The Ministry of Church Administration
A Spiritual and Practical Training for Board Members
Presented by Barb Crabtree
The Board is a Spiritual Community

- Board members are called to this ministry of service by the Body of Christ (the church).
- Engage in spiritual practices as they lead the community.
- See service on the Board as an experience of active and energized faith.
- Model and lead in ways that impact the spiritual wellness of the whole church.
Serve on the Board only for all of the right reasons.
- Your gifts are needed by the Body of Christ at this time
- You are called to be a servant to the Body of Christ
- You are willing to re-focus your valuable life and work skills for the different “terrain” of the church
- You are willing to do the hard work necessary to be effective on the Board

Otherwise, allow the Holy Spirit to lead you into another area of ministry!
How the Board Functions...

- Depends upon:
  - Church Size
  - Church Relationship Style
  - Church Developmental Stage
  - Church Leadership Structure
### Church Size Theory
*(Arlen Rothauge, Alban Institute)*

<table>
<thead>
<tr>
<th>WEEKLY ATTENDANCE</th>
<th>CHURCH TYPE</th>
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<tbody>
<tr>
<td>Up to 50</td>
<td>Family Church</td>
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<tr>
<td>50–150</td>
<td>Pastor–Centered Church</td>
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<tr>
<td>150–350</td>
<td>Program Church</td>
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<tr>
<td>350 +</td>
<td>Corporate Church</td>
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<tr>
<td>1,000 +</td>
<td>Mega Church</td>
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</table>
FAMILY – Informal Board style
- Board consists of a core group of volunteers who "run the church"
- If there is a Pastor, he/she frequently does not become an influential policy maker before three or four years; but pastoral tenure often does not extend beyond four years.
- The structure, role and process of the Board of Directors is very informal.
Board Style

- PASTOR-CENTERED – Hands-on Working Board
  - Structure becomes more prominent.
  - Pastor and the Board of Directors, usually in that order, have most of the authority to make policy decisions.
  - Board members (sometimes with much help from the Pastor) do everything. A clear example of a "working" Board. A "hands-on working" Board members serve a primary or active role in implementing the policies they adopt.
Board Style

- PROGRAM – Working Board
  - The distribution of influence and power has changed; the Pastor is the number-one authority figure and the Board second.
  - A larger share of power is deposited in committees.
  - A "working" Board structure is still common. One example of this is the Board where each member chairs a standing committee.
CORPORATE – Policy Board

- The Pastor holds a remarkably large amount of power, usually accumulated through three or more of the following sources: skill, knowledge, racial or ethnic or national or religious subculture, leadership ability, initiative, productivity, competence as a preacher–teacher–administrator–worship leader–pastor, tenure, seniority, age, experience, or personality.
- Sometimes a substantial chunk of power and influence is held by other paid staff members.
- Board committees often become increasingly dependent on the Senior Pastor or paid staff persons.
- The shift now begins from a "working" Board to a "policy" Board.
The Pastor/Board Partnership

- The Pastor and the Board are authorized to provide spiritual and administrative leadership in the local church. (MCC Bylaws)
- The Pastor and the Board are full partners
- Complementary skills and abilities so that the end result is more effective than if either partner was out there alone.
Responsibilities of the Pastor

- Serving as teacher, preacher, and spiritual leader;
- Ordering all worship services of the local church;
- Usually serving as Moderator of the Board of Directors and Congregational Meetings and a voting member of the Board of Directors; and
- Serving as personnel director for the church.
Accountability of the Pastor

- Called by and accountable to the congregation
- Between Congregational Meetings, is accountable to the Board acting on behalf of the congregation.
- Annual evaluation of the Pastor and ministry of the church
  - Evaluate against pre-stated agreed-upon goals!
Responsibilities of the Board

1. Ensure adequate resources.
2. Ensure effective management of the church’s funds and other assets.
3. Ensure sound risk management policies.
4. Participate in selecting the candidate to be elected by the congregation as Pastor.
5. Support the Pastor and provide constructive feedback.
Responsibilities of the Board

6. Consult with the Pastor on personnel appointments.
7. Understand and support the church’s mission and purposes.
8. Participate with the Pastor and other church leadership in strategic planning.
9. Assess the performance of the Board of Directors.
10. Ensure that the church has Bylaws that are approved by MCC.
## Role of the Pastor and the Board

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<tr>
<th>Role of the Pastor</th>
<th>Role of the Board</th>
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<tbody>
<tr>
<td>Moderator of the Board of Directors</td>
<td>Other Church Officers (Vice Moderator, Clerk, Treasurer, BOD Member)</td>
</tr>
<tr>
<td>Personnel decisions regarding hiring, firing, and daily supervision of employees</td>
<td>Establish HR policies and procedures around salary, benefits, non-discrimination statements, etc.</td>
</tr>
<tr>
<td>Responsible for overseeing and planning all ministries of the church</td>
<td>Responsible for awareness and support of church ministries</td>
</tr>
<tr>
<td>Leads strategic planning (may delegate leadership to a BOD member or hire an outside consultant)</td>
<td>Actively participates in strategic planning</td>
</tr>
<tr>
<td>Elected by the congregation after applying to the BOD/Search Team</td>
<td>Manages the Pastoral Search process to select and present a candidate for election.</td>
</tr>
<tr>
<td>Participates in budget development and in day to day budget oversight and management</td>
<td>Leads budget development process, presents budget to congregation for approval and adoption</td>
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Fiduciary Responsibility of the Board

“Fiduciary” means “holding in trust.”

1. Fund-raising and financial development.
2. Management of funds and other assets.
3. Accounting systems and practices.
Responsibilities as a Board Member

1. Know the church’s mission, purposes, goals, policies, programs, strengths, and needs.
2. Represent and serve the church as a whole rather than any special interest group or constituency.
3. Work toward consensus as often as possible.
4. Avoid prejudiced judgments based on information received from individuals; urge those with grievances to follow established policies and procedures.
Responsibilities as a Board Member

5. Do not surprise other Board members or the Pastor by raising difficult or conflictive issues without prior consultation.

6. Prepare for and participate in Board meetings.

7. Carefully review the church’s financial statements.

8. Maintain confidentiality of closed sessions.
Responsibilities as a Board Member

9. Avoid even the appearance of a conflict of interest.
10. Support the Pastor with timely information or feedback on matters and issues of importance to the well-being of the church.
11. Counsel with the Pastor to offer support in the event of his/her difficult relationships with groups or individuals.
Manage all property and legal issues for the congregation. Functions include:

- Property acquisition and management.
- Oversight and maintenance of property assets.
- Enter into and manage legal and contractual commitments on behalf of the congregation.
- Cash and risk management.
Legal Terrain

- Duty of Care
  - Attend Board meetings
  - Be informed
  - Be able to rely on the information you are given
  - Make independent judgments
  - Exercise oversight responsibility and establish policy
  - The duty of care is up to the whole Board!
Legal Terrain

- Duty of Loyalty
  - Don’t look for personal profit from Board service.
  - Don’t take advantage of your Board membership to utilize inside information.
  - Don’t violate confidentiality requirements which are designed to protect both the dignity and privacy rights of individuals and the needs for sensitive matters to be dealt with appropriately.
Duty of Loyalty (continued)

- Recognize conflict of interest issues
  - Be aware that they exist.
  - Disclose them.
  - Other Board members have the right to make decisions about your participation in any decision-making around issues where you have a conflict of interest.
Duty of Loyalty (continued)

- Corporate Opportunity issues require you to disclose when you are planning to do something separately that might well be something the church might do.
- Confidentiality is to be respected by Board members.
- Do not repeat what is said in closed session
Legal Terrain

Other legal responsibilities

- Report illegal activities appropriately.
  - Local authorities
  - MCC Judiciary Process
- Make sure that designated funds are spent as directed by the giver or by the terms of the trust instrument.
Common Legal Issues

1. Incorporation of the church.
2. Tax exempt status with the IRS.
3. Political activities by churches.
4. Copyright issues.

Christian Copyright Licensing, Inc.
7031 NE Halsey Street
Portland, Oregon 97213
Phone: 800 234-2446
Liability Issues

1. Misconduct of personnel
   - Defamation, Undue Influence, Invasion of Privacy, Clergy Malpractice, Sexual Misconduct
2. Discipline of members
3. Securities laws
4. Employment laws
5. Liability of officers
   - Negligence, Failure to Report Child Abuse
6. Contracts
7. Diversion of church funds
8. Insurance

Church Mutual Insurance Company
3000 Schuster Lane
Merrill, Wisconsin 54452
Reporting Requirements

- Reporting to Governments
  - County/City
  - State
  - Federal

- Use a competent certified public accountant (CPA) who is well acquainted with tax laws as they relate specifically to churches.

- Use an attorney who is familiar with corporate law as it applies to churches. *This cannot be stressed strongly enough!*
Reporting Requirements

• Reporting to MCC
  – Monthly tithe report
  – Quarterly Board of Pensions assessment
  – *Annual affiliation report, with Risk Management Audit*
Risk Management

- Prepare an administrative calendar for each year.
  - Review and renewal of liability insurance
  - Safety inspection of the property
  - Staff compensation agreements
    - Building Use policies, rental schedule, cash handling
  - Contract renewals with vendors
  - Background checks for staff and volunteers in sensitive roles
  - Review/update legal release forms for events

- Conduct an MCC Risk Management Audit once each year.
# Fraud Prevention and Detection

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<th>Policies</th>
<th>Practices</th>
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<tr>
<td><strong>Prevention</strong></td>
<td>Follow the SOP’s! Establish protocol for who will monitor adherence</td>
</tr>
<tr>
<td>SOP’s for cash handling, check writing, payroll authorization, credit card, online banking, expense reimbursement</td>
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<tr>
<td><strong>Detection</strong></td>
<td>Multiple individuals review bank statements, examine receipts, review payment requests, multiple individuals receive electronic notification from bank in case of status changes</td>
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<tr>
<td>SOP’s for bank statement review, check requests, bank signature authority</td>
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Ideas for Better Board Meetings

- Establish a covenant.
- Require some advance reading (reports).
- Stay on topic and focus on decision making.
- Encourage good attendance.
- Encourage open communication.
- Focus on the mission.
- Learn from each other – encourage new and old members to ask questions.
- Have a good time – never underestimate the power of humor.
- Encourage reflection.
- Evaluate your meetings.

Source: Metropolitan Community Church Board Training: Emerging Trends & Promising Practices in Nonprofit Governance, presented by the Center for Nonprofit Management.
Resources for Board Members
Resources

- UFMCC website:  www.mccchurch.org
- BoardSource:  www.boardsource.org
- The Alban Institute: www.alban.org
- UFMCC Elders and Staff
Resources
Questions?
Thank you for your service!