



Spring 2018 Newsletter

Adventist Today published an interview between the Editor, Loren Seibold, and Victor Pilmoor, retired church administrator, entitled “Earning Trust is Like Crafting Glassware”. This interview is posted in its entirety on MCA’s (Members for Church Accountability) website (advmca.org). MCA’s response was in the form of a Letter to the Editor of *Adventist Today* dated March 30, 2018 and published by AT in the weekly email on April 6, 2018.

Letter to the Editor Adventist Today March 30, 2018

Adventist Today in their February 2, 2018 weekly email published an interview from January 31 between the Editor, Loren Seibold, and Victor Pilmoor, church administrator, who served three terms as British Union Treasurer.

The editor had received a note from an Adventist lay member in a developing country. Through a family member working in a conference office, he said he’d discovered that unions and conferences in his region have a two-ledger system so that pastors and office workers can avoid reporting income and paying taxes.

Victor Pilmoor responded to the question, “Have you heard stories like this, and could this one be true?” “The overwhelming majority of treasury staff I have worked with do an honest job and have a desire to be compliant with accounting standards and policy. The discovery of apparent aberrations should not be taken as the norm. But irregular use of money does happen, not frequently, and usually not on a grand scale. It is usually detected later than it should be: fear of reputational damage can inhibit clear and candid transparency, as does the desire to contain legal consequences. Let us suppose this person’s claim has substance. If a member has information on irregular practice, they have a duty to

put church leaders on notice, then suggest a time frame for correction before the matter is taken up with auditors, and ultimately with the regulatory authority. We have a duty to hold each other accountable”.

It is accepted that the “overwhelming majority of treasury staff ...do an honest job and have a desire to be compliant with accounting standards and policy”. However, this answer avoids the long-standing unresolved issue of what is the punishment for the minority of treasury staff that are not honest?

The requirement that a member having information on irregular practice, has a “duty to put church leaders on notice, then suggest a time frame for correction before the matter is taken up with auditors” is a stunning revelation! Unfortunately lay members do not have the authority, nor access to financial records to assess correction or compliance with the lay-member’s intervention. Has that scenario ever occurred in the history of the church?

What is missing from Victor’s answer to the question is, not what the regulatory authorities would do, but how would church authorities view the two ledger financial scheme and what disciplinary action would the perpetrators receive? Would they be disciplined? Would they be transferred to another SDA institution? Would they be terminated from church employment?

Loren Seibold stated that at the last Autumn Council, there was much discussion about a report from GCAS that showed an increasing number of auditing irregularities—81% of audits in the most recent year. Victor Pilmoor responded to the question, “What are audits designed to find? “The report suggested that 81% of entities had some policy non-compliance, which is not as pejorative as to imply wrongdoing. This could be as simple as a handful of trustees not signing conflict of interest statements, or the entity operating below the working capital requirement. Many treasury departments are small and struggle to implement the segregation of duties that best practices would suggest”.

After extracting the number of trustees that failed to “sign conflict of interest statements” and entities “operating below the working capital requirement”, what are the auditing irregularities remaining in the 81%?

Victor Pilmoor continued, “Auditors do their best to dig into the financial records, but things can be hidden from them. When auditors begin their work they request a signed ‘Letter of Representation’ in which conference officers sign and declare that they have made all relevant data and information available. If accounting information remains undisclosed, then officers have misled auditors.”

What are the consequences of misleading auditors? Is that behavior of “officers” sufficient for termination from church employment?

Loren Seibold asked another question, “What might happen to a judicatory if this kind of thing is discovered by the authorities?” Victor Pilmoor’s answer, “If a church or charity is found to have deliberately defrauded the public purse, they will be required to make up the difference on behalf of the church and the employee, often with penalties. Tax authorities are entitled to go back several years if they suspect cheating. If the practice is found to be criminal, then criminal sanctions apply to treasury officials and trustees. Risk management provides no cover for those who are knowingly corrupt, or for those who fail to follow expert professional advice”.

These remarks suggest that Risk Management as well as auditors are aware of individuals that are “knowingly corrupt”. What are the consequences for corrupt behavior? If offending treasury officials and trustees remain employed by the church and are ultimately prosecuted by the civil authorities what church response does this event evoke?

In closing Victor Pilmoor stated that “the more we hold our people accountable from the local church business meeting, on up through conference, union and GC meetings, the more our trust will grow”.

This suggests that lay church members have the responsibility, and ability, to hold church officials accountable. Unfortunately, lay church members have neither the authority nor the tools to accomplish such a task. On the contrary, it would be refreshing to have transparency and accountability generated from within the administrative structure of the Seventh-day Adventist Church.

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To date there has been no response to MCA’s Letter to the Editor concerning “financial irregularities”.

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