDSA, 2009b: 43). Based on the results, all ten congregations have individuals that take responsibility for the role as “company secretary” of their congregations. The five AFM congregations (50%) have a separate function as a company secretary. The five DRC congregations (50%) do not have a separate function as “company secretary” as these functions are usually performed by the scribe. It, therefore, appears that the recommendations of the King Report are met.

Compliance with the Church Order and Constitution

King III states that the governing board should ensure compliance with the applicable laws and regulations and that a framework should exist to promote compliance (IoDSA, 2009b: 41-43). For the purposes of this section, the Church Order of the DRC and the Constitution of the AFM respectively would qualify as some of the most important “regulations” that these congregations should comply with.

These “regulations” are, however, not enforced by government or any other regulatory body and serve only as broad guidelines that the congregations should follow, as determined by the denominational General Synod or the AFM Head office. Each congregation functions, to a large extent, autonomously. The interviewees were posed a question, from which they could select multiple answers, on who bears the responsibility to ensure compliance with the Church Order and the Constitution:

Table 11: Responsible parties to ensure compliance

Responsible party	Interviewees	
	Number	%
Minister or pastor	10	43%
Governing board	6	26%
All parties involved in the management of the congregation, including the governing board, minister or pastor, scribe or treasurer/manager and the secretary	5	22%
Shared responsibility of the governing board and minister or pastor	2	9%

Ten interviewees indicated that the minister or pastor is carrying the responsibility as he has the most knowledge on the content of these documents. This supplements the concerns raised by the chairpersons of the governing board that responsibility is not always shared amongst the governing board members and this is an area of improvement.

DIVISION B: APPOINTMENT AND DISMISSAL PROCESSES

King III recommends that new board members be appointed through a formal process (principle 2.19) (IoDSA, 2009b: 40). The recommendation also holds that there should be a formal induction process and ongoing training of governing board members. This section discusses the appointment and dismissal of governing board members and the minister or pastor separately.

Appointment and Dismissal of Governing Board Members

In all ten congregations (100%), the responsibility to appoint governing board members resides with the governing board as a whole. The governing boards receive nominations for new board members from existing church members, elders, deacons or existing governing board members.

The interviewees were asked whether they have minimum requirements for board members before they could serve on the governing board. All ten congregations (100%) indicated that they follow the broad guidelines of the Church Order and the Constitution respectively. The general guidelines of the Church Order provide that governing board members should either be full-time ministers of the Word, elders or deacons (General Synod: Church Order, 2007: Art 26). The interviewees indicated that they rely on guidance from Bible scripture for the selection of elders and deacons. The scope of the paper does not allow the engagement in the detail of the Bible scripture. It could however be stated (as explained by the interviewees) that the criteria for an elder centres around spiritual discernment, care and guidance and for the deacon around the ministry of practical service (General Synod: Church Order, 2007: Art 15-17). The Church Order further states that members should be in agreement with the confessions of the church.

The general guidelines of the Constitution of the AFM stipulate that governing board members should be registered members of the congregation, baptised, actively involved in activities of the congregation and must pay his/her tithes to the congregation. In addition, it

states that each congregation shall determine its own specific membership qualifications and the policy should be approved by the Regional Leadership forum (AFM, 2008: 2.4.1).

To complement the guidelines from the Church Order and the Constitution, some congregations indicated that they have additional criteria that are very specific to the congregation, which it considers in the appointment of a new member on the governing board. These criteria listed by the interviewees include:

1. Age, to ensure a well-balanced governing board representing the different age groups within the congregation;
2. Business knowledge; and
3. Managerial skills.

The interviewees indicated that several challenges are faced to attract new governing board members. The congregations are reliant upon volunteering church members and are confronted with the challenge that the ability to attract knowledgeable and experienced governing board members depends on the willingness of church members to serve on the governing board. The limited involvement of church members has been raised by the interviewees as one of the most significant risks that the church face (see later in the paper). Therefore, it follows that many of the congregations do not have additional, special criteria for prospective board members (over and above the general guidelines in the Church Order or the Constitution mentioned above) due to the small number of members that are willing to serve as governing board members. Additional criteria would significantly reduce the already small “pool” of available volunteering governing board members.

With regards to the dismissal of governing board members, the interviewees were asked an open-ended question to explain the process to be followed in the event of a dismissal of a governing board member. All ten congregations (100%) indicated that they would first consider possible reconciliation and restoration, as prescribed in Bible scripture before considering the removal of a board member. If the process of reconciliation proves to be unsuccessful, the DRC indicated that they would follow the disciplinary hearing process as prescribed in the Church Order. This process involves that the circuit assists in the process of dismissal. The AFM churches indicated that the disciplinary hearing process as prescribed in the AFM Constitution would be followed and would involve a formal investigation from Head office.

Induction Process for Governing Board Members

King III recommends that there should be an induction and ongoing training of board members (IoDSA, 2009b: 42). Only one congregation (10%) has a formal induction process for the training of new board members. The remaining nine congregations (90%) follow an informal process where a briefing is provided by the chairperson to the new governing board members. In addition, the new members are exposed to “in-service training” (or more commonly referred to as “on the job” training). The lack of an induction process for new governing board members, coupled with the lack of a board charter setting out the responsibilities of governing board members is an area of improvement for churches.

Appointment and Dismissal of Minister or Pastor

All ten congregations (100%) indicated that the governing board is responsible for the appointment of a new minister or pastor. All ten congregations (100%) indicated that the removal of a minister or pastor is not done by the governing board. The five DRC's indicated that the Circuit and the Regional Synod would assist in the process of removal. The five AFM churches indicated that the AFM head office would have direct involvement in dismissal processes. The interviewees indicated that the same process for the removal of the governing board members as discussed in the previous section would be used in the event of the dismissal of a minister or pastor.

DIVISION C: PERFORMANCE EVALUATION

King III recommends that there should be a performance assessment of board members on an annual basis (principle 2.22) (IoDSA, 2009b: 44). The assessment of the board's performance is also an important element to ensure that board members act responsibly.

Performance Evaluation of the Minister or Pastor

Only one of the congregations (10%) has a formal performance evaluation of the minister or pastor. This congregation indicated that the performance evaluation also has an impact on the remuneration of the minister or pastor. The remaining nine congregations (90%) do not have performance evaluation processes. During the interviews, the following were the main reasons cited by the interviewees for the lack of performance evaluation instruments for pastors/ministers:

Table 12: Reasons for lack of performance evaluation

Reasons	Interviewees	
	Number	%
1. Preference given to supervision and open communication channel between governing board and the pastor/minister;	11	52%
2. Lack of available performance instruments for the broader church; and	8	38%
3. Lack of knowledge on the process of performance evaluation.	4	19%

The lack of performance evaluation is regarded as a significant area of improvement for churches. There appears to be, in general, a lack of available performance evaluation tools for churches. This could possibly be an area for future research.

Performance evaluation of governing board members

None of the congregations (0%) conduct a performance evaluation of board members who are not full-time employees of the congregation. The interviewees were of the opinion that the evaluation of the performance of governing board members, who are volunteers, would not be feasible or desirable as they offer their services voluntary.

Even though many congregations view the performance of voluntary governing board members as problematic, it is imperative that governing board members share in the responsibility to govern and effectively manage the congregation.

DIVISION D: REMUNERATION STRUCTURES

King III states that the remuneration of governing board members should be fair and responsible (principle 2.25) (IoDSA, 2009b: 48). All the interviewees responded that none of the board members of the ten congregations, who are not employees of the congregation, receive remuneration or an honorarium.

For all ten congregations (100%), the remuneration of the pastor/minister is determined by the governing board. The five DRC churches receive guidelines from the Synod for remuneration packages of their ministers. These guidelines are used by all five DRC congregations (100%). The interviewees indicated that the guidelines are used as a starting point for determining the packages and that the budget and affordability affect the remuneration packages.

The AFM do not receive any guidelines from Head office or Regional office and every congregation determine their own remuneration structure. Two of the five AFM congregations (40%) have developed their own remuneration structures based on level of seniority, experience and qualifications. The remaining three congregations (60%) use affordability and budget as the primary indicators of remuneration packages.

DIVISION E: REPORTING AND FINANCIAL STATEMENTS

The King III recommendations hold that an organisation should extend its reporting beyond financial matters and that information that is reported should be verified in terms of assurance (i.e. audit assurance) (IoDSA, 2009b: 48-49).

Preparation of Financial Statements

All ten of the congregations (100%) prepare financial statements on an annual basis. The financial statements of all the congregations are prepared on a cash basis. In answering the question on who takes responsibility for the preparation of the financial statements, the interviewees could select multiple answers. The interviewees were, therefore, not limited in their choices and could indicate all relevant parties involved in the preparation of the financial statements. The following is a summary of the parties that are taking responsibility for the preparation of the financial statements:

Table 13: Responsibility for preparation of financial statements

	Responsible party			
	Scribe/ Treasurer/ Manager	Professional Accountant	Chartered Accountant	Other i.e. Full-time bookkeeper/ Secretary
Denomination	Number of congregations			
Congregation count	5	2	4	3

The interviewees indicated that the scribe or treasurer/manager would normally take responsibility for the preparation of the financial statements. However, they are in many instances assisted by a professional accountant, registered with the South African Institute of Professional Accountants (SAIPA) or a chartered accountant, registered with the South African Institute of Chartered Accountants (SAICA).

The annual financial statements of all ten congregations (100%) are discussed and approved by the governing board. The ten congregations indicated that the financial statements are not physically distributed to the members of the congregation, but all members have full and free access to the financial statements if requested.

Upon enquiry from the interviewees, as well as after inspecting the annual financial statements, the congregations do not extend their reporting beyond financial matters. The disclosure of non-financial information, with specific reference for example to potential risk areas (see discussion later on significant risks that congregations face), is an area of improvement for congregations.

Preparation of Budgets

As part of responsible management of an organisation, responsible management with regards to finances is important. King III recommends that internal controls should be established over financial matters (IoDSA, 2009a: 45). Churches rely on voluntary contributions from their members and due to the nature of churches, the management of available funds and finances, by means of budgets, would be imperative to illustrate and prove responsible management. The analysis of the congregations that prepare budgets on an annual basis is as follows:

Table 14: Preparation of budgets

	Preparation of budgets	
	Yes	No
Denomination	Number of congregations	
DRC	5	0
AFM	4	1
Total responses	9	1
Total in population	10	10
Total %	90%	10%

It follows that 90% of congregations do prepare annual budgets. The budgets are approved by the governing board in all stances. The comparison of budgeted versus actual results are also presented at the governing board meetings. It, therefore, appears that the congregations, with the exception of one, have adequate management of funds through the use of budgets.

DIVISION F: AUDIT REQUIREMENTS

King III states that external assurance should be provided in respect of the operations of an organisation, ranging from assurance with regards to financial information, risks and sustainability (IoDSA, 2009b: 59-62). During the interviews, it was noted that the interviewees, in many instances, do not understand the distinction between the different types of assurance and other engagements. In addition, the interviewees do not differentiate between an external auditor, independent reviewer and an internal auditor.

There is a very distinct difference in the processes between the DRC and the AFM congregations in the types of services performed on the financial statements. Based on the abovementioned explanation and the responses from the interviewees, the type of services performed on the financial statements are summarised as follows:

Table 15: Services performed on the annual financial statements

	Type of service			Total
	External audit engagement	Review engagement	Other types of engagements	
Denomination	Number of congregations			
DRC	0	5	0	5
AFM	0	0	5	5
Total	0	5	5	10

As indicated in the table above, external audit engagements are not performed for any of the congregations. The two denominations are not required in terms of legislation or the Church Order and the Constitution to appoint external auditors. Therefore, it is not mandatory to appoint external auditors. The Church Order provides that the DRC congregations should appoint a reviewer of their financial statements and the Constitution of the AFM stipulates that "internal auditors" should be used (AFM, 2008: Chapter 6,44).

All five DRC congregations indicated that a review engagement is performed on their financial statements. The review assurance is performed in all instances by SAICA members. All five DRC congregations (100%) indicated that the decision in the appointment of the individual or accountant to perform the review engagement is taken by the governing board.

In comparison to the DRC, the AFM congregations appoint designated internal auditors, as prescribed by the Regions and the General Treasurer of the AFM (AFM, 2008: Chapter 6). The AFM congregations are limited in their choices and have to use one of the “internal auditors” as appointed by Head office. These individuals should have sound knowledge of the AFM Constitution. In addition, the Constitution of the AFM state that the 1) qualifications and 2) knowledge of the structure and finances of the church is a pre-requisite in the appointment of an internal auditor.

The “other types of engagements” as presented in the table 15 above, refer specifically to the services performed by the internal auditors for the AFM churches. These “internal auditors” perform agreed-upon procedures, as determined by the General Treasurer of the AFM, on the financial statements. The term is put in inverted commas as these individuals may not in all instances be internal auditors as defined (even though the nature of services performed are internal, audit-related services, see below for explanation).

Based on the reports from the internal auditors of the AFM congregations, the services performed include an overview of the financial statements as well as a review of the minutes of meetings to ensure all decisions taken and expenditure occurred was duly authorised. In addition, a review of processes and controls at the congregation, for example treatment of petty cash, authorisation of expenditure.

Upon enquiry from the interviewees from the DRC on whether the review procedures performed provide any value added service, 11 of the interviewees (92%) affirmed that it did provide value. One interviewee (8%) refrained from answering the question due to a lack of knowledge on this area. The interviewees were asked to elaborate on what they regard as the value added service. Eight of these 11 interviewees (67%) indicated that it is the assurance that it provides that funds are administered properly and responsibly. Two of the above eight interviewees elaborated further by adding that it also assists in identifying risk areas and one interviewee added that it provides some assurance specifically to the finance personnel that the work that they perform, is trustworthy. Three interviewees indicated that the firm assists them with problems on their systems and also assists with communication to synod offices. One interviewee (8%) refrained from answering the question due to a lack of knowledge on this area.

Based on the results presented earlier, one of the AFM congregations did not have internal audit procedures that were performed on their congregation. Upon enquiry from the remaining interviewees from the AFM on whether the internal audit procedures performed provide any value added service, seven (88%) of the interviewees affirmed that it does provide value and one interviewee (12%) indicated that it does not provide any value.

It therefore appears that the congregations have adequate processes in place to ensure that assurance is provided on their financial statements. To increase the awareness on the difference between the different types of assurance engagements would be an area of improvement.

DIVISION G: RISK MANAGEMENT PROCESS

King III requires that the governing board should take the responsibility for risk governance and should continuously assess the risks that it might face. The governance of risk include the assessment, response and the monitor of risks (IoDSA, 2009b: 73).

None of the ten congregations (0%) had a formal risk management process. The interviewees stated that risks were identified on an informal basis by means of the respective governance structures. One of the interviewees noted that they do not act proactively on risks, but usually address risks once they occurred. The lack of a risk management process is an area of improvement for congregations.

The interviewees were asked to select the five most significant risks, from a pre-determined list, that the congregation face. The most significant risks identified by the interviewees are as follows:

Table 16: The five most significant risks

Five most significant risks	Interviewees	
	Number	%
1. Limited involvement of church members;	21	91%
2. Decrease in members' contributions;	15	65%
3. Decrease in number of members;	8	35%
4. Youth leaving the congregation; and	7	30%
5. The increase in cost exceed the increase in income.	6	26%

The risks raised above evidently have a direct impact on the financial sustainability of congregations. The lack of risk management processes is an area of improvement.

DIVISION H: FINANCIAL SUSTAINABILITY

Throughout the recommendations of the King Report, the importance of the board to consider sustainability practices and the disclosure of sustainability is highlighted (IoDSA, 2009b: 30).

Although most of the focus on sustainability and the reporting of these aspects appear to be on companies in the private sector (see Perrini and Tencati, 2006; Adams et al., 2010: 2; Epstein et al., 2010), the concept applies equally well to all other types of organisations (Eccles and Saltzman, 2011: 60,61), and for the purpose of this paper, churches. Governance is one of the key measures of an organisation's sustainability and is imperative for the achievement of an organisation's long-term objectives (IoDSA, 2013: 5).

Based on the problems and potential challenges with regard to the future sustainability of churches as discussed earlier in the paper, the opinions of the interviewees of the possible risks to the financial sustainability were specifically addressed during the interviews. The dependency of congregations on the voluntary contributions from their members impacts the financial sustainability of congregations. The congregations were largely dependent on the voluntary contributions from members. The congregations indicated that at least 90% of their income consists of voluntary tithes and offerings from their members. The interviewees were asked in the light of the difficult economic conditions, if they have concerns about the decline in the tithes and offerings. Ten of the interviewees (43%) stated that they were concerned about the potential decrease in tithes and offerings from members. Nine of the interviewees (39%) stated that they were not concerned and three interviewees (13%) stated that they were not over-concerned, but only realistic about the potential decline in contributions. The interviewees, however, stated that history has proven that the Lord has always provided and that they believe He will provide for the church in the future. Also refer to discussion below on the interviewees opinions on the sustainability of their congregations and the denominations.

During this part of the interview, the interviewees were asked in the first place, to voice their opinions on the sustainability of their specific congregation. In the second place, their views on the sustainability of their congregation on a regional level (i.e. Free State province) and thirdly on a national level (South Africa) were asked. The interviewees were only allowed to select one option. The results from the interviewees from the DRC and the AFM are presented separately in the table below:

Table 17: Opinion of interviewees on sustainability

	Views on sustainability		
	Sustainable	Concern	Not sustainable
Congregational level	Number of interviewees		
DRC	10	1	1
AFM	11	0	0
Total responses	21	1	1
Sample of interviewees	23	23	23
Total %	91%	4%	4%
Denominational level – Free State			
DRC	7	3	2
AFM	11	0	0
Total responses	17	3	2
Sample of interviewees	23	23	23
Total %	74%	13%	9%
Denominational – on a National level (i.e. South Africa)			
DRC	11	1	0
AFM	11	0	0
Total responses	22	1	0
Sample of interviewees	23	23	23
Total %	96%	4%	0%

As is evident from the table, the majority of interviewees were of the opinion that their congregation, as well as their denomination, both at a regional, as well as at a national level, was sustainable. Churches should however focus on the areas for improvement raised thus far with regard to corporate governance to ensure the sustainability of their congregations.

DIVISION I: GOVERNANCE OF STAKEHOLDERS RELATIONS

King III states as part of governing stakeholder there should be transparent and effective communication with stakeholders (IoDSA, 2009b: 103). The interviewees identified the following as the most important stakeholders of the congregation:

Table 18: Stakeholders of the congregations

	Stakeholders					
	Members of the church	Governing board	Minister or pastor	Community	Free State Synod/ Free State RLF	Other
Denomination	Number of interviewees					
DRC	9	2	2	1	1	0
AFM	9	4	2	1	0	0
Total	18	6	3	2	1	0
Total % of interviewees	78%	26%	17%	9%	4%	0%

From the results of the above table, the majority of interviewees (78%) regarded the members of the congregation as the most important stakeholders. Secondly, the governing board; and thirdly, the pastors/ministers of the congregation.

As the members of the church were identified by the majority of the interviewees as the most important stakeholders, the interviewees were asked to explain how they communicate important information to the members. Congregations use diverse methods ranging from Sunday services, newsletters, multimedia, meetings and annual general meetings.

All ten of the congregations (100%) indicated that they primarily use Sunday services to communicate important information to members of the church. All five DRC congregations, as well as one AFM congregation, indicated that they use newsletters (ranging from weekly, to monthly and quarterly newsletters) to communicate information. The newsletters, however, mainly communicate administrative information, for example the program and events of the congregation and do not necessarily focus on the communication of important financial or operational information. Two of the congregations, one DRC and one AFM congregation added that they filter information down via ministry groups that meet on a regular (most of the time on a monthly basis).

None of the ten congregations (0%) have a standard annual general meeting (AGM) with the members of the congregation. The interviewees indicated that the AGM is not regarded as an effective communication tool to the members of the congregation. The interviewees stated that previously the attendance at these meetings was very low and it was not regarded as an effective communication tool to cover a large basis of their members.

DIVISION L: GENERAL

In the conclusion of the interview schedules, a few general open-ended questions were posed to the interviewees. The discussion previously highlighted that some organisations might face challenges with regards to implementing corporate governance principles. These challenges include, but are not limited to, a lack of resources and skills. The interviewees were, in the first place, requested to state what they regard as the biggest stumbling blocks or challenges for implementing some of the recommendations from the King Reports in

pursuing good corporate governance (for example using internal audit; establishment of board committees etc.). The interviewees were asked to limit their answer to the three most significant stumbling blocks. All the answers of the interviewees were collated. The table firstly present the three most important stumbling blocks that were cited the most by the interviewees. Thereafter the table include the remaining stumbling blocks given by the interviewees. The following table summarise the responses of the interviewees:

Table 4.32: Challenges for implementing corporate governance principles

Challenges	Interviewees	
	Number	%
1. Processes and systems that the congregation do implement, are sufficient;	13	57%
2. Lack of knowledge about the King Reports;	10	43%
3. Use of volunteers, resulting in a lack of manpower and capacity;	9	39%
4. Financial burden and cost implications to implement the recommendations;	5	22%
5. Recommendations not necessary as members trust each other;	3	13%
6. Lack of higher authority to “drive” the recommendations; and	1	4%
7. Scared to implement something new.	1	4%

Secondly, the interviewees were asked an open-ended question on whether they would prefer more involvement, in any area, from the General Synod (applicable to the DRC) and Head Office (applicable to the AFM) to the congregation(s). Examples provided ranged from administrative involvement, to leadership, governance or decision-making. All the congregations mentioned that they would not prefer more involvement at an operational level, as the autonomy given to congregations work well. The DRC and the AFM, respectively, function autonomously.

The congregations, as illustrated in the previous paragraph, do not necessarily prefer more involvement from a denominational level. A concern that has, however, been expressed by the interviewees, is the perceived lack of leadership, vision and strategy from a higher, denominational level, provided to the congregations. In comparison, the remaining three AFM congregations in the sample voiced their concerns and frustrations about the lack of guidance and leadership from the geographical regions, as well as from AFM Head office.

The challenges raised, namely the decline in membership, increased secularisation and that some congregations fight for survival is recurrent in the church environment. In addition, the challenges imposed on congregations as a result of decisions taken by leadership at a denominational level, calls for a demonstration of strong and effective leadership – especially from a higher, denominational level. The concerns raised by the interviewees about the lack of leadership with regards to vision and strategy from a denominational level, is an area of improvement for these denominations. The provision of effective and ethical leadership from a denominational level is an area of improvement for churches.

MOST IMPORTANT FINDINGS AND RECOMMENDATIONS

Before the recommendations are presented, cognisance should be taken of the challenges raised by the interviewees in the implementation of the corporate governance principles. Many interviewees raised the lack of knowledge on the King Reports and the lack of resources (both human and financial) as some of the significant challenges. Due to the nature of churches, many of the challenges are unavoidable. Church leaders' awareness and knowledge about the content of the King Report should be improved which should be used to address and overcome some of these challenges.

The findings may be of value to all congregations and not only to congregations that belong to the selected two denominations that form part of the study. This section provides an overview of some of the most important findings from the empirical results which could be used by congregations as areas for improvements.

- There is a lack of segregation between the minister or the pastor and the chairperson of the governing board. This could result in a conflict of interest for the minister or the pastor. It is recommended that congregations separate these positions.
- Several concerns with regards to the functioning of the governing boards have been raised. The concerns revolve around the following:
 - i. The perceived lack of governing board members to take up their responsibility in the governance of the congregation;
 - ii. The minister or pastor in many instances that take sole responsibility for certain aspects of the congregation;
 - iii. The lack of induction and training provided to new and existing governing board members; and
 - iv. The lack of “board charters” (over and above the general guidelines contained in the Church Order and the Constitution) to determine the expectations and responsibilities of the governing board members.

The above concerns may result in the governing board members not to be perceived custodians of corporate governance. In order to enable the members of the governing board to take responsibility for the governance, direction and strategy of the organisation and to effectively manage the church, these aspects should be improved on.

- The lack of governing board members to take up their responsibility, is further alleviated by the lack of performance evaluation measures for governing board members. The lack of performance measures can partly be ascribed to the situation

that, in many instances, voluntary, non-remunerated members of the church are serving on the governing board. Even though this might impose challenges to measure performance, congregations should however implement measures to gauge the performance of governing board members and to further ensure that they adequately take up their role in the governance of the church.

- The lack of performance evaluation measures for the minister or pastor is an important area of improvement. There should be a consistent and continuous evaluation of performance to ensure that congregations “perform” and excel financially to remain sustainable.
- The lack of risk assessment processes by the congregations is a significant area of improvement. Congregations should not be in a position where they respond reactively to risks. The financial challenges faced by churches should prompt congregations to proactively engage in risk assessment processes to ensure the financial sustainability and well-being of their congregation.
- The leaders’ understanding and knowledge about the different levels of assurance that are provided should be improved on. This is important to ensure that an audit expectation gap do not exists.

CONCLUSION

The study provides a valuable background on corporate governance aspects which can be used by several churches, governing boards, church members, researchers and other role-players in the sector. The results of this study could assist congregations in enhancing and improving the implementation of corporate governance principles. It could further assist congregations in maintaining financial sustainability and to take up their rightful place in playing an indispensable role in the provision of social services in South Africa.

- ADAMS, M., THORNTON, B. & SEPEHRI, M. 2010. The impact of the pursuit of sustainability on the financial performance of the firm. *Journal of Sustainability and Green Business*, p.1-14.
- AFM. 2008. Constitution of the AFM of SA - 22/05/2008.
- ALEXANDER, J. A. & WEINER, B. J. 1998. The Adoption of the Corporate Governance Model by Non-profit organisations. *Nonprofit management & Leadership*, 8, p.223-242.
- BARBER, P. 2007. Sarbanes-Oxley and Nonprofit Management: Skills Techniques and Methods. In: JACKSON, P. M. & E, F. T. (eds.). *Nonprofit and Voluntary Sector Quarterly*. John Wiley & Sons.
- BRADSHAW, P., HAYDAY, B. & ARMSTRONG, R. 2007. Non-profit Governance Models: Problems and Prospects *The Public Sector Innovation Journal*, 12, p.1-22.
- CLAASSEN, G. 2009. Kerke kan groot rol speel in SA onderwys. *Kerkbode*, February 20, p.16.
- CLAESSENS, S. 2003. Corporate governance and development. *Global Corporate Governance Forum Donors Meeting*. Netherlands.
- CLARKE, A. 2007. Corporate governance and SMEs: The forgotten stakeholders? *Australian Business Law Review*, 35, p.7-17.
- CROUS, C. 2012. *Audit reports of the Free State provincial departments: An audit and corporate governance perspective*. Magister in Auditing, University of Free State.
- DE GRUCHY, S., KOOPMAN, N. & STRIJBOS, S. 2008. *From our Side: emerging perspectives on development and ethics*, UNISA Press.
- DE VILLIERS, J. 2012. NGK-lidmate 20 000 minder in een jaar. *Rapport*, February 19, p.10.
- ECCLES, R. G. & SALTZMAN, D. 2011. Achieving Sustainability Through Integrated Reporting. *Stanford Social Innovation review*, p.56-61.
- ELSON, R. J., O'CALLAGHAN, S. & WALKER, J. P. 2007. Corporate governance in religious organizations: A study of current practices in the local church. *Academy of Accounting and Financial Studies Journal*, 11, p.121-130.
- EPSTEIN, M. J., BUHOVAC, A. R. & YUTHAS, K. 2010. Implementing Sustainability: The role of leadership and organizational culture. *Strategic Finance*, p.41-47.
- ERASMUS, J., GOUWS, A. & VAN DER MERWE, W. 2009. Changing Landscapes of Welfare, Religion and Gender: The Impact on the Role of the Churches. *Journal of Theology for Southern Africa*, p.8-25.
- FENI, L. 2007. Church ordered to reinstate stewards. *Daily Dispatch*, September 11, p.6.
- FLOCH, J. L. 2004. Audits, Standards, and Integrity in Nonprofit Organizations Special report: Preserving the Non profit's integrity. *Practical accountant; Supplementary*, 37, p.4-6.
- GENERAL SYNOD: CHURCH ORDER. 2007, Church order.
- GREENLEE, J., FISCHER, M., GORDON, T. & KEATING, E. 2007. An Investigation of Fraud in Nonprofit Organizations Occurrences and deterrents. *Nonprofit and Voluntary Sector Quarterly*, 36, p.676-694.
- HALL, P. D. 2002. Accountability in Faith-Based Organizations and the Future of Charitable Choice In: *Panel on Understanding Accountability in Faith-Based Organizations*, Association for Research on Nonprofit Organizations & Voluntary Action (ARNOVA), 2002 Montreal.
- HANEKOM, B. 2014. Ontevrede lidmate is nie 'n probleem nie. *Rapport*, January 19, p.3.

- HENDRICKS, P. S. A. & WYNGAARD, R. G. 2010. South Africa's King III: A Commercial Governance Code Determining Standards of Conduct for Civil Society Organizations. *International Journal of Not-for-Profit Law*, 12, p.104-109.
- HENDRIKS, H. J., ERASMUS, J. C. & MANS, G. G. 2004. Congregations as providers of social service and HIV/AIDS care. *Supplementum*, 45, p.380-402.
- HOFMEYR, J. W. H. 2013. NG Kerk op glybaan? *Kerkbode*, April 19, p.17.
- HUGO, R. 2007. Wees gereed om die markplein te infiltreer. *Kerkbode*, April 27, p.11.
- INAUEN, E., ROST, K., OSTERLOH, M. & FREY, B. S. 2010. Back to the Future - A Monastic Perspective on Corporate Governance. *Management revue*, 21, p.38-59.
- IODSA. 2002. King II Report and Code on Governance in South Africa.
- IODSA. 2009a. The King Code of Governance in South Africa 2009.
- IODSA. 2009b. King Report on Governance in South Africa 2009.
- IODSA. 2013. Practise notes: A guide to the application of King III for non-profit organisations ("the non-profit organisation" or "the organisation").
- JANSE VAN RENSBURG, J. 2013. Dalende lidmaatgetalle. *Kerkbode*, February 1, p.17.
- JANSEN, J. 2010. Kooplustige skriba moet 'haar' kerkgeld terugbetaal. *Rapport*, October 31, p.12.
- JANSEN VAN RENSBURG, L. 2015. Staat wil skatryk pastore, geloofsgenesing bekyk. *Rapport*, August 23, p.1.
- JONKER-BRYCE, T. 2011. Church to step up demands for massive education reform. *Weekend Post*, June 18, p.2.
- JORDAN, R. 2008. Governing a Faith-Based Organization: Addressing Unique Challenges in the Boardroom. *Board Leadership*, Jan-Feb, p.5-7.
- JOUBERT, S. 2011. Die regte medisyne vir die pyne van kwynende kerke. *Rapport*, February 6, p.2.
- KOEGELEBERG, R. 2003. Godsdiensgroepe lei met opheffing. *Beeld*, May 20 p.10.
- KPMG. 2012. Toolkit for the Company director.
- KRIGE, S. 2007. *The quest for a faith-based development approach in an African city context based on the Tswane leadership foundation experience*. Masters degree in Development studies, University of the Free State.
- LE ROUX, F. 2010. *The applicability of the Third King report on Corporate Governance to small and medium enterprises*. Masters degree in Business Administration, University of Stellenbosch.
- MAILOVICH, C. 2015. Dalende neiging in NGK gesien. *Volksblad*, 10 September, p.7.
- MANCOTYWA, S. 2010. Church still has a role to play. *Daily Dispatch*, October 23, p.14.
- MARX, B. 2009. *An analysis of the development, status and functioning of audit committees at large listed companies in South Africa*. University of Free State.
- NEZHINA, T. G. & BRUDNEY, J. L. 2009. The Sarbanes-Oxley Act: More Bark Than Bite for Nonprofits. *Nonprofit and Voluntary Sector Quarterly*, 39, p.275-301.
- NIEMANDT, N. 2013. Die NG kerk krimp: Waar moet ons die redes soek? *Kerkbode*, February 1, p.9.
- NORDBERG, D. 2011. *Corporate Governance: Principles and Issues*, London, SAGE PUBLICATIONS.
- OOSTHUIZEN, J. 2014. Krisis kom vir leë kerke. *Rapport*, 12 January 2014, p.7.
- PERRINI, F. & TENCATI, A. 2006. Sustainability and Stakeholder Management: the Need for New Corporate performance evaluation and reporting system. *Business Strategy and the Environment*, 15, p.296-308.
- PRINCE, L. 2008. Ras- en geldtuis dryf kerk op die spits. *Burger*, 30 January 2008, p.5.

- ROSSOUW, D. & VAN VUUREN, L. 2010. *Business Ethics*, Cape Town, Oxford University Press.
- SNYMAN, M. 2009. Loop die kerk leeg? *Hervormer*, May 1, p.5.
- STRAUSS, P. 2013. Mense in hart van kerkwees. *Volksblad*, January 21, p.6.
- SWART, I. 2005. Networks and partnerships for Social Justice? The pragmatic turn in the religious social development debate in South Africa. *Religion & Theology*, 12, p.20-47.
- VENTER, K. 2011. In die greep van sekularisme. *Kerkblad*, July 1, p.10.
- VENTER, Z. 2012. Presbyterians in court battle over finances. *Pretoria News*, 8 February, p.13.
- VLOK, P. 2013. "Pas aan of Sterf". *Huisgenoot*, March 28, p.22,24.
- WADDOCK, S. 2004. Governance, accountability, collaboration and the march of corporate citizenship. *Editorial*, p.3-4.
- WARREN, R. 2003. Corporate Governance for Competitive Advantage in SME's. In: JONES, O. & TILLEY, F. (eds.) *Competitive Advantage in SME's: organising for innovation and change*. Manchester: John Wiley & Sons. Chapter 4.
- WATSON, J. B. J., WALTER, H. & SCALEN, W. H. J. 2008. 'Dining with the devil': The unique secularization of American Evangelical churches. *International social science review*, 8, p.171-180.
- WELMAN, J. & KRUGER, S. 1999. *Research methodology for the business and administrative sciences*, Oxford University Press.
- WUTHNOW, R. & HODGKINSON, V. A. (eds.) 1990. *Faith and Philanthropy in America: Exploring the Role of Religion in America's Voluntary Sector*, San Francisco, California: Jossey-Bass Publishers.