

Framework of Church Accounting in Nigeria: Pragmatic Examination of the Problems, Prospects and Financial Implications of Proliferation of Churches

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Abstract

The study focused on framework of Church Accounting in Nigeria: Pragmatic examination of the problems, prospects and financial implications of proliferation of churches. It was aimed at identifying the core accounting practices in churches and relating them to standard accounting practices for non-profit organizations and also examined how the resources generated by the churches are utilized for growth and development of the churches as well as the welfare of members. The study made use of both primary and secondary sources of data. Research hypotheses were formulated and tested to verify the facts gathered on the study. The analysis revealed the following: Church accounting is not significantly different from accounting in non-profit organizations. Although there are minor differences in practice, the underlying principles are the same. Secondly, church accounting system is significantly necessary in contemporary times to ensure proper accounting of resources and for future decision making with respect to financial dealings, growth and development. Based on the empirical and non empirical findings, the researchers are of the opinion that although church accounting is non-profit oriented, efficiency should not be sacrificed for subjectivity. Church accounting practices should be properly organized by employing qualified accounting personnel and conduct all financial affairs to sustain confidence and trust of members. Lastly, church administrators should undertake to train, educate as well as instruct members involved in the accounting functions and practices in order to have accounting system that would pass basic test of integrity.

Keywords: Church accounting, tithes, thanksgiving offering, vows & pledges, gifts & donations

1.1 Introduction

Church accounting in recent time has become inevitable owing to widespread proliferation of churches and the attendant economic as well as financial activities engendered by these churches. Although churches are disallowed by the land and property Act from engaging in enterprises with the aim of making profit, churches nowadays are beginning to look inward by engaging in financially rewarding ventures. The result of this is that churches are now engaged in owning properties that earn income such as landed properties, houses, hospitals, schools, transportation business, buying and selling of shares, etc. The difficulty arising from improper accounting for resources and funds generated thereof has led to a series of cleavages, legal and embarrassing tussles in some churches. Olusola (1998) attributed this misnomer to poor accounting methods, cultural and ethical disorientation and the dearth of the spirit of stewardship, transparency and accountability. The church is a non-profit organization and the nature of this enterprise implies that any increase in net assets arising from the activities of the enterprise must be applied to improve the community services rendered by the specific organization. The increase in net assets of the entity does not accrue to the members supporting the organization because of the distinctiveness and natural history of these organizations. Edagbo (1984) argued that the primary aim of accounting and/or financial reporting should be to promote or provide control over resources by means of responsibility accounting and stewardship. Church accounting is founded on the belief for proper record keeping and accountability as a basis of x-raying the integrity of the Christian character. In one of the church seminars held on the 27th May 2008, a provincial accountant highlighted the need for proper and orderly records. He quoted from Revelations 20:12-15 stating that God himself is a 'Record Keeper' and/or the 'First Accountant'. Secondly, good record keeping is identified as a proof of our integrity as children of God (2 Cor. 8:21). This implies that doctrinally, church accounting is recognized as a precondition for achieving the ultimate goal which is spiritual contentment and sanctity

The accounting problems common in churches have been identified by Armstrong (1989) to be: weak internal control, embezzlement of church funds, lack of accounting education, over reliance on individuals and volunteers' boards, antediluvian accounting methods, etc. This study was aimed at determining the appropriate accounting practices to be adopted by churches in Nigeria and to attempt to proffer solutions to the major problems faced by churches in accounting for resources within their control as well as examining pecuniary problems, prospects and implications of proliferation of churches. Church accounting is a relatively new area in accounting research. Specifically, the study was set out to identify core accounting practices in churches and relate them with contemporary standard practices for non-profit making organizations. It was also geared at

examining the extent to which the following problems affect church accountability, transparency, function; weak internal control, over dominance of leadership, emphasis on enterprise objective at the detriment of profit, inability to operate in a business fashion, lack of accounting education, etc. The study also sought to establish the relationship amongst accounting practices, church revenues, sources and utilization.

2.1 Framework of church governance and accounting

Governance is vital to the success of any organization from small domestic organization to large international organization. But what exactly is governance? In its simplest form, governance refers to group decision making that addresses shared problems. Within the context of the international organizations, governance describes the processes and institutions that guide and restrain the collective activities undertaken by it and its members. In addition, governance is more about process through which a decision is made, rather than the substance of the decision itself. In other words, governance is not necessarily about making an international organization stronger; rather, governance describes an international organization's rules and procedures that the organization uses to accomplish its goals. Whatever ends the international organization may decide to pursue, governance describes the mechanism through which the organization implements its policies. Carrington (2008) in describing the process of governance and accountability brought to fore some fundamental theories relating to the above subject. Global governance describes governance at the global level. The concept refers to international organization that operates on a global scale, and describes the link between the activities of their members in a specific field of international relation for example, an international monetary system. The driving ticket behind this theory is the globalization of the international economy. Scholars disagree on the scope of global governance. While some only see global governance in the context of international finance, others also see its applicability in areas such as environment, international security, and human rights. According to a leading scholar on global governance, the concept as it applies to international organization has three characteristics: A shared understanding of objectives and standard of conduct pertinent to the organization's subject or goal of governance; agreed upon rules that seek to give structure and substance to the organization's objectives; and a regulatory structure to monitor and enforce compliance with organizations' rules, tends to their amendment, and resolve disputes arising from their interpretations. Typically, international organizations that work according to this theory will have a scientific approach to their operations. In other words, these organizations operate in part by gathering and analyzing empirical data from their members. In theory, good governance strategies may also show this scientific nature because the strategies are designed to increase the level of efficiency of governance.

The theory of subsidiary on multi level governance focuses on the relationship between international organizations and their members. This theory is based on the view that an international organization possesses certain powers traditionally exercised by the sovereign, because its member countries surrendered their powers upon entering the particular organization. Because member states are giving some of their traditional sovereign powers to an international organization, they are considered to be making a leap of faith in joining the organization. Put differently, subsidiary reflects a functional view of the governance of international organizations. Subsidiary theory assumes that member states may improve their domestic affairs by allowing the international organization to play a role in the formation of its domestic policies.

Scholars believe this transplant of operational parts from the states is to strengthen its legitimacy, acceptability, efficiency and effectiveness. Vergas(2005) in conjunction with the management and marketing department of University of Huelva (Spain) examined the factors that determine the members-managers relationship in four agrarian cooperative, in Wales (UK), they considered two theoretical approaches: Agency theory and Stewardship theory, with a view to seeing which of them fits better the actual situation in these organizations. In general, the second theory, stewardship theory, provides the better-fit for the study. In this case church accounting is largely based on the stewardship theory. A brief summary of differences between the two theories is highlighted below:

Theory	Agency	Stewardship
Managers as	Agent	
Approach to governance	Economic	Sociological/Psychological
Model of man behavior	Individualistic/opportunistic	Collective trustworthy
Managers motivated by	Their own objectives	Principal's objective
Management and principle interest	Diverge	Converge
Structures that	Monitor and control	Facilitate and empower
Owners attitude- principal-Manager	Risk aversion	Risk prosperity
Relationship based on	Control	Trust

However, Vergas (2005) states that the owners'- managers' relationship depends on the behavior adopted respectively by them. Managers choose to act as agents or stewards according to certain personal characteristics and their own perception of particular situation factors. Principals choose to create a relationship

of one type or the other depending on their perception of the same situational factors and of their manager's psychological mechanism.

In Nigeria, there is the characteristic feature in the economic scene of great diversity and multiplicity of churches. In every village or town, there exist a number of churches. Today indigenous churches, which have been in existence before the advent of globalization, have become more predominant and demanding in their operational activities. The influences of Nigerian churches transcend the Nigerian border. Within Africa and other continents of the world, the presence of Nigerian churches is being felt increasingly.

It is common knowledge that persons of Nigerian origin founded the largest single church in countries such as United Kingdom and Ukraine. All across the globe, Nigerian churches are doing exploits to the glory of Almighty God. Numerous writers have commented on the growing influence of the body of Christ in Nigeria in particular and Africa in general. Writing on this theme, Olusola (1998) observes. "The Nigerian Christian community is one of the major institutions in Nigeria. In numerical terms, it is bigger than any political party trade union, or the rank and file of the Nigerian army ... projections rate Christianity as the faith with the greatest followers."

Another expert writing on the subject, "the next Christendom" states that, "the center of gravity of Christianity has shifted from the West to Africa and the East ..." writing much earlier Carrington (2008) foretold that, "what happens in African churches in the next generations will determine the whole shape of the church history in the world for centuries to come." This clearly indicates the important place the church holds in Nigeria in particular and the world at large. Church accounting by extension has become very relevant. The entrenchment of sound accounting principles in the church will ensure stability, efficiency and effective goal accomplishment of the church as an organization. The accounting profession has prime responsibility for promoting accountability and integrity in the management of resources of the organization, whether private, public or non-profit making in operational nature.

2.2 What is church accounting?

Larsen (2000) in defining non-profit making organization as recommended by the Financial Accounting Standard Board included the church in his listing thus: "not for profit organizations includes colleges, universities, hospitals, museums, labour unions, political parties, religious organizations (churches) professional association ..." which means that church accounting is the practice of accounting in a non-profit making organization like the church. Olusola (1998) reaffirming this truth defined church accounting as a jumble of accounting practices in government parastatals and commercial business enterprises. He identified characteristics of non-profit making organization (churches) which resemble government entitles as: Service to the entire society irrespective of social and economic status; no profit motivation in its operations; financed by the citizenry (members of churches); stewards and accounting for resources; and importance placed on budgeting. The characteristics of non-profit making organizations resembling business enterprises include: Governance of the church/organization by board of directors; measurement of cost expiration; the use of accrual basis of accounting.

Olusola (1998) also sees church accounting as a form of responsibility accounting where proper records are kept to ensure correct, accurate and reliable reporting of events of transactions of a financial nature. He sees church accounting as a stewardship form of accounting. Simply, church accounting is the practice of accounting in churches, which is one of the non-profit making organizations. Non-profit making establishments differ in nature. This is reflected in the form of final accounts they prepare at the end of their accounting period. They use the income and expenditure method in preparation of final accounts. These non profits making establishments do keep their accounts on a double entry system like any commercial establishment; however there are two differing and important features in their account: Ownership capital is not in existence. Money received are debited to cash (bank) accounts and codified to income while expenditures are treated in reversed forms; and despite the fact that ownership capital accounts do not exist in accounts of non-profit making establishments, they still have assets and liability while the differences between assets and liabilities are called accumulated fund or accumulated surplus instead of capital. Financial statements of these establishments comprise of receipts and payments accounts and balance sheet with notes to them.

2.2.1 Major difference between church accounting and accounting in commercial business enterprises

The objective of commercial enterprise is to make profit while that of the church is to provide adequate social and spiritual services to the people at reasonable or no cost at all. Under church accounting, costs of fixed assets are written off immediately while commercial accounting, costs of assets are spread over the useful life of the assets. Church revenue is derived from members in the form of offerings, tithe, donations etc, whereas businesses derive their revenue from sales of goods and services.

In church accounting, debtors and creditors are not recognized, but in the commercial businesses they are given special recognition in the balance sheet.

2.2.2 The application of accounting principles and concepts in church accounting

Church accounting according to Olusola (1998) is a branch of a general body of accounting oriented towards provision of services, which are basically financed by church members. The basic or fundamental principles of accounting do not therefore exempt church accounting. There is however some potential difficulties in trying to strictly apply all the principles as can be seen below: Entity concept: Every economic unit is separated from its owners, the legal form not minding. The church as an entity embraces the pastor or founder, the bound of direction and ministers. Going concern: An economic unit should be regarded as having a perpetual life, not about to wind-up in the near future unless there is such evidence we can also assume would affect the going concern status of the church. This is because even when a church fails, assets of the church are not listed for realization as in the case of liquidation when the going concern is more teachable. Realization concept: This concept recognizes revenue only when: it can be objectively measured; the value of assets receivable is reasonably certain although church accounting observes some degree of accrual basis of accounting; and it only recognizes vows and pledges (in the books) when they have been actually received. Matching concept: It requires that cost and expenses should be matched; accrual basis of church accounting also observes this concepts. Consistency principle: Church accounting observes this principle. Historical cost concept: Church accounting also observes this principle by recording events after they have occurred.

2.2.3 Core accounting practices in Church

Louis (2007) posits that church accounting mainly consists of fund accounting. This policy is designed to provide guidelines for capital and special projects or programs which are funded through pledges, gifts, donations etc and their accounting treatments.

2.2.4 Fund accounting

Fund accounting is simply defined as the maintenance of proper stewardship at the area of the management of church financial resources through accounts book keeping and transactions recording, to monitor total income and expenditure, of major capital projects embarked upon by the church and for which finances are being specifically and separately raised through launchings, appeals, donations or any such other method. Example; building acquisitions and/or construction, purchase of generating plant, special programs like power conference, crusades etc.

2.2.5 Fund organization

According to Louis (2007), to promote proper fund accounting and fully derive its benefits, it is advisable to always have a separate fund for each project. Committees to manage it with clear terms of reference and performance targets; sometimes separate bank accounts and signatures especially for big, long-term projects e.g. building projects; separate ledger accounts that reveal at a glance the position of the fund showing inflows, utilization and balances; the management of such fund ,receipts and disbursements, must be with the full involvement of the committee in charge and the pastorate; a member of the pastorate must be somewhat involved in every major committee; and the finance function must be requested on every fund. Louis (2007) further emphasized the purpose of fund accounting organization thus: to facilitate preparation of separate accounting ; to promote accountability and control; to facilitate performance appraisal of the project and its management committee. Income for such projects could be internal or external, owing to the special nature of these projects and the huge amounts of money required for their execution, it becomes absolutely necessary to clearly identify the separate funds raised for them from all sources. Pledges: where a call was made on the congregation to pledge towards a particular project, pledge envelops or sheets that clearly bear the title on the pledge should immediately be distributed to members. Gifts and donations: These could be internal or external contributions from members or outsiders. The sources, date and value of the gifts and donations should be clearly identified. Special collections: Fund generated from this source should be treated as above.

2.2.6 Accounting treatment

According to Louis (2007) income on receipt should be debited to bank/cash with the amount received and credited to organization fund account e.g. camp project fund. Expenditure for such projects should be done with full consent of the project committee. According to him, the accounting entries for expenditure should be debited to asset account and credited to bank account.

Olusola (1998) also posits that church accounting consists of payment and receipts, income and expenditure. He defines receipts and payments accounts as cash book prepared at the end of a defined period of time and consists of the following: The opening cash balance; all monies received during the period; all monies paid out during the period; the closing cash balance. This account does not include highlights on accruals or payments. Income and expenses not book donations, depreciations etc. The purpose of receipts and payments accounts is to ascertain the cash/bank balances at any point in time. Receipts are debited while payments are credited, as it is the case with every cash book.

Olusola (1998) also identified the income and expenditure account. The association or organization is not meant to make profit but they exist to render social and spiritual services to their members and the general public, this account as the name implies is prepared to determine the balance on their short term (nominal)

activities and the result of the accounts may either be surplus or deficit. It is surplus when there is excess of income over expenditure or deficit when there is excess expenditure over income. It separates income according to the periods just like trading profit and loss account, unlike the receipts and payments accounts, which records all cash transactions. Also only expenditure, which belong to the accounting period, are recorded in the income and expenditures account. That is to say, it tries to match revenue with expenditure for the period. The normal adjustment for accrued and prepaid income and expenditure are applied in the income and expenditure account.

Martins (1991) highlighted key differences between receipts and payment and income and expenditure account thus:

Receipts and payments	Income and expenditure account
1. Cash account (real account)	Nominal account
2. Capital revenue items, introduction and withdrawal of capital inclusively only	Records revenue items
3. Accruals, payments or stocks not included	Records accruals, prepayment stock.
4. No record of appreciation or depreciation	Depreciation and appreciation recorded
5. The balance connotes cash balance	The balance represents surplus/deficits.

Olusola (1998) also identified special events accounts. The church as a policy may organize special events like sports, crusade, revival and out-reach programmes. It may also organize a party or luncheon to commemorate any special event. This may involve income and expenditure of a special kind. The account may be prepared to show the gross transaction in the special event account while only net income would be reflected in the income and expenditure account.

According to international accounting regulation manual, the information required to show the financial state of affairs is: Fixed assets, divided into: Tangible assets such as motor vehicles, buildings, equipments etc. Investments including properties held for investment purposes. Current assets, divided into stock and work-in-progress; debtors; short-term current investments; cash at bank; short term deposits and cash in hand; etc.

In addition to the above accounts, Louis (2007) posits that feedback report is quite crucial in assisting the church leadership to properly understand and appreciate the financial aspect of their roles. Timely reports are performance indicators for the ministry and the management. He recommended a number of indicators to be presented with the annual report with comparative figures for the previous years. Income and expenditures cover: This is expected to show the degree of adequacy or revenue in meeting the expenses incurred or the number of times revenue will cover expenses. Income per member: This is the total money received divided by the number of church members. It shows the average contributions of each member in a church year. Growth in income: This shows the increase/decrease in current year's revenue over that of the previous year and whether it has improved or deteriorated. Growth in expenditure: This shows the increase/decrease of current year's expenditure over that of the previous year. Percentage of capital expenditure to total expenditures: This shows the proportion of current revenues that is committed to future development of the church or the part of today's money/income invested in tomorrow of course, such investment is important to the continuous survival of any organization.

Larsen (2000) in discussing the financial requirement of non-profit making organizations posits thus: Financial statement of non-profit organizations shall be a statement of financial position, statements of activities, a statement of cash flows and notes to the financial statements; the statement of financial position shall report the amounts of the three classes of the organization's net assets; permanently restricted, temporarily restricted and unrestricted; the statement of activities or notes thereto shall report expenses by functional classifications such as program services and supporting services.

2.3 How funds are sourced and expended in the church

Louis (2007) also highlighted that monies are available for church use through members' subscriptions. Contributions are agreed sums of monies paid by the members to the church in most cases, amounts payable in a defined period of time (usually a year) could be predetermined; sometimes some members pay their contributions in advance, while some others pay theirs only in arrears. Whichever way, proper accounting provisions should be applied to have an account that will give a true and fair view in providing for necessary accruals and payments. Subscription in arrears: This refers to amounts owed by members. The proper treatment is to treat this as income in income and expenditures account. As long as the amount is still in arrears, the amount is shown as current assets (debtors) in the balance sheet. Whenever such arrears are paid, they are brought in as cash paid in the year of receipt in respect of the period covered by the subscription. Subscription in advance: This is an amount received by the church from members for a future period. It is shown in the balance sheet as a liability, since it relates to a future period. Subscription in advance and expenses in arrears (accruals) are liabilities, which should be shown on the liabilities side of the balance sheet while subscription in arrears and prepaid expenses are assets and they are to be recorded on the asset side of the balance sheet.

2.4 Internal control requirement in church accounting

Edagbo (1984) posits that a good accounting internal control system should encompass the exercise of controls and checks in the collection, recording and disbursements of resources or funds. The system should also engender a feedback mechanism through provision of periodic reports. Udoanyang and James (2004) has the following provision in respect of cash and cheque collections: cash, cheque and other remittances received should be banked, in fact on a daily basis except in those instances where amounts received is too small to take bank. Where receipts are issued for cash and cheque received, counterfoil or carbon copy receipt books should be used, which should be serially numbered preferably by the printers; the church should specify person designated to sign cheque on its behalf; cancelled and altered receipts should be authorized and all copies maintained in the receipt book.

Louis (2007) also specified that: Few ushers should be responsible for the collection and counting of offerings while they are closely monitored by a responsible, God fearing minister; the recording should be done by the head usher while the money is handed over to the church treasurer for banking immediately; those responsible for counting collections should not be responsible for recording with respect to disbursement of funds; neither the cashier, head usher or any one under his control should be responsible for raising cheques or keeping of any ledgers in connection with collections, sales, purchase and control of accounts; all cheques except in few cases, when bearing cheques are issued should be crossed, "account payee only, not negotiable."

With respect to fund account Louis (2007) posits that: Income generated for special funds or projects should be protected and transferred from the regular church account to avoid encroachment from other passing needs for which finance may not be available. A monthly report on the state of each fund should be prepared and passed to the head of the project committee involved and a copy sent to the pastor in charge; the committee should have a budget duly approved by the pastor in charge or the parish council. This is to avoid spending for items that have not been budgeted for. Before funds are expended, the authorized signature must approve the quotation with good judgment; and every item purchased must be sighted by two members of the committee and a representative of the pastorate, and receipt collected.

Furthermore, the following must be observed: Where a current account is opened for a particular project, the bank date must be strictly adhered to at all times; it is imperative that all signatory exercise good judgment before signing cheque; only authorized persons should be signatories to the account; and the number of signatories should be decided by the finance function, the head of the committee and the pastor-in-charge.

Moreover, David (2008) in his famous article, "control of church funds" recommends the following procedures: All collections should be counted and recorded on the collection count sheet. Collections should be turned over to the church treasurer who shall deposit the same to the bank; all disbursement should be covered with a cash voucher approved by a church leader, and paid out by the church treasurer; a Church bookkeeper records the collections and disbursements and prepares a weekly statement of collections and disbursements, which shall be reported to all members every week; and the church book keeper should also prepare a monthly statement of collections and disbursements summarizing transactions for the month and like wise reported to the members during fellowship days.

It is imperative for the church leadership to exploit ways or avenue the devil may utilize to tempt its flock and try to eliminate them. Good internal control mechanism will curb corruption and reduce the rate of tension and crisis generated by such misdemeanor.

2.5 Problems associated with church accounting

David (2008), in writing on the internal control problem of not-for-profit organization "specifically related the story of a fraud that took place in a church setting. Mr. C, a worker in first church was able to embezzle over 60,000 dollars as a result of weak internal controls of the church. This issue has sparked off a lot of research to discover the loopholes in church accounting and rectify them.

Armstrong (1989) identified the problems associated with church accounting as follows: Ineffective control: Churches by heir nature are often involved in noble and idealistic activities seeking to improve society and the general well being of all. The leaders are often devolved and very conscious of their elementary objectives. They take for granted that all involved with the activity are of a similar bent and disposition and think there is no need for control against employee dishonesty. Leaders of not-for-profit organization need to implement practices and policies businesses use to discourage employee fraud and dishonesty; dominant leadership: Churches are often under the leadership of dominant personality types. These personalities can work at odds with what is considered to be a proper internal control structure. For instance, pastors who are always in charge of churches carryover this authority into the business aspects of the church activities when this happens, because of a lack of understanding, suggestion for improvements and comments related to significant internal control weakness can be viewed as unimportant and not receive proper consideration; over emphasis on enterprise goals: Another related issue often prevalent in churches is the problem encountered when the goal of the enterprises supersedes all else. When a dominant leader manages the entity, this issue becomes worse.

Instead of looking more towards the future and anticipating changes, the unskilled pastor may inappropriately cling to an objective, which is not realistic in the face of diverse swings in funding; lack of accounting orientation and education: Because of the purpose and objectives of the typical not-for-profit, there is often a significant lack of accounting education and orientation on the part of the board or management of the church. The sacrifices of profit for attainment of organization objective may cause some churches to lose sight of the fact that the entity must stay solvent to provide for those services; and reliance on volunteer assistance: Additionally churches have historically relied heavily on volunteer assistance and volunteers are often given accounting or management duties for which they have little or no qualification at all or sometimes the church has very little money budgeted for a key position, that highly qualified people have no interest applying.

2.6 The essential of accounting in churches

Olusola (1998) emphasized the importance of church accounting as follows: It assists the church to know its financial strength from time to time; such information may be needed in financial decision making process; accounting in the church ensures proper accountability and integrity measurement basis; it will make plain, in a glance, the financial position of the church to members, banks, creditors and other user of such information; and it will enable the resources of such a church to be properly managed and controlled.

Emenyong (2007) in his eminent lecture at the Covenant University highlighted the importance of accounting in churches in fewer than three headings; namely the contemporary Nigerian situation, the accounting profession; and the place of the church in national rebirth.

Laughlin (1990) identified the importance of the accounting profession thus: Book keeping provides a permanent record of all financial transactions; the records provide a means of controlling the activities of the enterprise; the records provide a basis for auditing and investigating of financial dealing of the enterprise; and accountants serve as consultants in financial decision making.

2.7 Role of the church in national rebirth

As noted by Olusola (1998), the church has become a very powerful force to be reckoned with in Nigeria. In fact, more than 60% of the Nigerian population are Christians. External empirical validation of the level of individual involvement of Nigerians in church activity is provided by the world survey of value, global ranking of the level of church attendance. The survey indicates that Nigerian Christians with about 89.5% rate of attendance are number one in church attendance. The bad news however is that while the numerical increase in the number of Christians is self evident and church attendance is at an all time high, it is however unfortunate that there is no significant commensurate impact on the level of virtue and integrity in the Nigerian society including the church.

The juxtaposition of apparent spirituality and grotesque infamy has become a blighting hallmark of the rise of Nigeria Christianity. This calls for immediate, concerted and sustained effort by the church. To ignore this reality and continue with our hollow rituals is to become complicit in this insane perfidy. That Nigeria is a country with broken foundation is clear. The question posed by Psalm 11:3 is most apt, "If the foundation be broken, what can the righteous do? Is there anything the church can do to bring about a change in the state of affairs of the country? Yes. Olusola (1998) argued that the church should start the process by modeling financial responsibility, entrenching principles of accountability and teaching same to her members. The church by inculcating these virtues and values in her members can influence the thought pattern and behaviour of her members in their various professions and vocation.

2.8 The relationship between beliefs and the practice of accounting in churches

Belief is the bedrock of behavior and practice; we wish to examine some cardinal church doctrines that support the practice of accounting. The various beliefs that will be considered are creation; divine stewardship; judgment after death, doctrine of faithfulness and the belief for transparency. Every average Christian believes the story of creation as recorded in genesis chapter one. The bible records that "in the beginning God created the heavens and the earth." The bible went on to enumerate the various things created in an orderly manner starting from day one to the seventh day. Olusola (1998) in his book, "Church accounting and biblical stewardship" posits that if God deems it fit to record everything that was created on each day it is necessary for Christians and the church to put into record their dealings especially those of a financial nature so that reference can be made when necessary. Matthew Chapter twenty-five verse fourteen to twenty nine (Matthew 25:14-29) highlights a very important doctrine of the church. It relates the story of three servants entrusted with some resources (talent) for investment purposes. After a period of time, the master returned from his journey and called his three servants to give account of their stewardship. Where the first and second servants were commended for their prudence and richly rewarded while the third servant was reprimanded and punished for laziness and lack of financial prudence. Based on this belief, churches generally believe that resources should be properly managed and accounted for when the need arises. In Hebrews chapter nine verse twenty-seven (Hebrew 9:27) the bible

says, "... it is appointed unto man once to die and after death the judgment" (KJV). The bible also records in Revelation chapter twenty verse twelve to fifteen (Rev. 20: 12 – 15): "And I saw the dead, both small and great standing before God's throne. And the books were open, including the book of life. And the dead were judged according to things they had done ..." NLT). The Doctrine of the church emphasizes the fact that a day of reckoning is coming where all men would give account of their deeds while on earth. It also highlights that even God has books of record. This doctrine gave rise to the belief for proper recording of transaction in the church so as to give good account of services rendered when the need arises. The entrenchment of these beliefs also assists churches in faithfully carrying out the accounting function. In Nehemiah thirteen verse thirteen (Nehemiah 13:13), treasurer, and key personnel, were appointed to take collection of money for the rebuilding of the walls of Jerusalem. And they were found faithful. Churches believe that faithfulness shall be rewarded. In the second book of epistle of Saint Paul to the Corinthians, chapter eight verses twenty-one (2Corinthians 8:21), the bible says: "Providing things honest not only in the sight of God but also in the sight of all men." The doctrine incidentally tallies with the principle and conventions of accounting. The doctrine of creation emphasizes the historical aspect of accounting while stewardship tallies with the entity concept of accounting.

2.9 The prospects of church accounting

Although Churches in Nigeria observe some basic traditional accounting practices, there is still room for improvement. Edward (2001) opined that it is pertinent for churches set up to comply with government regulation and the general wave of globalization. It is also beneficial to members that their place of worship complies with basic standards by obtaining a non-profit status. At the end of the year, members should receive a statement of yearly contribution that they can include their tax returns. To enable churches comply and compile a comprehensive record of contribution from members, accounting software is required to equip the church on this task. If churches decided to purchase accounting software, accounting professionals should provide educational training for staff to enhance their proficiency. Software for non-profit church accounting services is complete with general ledger, payroll, constitutions, attendance, service, membership, mailings, sermon publication and more. Other areas of specialty offered by church accounting services should include consultation, internal revenue service exempt status, payroll report filing, tax preparation, contribution record keeping, financial reporting, auditing, budgeting, membership growth recording etc.

3.1 Research design

The research is designed in such a way as to obtain available necessary information and sample data was drawn to represent the entire population for drawing of valid conclusion. In all, the population was made up of 20 churches from which sample size of 11 was purposively selected. Then 100 respondents were sampled from the eleven churches.

3.2 Method of data collection

The study was carried out using both primary and secondary sources of data. Published and unpublished textbook, journals, newspapers, personal interview, questionnaire and internet were the main sources of data generated

Table 1: Sexes covered

Male	60	60%
Female	40	40%
Total	100	100%

Source: Field Survey 2016

Table 2: Positions held by people covered

Position	Number	Percentage
Priests/Pastors	20	20%
Deacons	15	15%
Elders/catechists	17	17%
Church Treasurers	21	21%
Head Ushers	12	12%
Youth Presidents	15	15%
Total	100	100%

Source: Field survey 2016

Table 3: Age distribution of respondent

Age	Number	Percentage
16-21	15	15%
22-30	40	40%
31 and above	45	45%
Total	100	100%

Source: Field survey 2016

A total of 100 questionnaires were distributed among ten churches. Out of which ten questionnaires were badly filled and were not included in computation. 90 questionnaires representing 90% of questionnaires distributed were correctly filled and returned.

4.2 Data analysis

Table 4: Do you keep financial records in your church?

Response option	Total responses	Percentage
Yes	90	100%
No	0	0%
Total	90	100%

Source: Field survey 2016

The above table indicates that out of 90 respondents, which represent 100% attest to the fact that the churches also keep records of financial transactions.

Table 5: Please indicate the appropriate records you keep in your church.

Records kept	No. of response in the affirmative	No. of negative response	No response
Profit & loss account	0	50	40
Balance sheet	49	20	21
Income and expenditure	86	2	2
Fund account	75	10	5

Source: Field survey 2016

Records kept by the Church

The above table shows that the records largely kept by churches are income and expenditure account and fund account. 50 persons representing 55% of respondent agreed that churches do not keep profit and loss account while 40 persons representing 45% refused to respond to the questions. 54.4% of respondents agreed that churches keep balance sheet while 22.2% disagree. 23.3% refused to give answers. 95% of respondents agreed that churches keep income and expenditure account. 2% disagree while 3% could not give any answer. 83% affirmed that churches keep fund account, 11% disagree while 6% have no answer to the questions.

Table 6: How do you get money to finance church needs?

Source	No. of Respondents	%
Members' contribution	70	77.8
Selling of lotteries to the public	5	5.6
Borrowing from financial institution	10	11.1
Borrowing from friends and relatives	5	5.5
Total	90	100

Source: Field survey 2016

Sources of church financing

From the table above, 77.8% respondent agree that church needs mainly funded by members' contribution while 5.6% affirm that church needs are funded by selling shares to the public, 11.1% say church needs are met by borrowing from financial institution and 5.5% say funds are sourced from friends and relatives of church leaders.

Table 7: What is the purpose of establishing your church?

Purpose	No. of Respondent	Percentage
To maximize stakeholders wealth	15	16.7%
To maximize profit	7	7.8%
To provide spiritual help and guidance without profit in view	68	75%
To promote ethnic rivalry	0	0%
Total	90	100%

Source: Field survey 2016

Purpose of church establishment

From the table above, 16.7% affirm that churches are established to make profit. 7.8% say churches are established to maximize shareholders wealth, 75.5% of respondents agree that churches are established to provide spiritual services without profit in view while 0% are of the opinion that churches are established to make or promote ethnic rivalry.

From table 5-7, one fact is clear. Although churches keep record of financial transaction, the accounts they keep are significantly different from those kept by commercial business enterprises. Moreover funds are mainly from members' contribution and churches are not established primarily to make profit as opposed to commercial business enterprises whose purpose is profit and maximization of shareholders' wealth.

Table 8: Is it necessary to keep records of your financial transactions in the church?

Necessity of church accounting

Response	No. of Respondent	Percentage
Yes	79	87.8%
No	11	12.2
Total	90	100%

Source: Field survey 2016

Table 8 depicts 87.8% respondents in favour of the necessity of church accounting while a negligible 12.2% are of the opinion that church accounting is not necessary.

Table 9: Can church financial records help in decision making relating to future financial events?

Response	No. of Respondent	Percentage
Yes	59	65.5%
No	31	34.4%
Total	90	100%

Source: Field survey 2016

From the above table, 65.5 of respondents are of the opinion that financial records can be used to predict future financial event while 34.4% disagreed with this opinion.

Table 10: Do you have an accountant in your church board?

Response	No. of Respondent	Percentage
Yes	45	50%
No	45	50%
Total	90	100%

Source: Field survey 2016

From the above table, 50% of respondent say they have professional accountants in their church board while 50% do not have.

Table 11: Can accounting records assist in reducing fraud in the church?

Response	No. of Respondent	Percentage
Yes	58	64.4%
No	32	35.6%
Total	90	100%

Source: Field survey 2016

From the above table, 64.4% of respondents believe that accurate and clean records can be used to reduce incidence of fraud in the church while 35.5% do not agreed with this opinion.

Table 12: Do you believe that God keeps records of things he does?

Response	No. of Respondent	Percentage
Yes	78	86.7%
No	12	13.3%
Total	90	100%

Source: Field survey 2016

86.7% respondents believe that God has records while a negligible 13.3% have a contrary opinion that they are not sure God has records because he is very merciful God.

Table 13: Do you believe that you will account for every talent (money) God has given to you just like the servants in Mathew 25?

Response	No. of Respondent	Percentage
Yes	65	72.2%
No	25	27.8%
Total	90	100%

Source: Field survey 2016

In the table above, 72.2% believe they are accountable for the money that is entrusted to them while

27.8% are of the opinion that they are accountable to anybody for the money that comes into their hands.

Table 14: Is there any relationship between financial integrity/ probity and faithfulness as emphasized by the scriptures?

Response	No. of Respondent	Percentage
Yes	71	78.9%
No	19	21.1%
Total	90	100%

Source: Field survey 2016

The table depicts that 78.9% believe that financial integrity is a sign of faithfulness as emphasized by the scriptures while 21.1% see no connection between financial integrity and faithfulness.

Table 15: Do you have biblical conviction of the practice of accounting in the church, or does the Bible support the practice of accounting?

Response	No. of Respondent	Percentage
Yes	66	73.3%
No	24	26.7%
Total	90	100%

Source: Field survey 2016

In the table above, 73.3% believe that the Bible supports the practice of accounting in churches while 26.7% have a contrary view.

Table 16: Nigeria is made up of about 140 million people. Christians constitute about 86 million. Why is there still so much corruption in the country?

Response	No. of Respondent	Percentage
Church originated causes	50	55.6%
Social and cultural causes	30	33.3%
Other causes	10	11.1%
Total	90	100%

Source: Field survey 2016

From the above table, 55.6% of respondents believe that the church is the primary cause of corruption because of improper teaching and failure to model financial responsibility, 33.3% of respondents believe that causes are social and culturally related, while 11.1% believe the causes are neither church nor social but other causes such as poverty, sheer desire to be rich etc, are responsible for the level of corruption in the country.

Table 17: Does the church exert any influence on members' attitude and behavior?

Response	No. of Respondent	Percentage
Yes	76	84.4%
No	14	15.6%
Total	90	100%

Source: Field survey 2016

From the table above 84.4% of respondents believe the church influences the behavior of her members while 15.6% have a contrary opinion.

Table 18: Do you agree that proper accounting practices starting from the church can be used to curb corruption in the country?

Response	No. of Respondent	Percentage
Yes	46	51.1%
No	44	48.9%
Total	90	100%

Source: Field survey 2016

The table above depicts that 51.1% of respondents believe church accounting can be used to curb corruption in the country while 48.9% do not think church accounting can be used to curb the menace of corruption in the country.

Table 19: Are the Nigerian churches using adequate accounting methods in their recordings?

Response	No. of Respondent	Percentage
Yes	39	43.3%
No	51	56.7%
Total	90	100%

Source: Field survey 2016

In the above table, 43.3% of respondents said they are satisfied with the method of accounting in their churches while 56.7% are not satisfied with accounting practices in their churches. They are opting for better accounting methodology.

Table 20: Do you use computerized accounting software in your record keeping?

Response	No. of Respondent	Percentage
Yes	24	26.7%
No	66	73.3%
Total	90	100%

Source: Field survey 2016

From the table above, 73.3% of respondents do not use accounting software in their church accounting while only 26.7% do use accounting software.

Table 21: Do you pay your church workers?

Response	No. of Respondent	Percentage
Yes	31	34.4%
No	59	65.6%
Total	90	100%

Source: Field survey 2016

From the table above, we conclude that most churches do not pay their workers. Only 34.4% of respondents agree that their workers are paid. Out of this number (31), 65% (20) of workers paid are full time pastors, while other workers of various categories are paid pitiable sum. 65.6% (59) out of 90 respondents affirm that their church workers are not paid but only given allowances from time to time.

4.3 Test of hypotheses

- (1) Ho: Church accounting is not significantly different from accounting in non profit oriented organization.
- (2) H1: Church accounting is significantly different from accounting in non profit oriented organization.

Using the statistics

$$\frac{\sum xy - \sum x \sum y}{(\sqrt{n \sum x^2 - (\sum x)^2}) (\sqrt{n \sum y^2 - (\sum y)^2})}$$

Where

Rxy= Degree of association between X and Y

X = Church accounting

Y = Accounting in non profit oriented organization

Decision Rule

- (a) Accept (Ho) if computed value of Rxy is less than the table value, otherwise, reject Ho and accept (Hi)

Let X be also all positive answers (+1) multiplied by number of responses and Y all negative responses (-1) multiplied by number of responses.

X	Y	X-X	(X-X) ²	Y-Y	(Y-Y) ²	(X-X)(Y-Y)
90	0	39	1521	18	324	702
0	-50	-51	2601	-32	1024	1632
49	-20	-2	4	-2	4	4
8	-2	-43	1849	16	256	-688
75	-10	24	576	8	64	-192
70	-20	19	361	-2	4	-38
78	-22	17	289	-4	16	-68
360	-124	3	7201	2	1692	1736

$$\bar{X} = 360/7 = 51; Y = 124/7 = 18$$

$$R_{xy} = \frac{7(1736) - 360(124)}{\sqrt{7(7201) - 360^2} \sqrt{7(1692) - 124^2}} = \frac{12152}{\sqrt{360140508} \sqrt{18977}} = 0.64$$

But Rxy at 0.01 using 2 degree of freedom = 3.49 (from table).

Decision

From the above calculation, we conclude that the strong positive relationship between X and Y suggest that there is no significant difference between church accounting and accounting in non profit orientated organizations. We therefore accept Ho and reject Hi.

- (2) Ho: Church accounting is not significantly necessary in the recent time.

Hi: Church accounting is sufficiently necessary in the recent time.

Let X be also all positive response *(+1) that support the necessity of church accounting and Y be all negative responses that do not support the necessity of church accounting.

X	Y	X-X	(X-X) ²	Y-Y	(Y-Y) ²	(X-X)(Y-Y)
79	-11	19	361	19	361	361
59	-31	-1	1	-1	1	1
45	-45	-15	225	15	225	225
58	-2	-2	4	-2	4	4
241	-199	1	591	1	591	-591

$$\bar{X} = 60; \bar{Y} = -30$$

$$R_{xy} = \frac{4(591)}{\sqrt{4(591)4(591)}} = \frac{2364}{2364} = +1$$

But R_{xy} at 0.01 using 2 degree of freedom = 5.84 (from table).

Decision

The calculated value of R_{xy} suggests an overwhelming support for the alternative hypothesis. We therefore reject the null hypothesis and accept the null hypothesis. Therefore, church accounting is significantly necessary in the recent time.

(3) H_0 : There is no significant relationship between the church belief and the practice of accounting in the church.

H_1 : There is no significant relationship between the church belief and the practice of accounting in the church.

Let X be number positive response that support the relationship between belief and the practice of accounting and Y be all negative responses that do not support the practice of accounting.

X	Y	X-X	(X-X) ²	Y-Y	(Y-Y) ²	(X-X)(Y-Y)
78	-12	8	64	8	64	64
65	-25	-5	25	-5	25	25
71	-19	1	1	1	1	1
66	-24	-4	16	-4	16	16
280	80	0	106	0	106	106

$$\bar{X} = 60; \bar{Y} = -20$$

$$R_{xy} = \frac{4(106)}{\sqrt{4(106)4(106)}} = \frac{424}{424} = +1$$

But R_{xy} at 0.01 using 2 degree of freedom = 6.94 (from table).

Decision

Since the computed value as a positive relationship, we reject the null hypothesis and accept the alternative hypothesis. There is therefore relationship between the practice of accounting and the belief of the church. (4) H_0 : There is no significant relationship between corruption in Nigeria and the practice of accounting in the church.

H_1 : There is significant relationship between corruption in Nigeria and the practice of accounting in the church.

Let X be all positive response and Y be all negative answer.

X	Y	X-X	(X-X) ²	Y-Y	(Y-Y) ²	(X-X)(Y-Y)
50	-30	-7	49	-1	1	7
76	-14	19	361	15	225	285
46	-44	-11	121	18	324	-198
172	-88	1	531	32	550	94

$$\bar{X} = 57; \bar{Y} = -29$$

$$R_{xy} = \frac{3(39)}{\sqrt{3(531)3(550)}} = \frac{282}{\sqrt{1593 \times 1650}} = \frac{282}{1621} = 0.2$$

But R_{xy} at 0.01 using 2 degree of freedom = 0.97 (from table).

Decision

Since the computed value is 0.2, we accept the null hypothesis and reject the alternative hypothesis. There is, therefore no significant relationship between corruption and church accounting.

(5) H_0 : Church account cannot be significantly improved beyond its present level in Nigeria.

H_1 : Church account can be significantly improved beyond its present level in Nigeria.

Let X be all response that support improvement and Y be all that do not support improvement.

X	Y	X- \bar{X}	(X- \bar{X}) ²	Y-Y	(Y-Y) ²	(X- \bar{X})(Y-Y)
39	-51	7.7	59.29	7.7	59.29	59.29
24	-66	-7.3	53.29	-7.3	53.29	53.29
31	-59	-0.3	0.09	-0.3	0.09	0.09
94	-176	0.1	112.67	0.1	112.67	112.67

$$\bar{X} = 31.3; Y = 58.7$$

$$R_{xy} = \frac{3(112.67)}{\sqrt{3(112.67) 3(112.67)}}$$

$$= \frac{338.01}{338.01} = 1$$

But R_{xy} at 0.01 using 2 degree of freedom = 0.47 (from table)

Decision

Based on the computations above, there is a strong positive evidence for improvement of church accounting. We therefore reject the null hypothesis (Ho) and accept the alternative hypothesis (Hi).

4.4 Discussion of findings

In the past four decades, there has been astronomical growth in membership of various church organizations in Nigeria. These religious organizations, through various descriptions collect contributions, such as, freewill offerings, development levies, tithes, harvest thanksgiving, etc from their members. The aggregate of these collections run into billions of Naira. Without regulation and official documentation of their finances, their spending habit indicates the possible quantum of resources at their disposal. In other words the churches account for some proportion of the gross domestic product (GDP). Such contribution can as well be measured from the level of employment generated and the life-style of some church leaders. This study was carried out to ascertain accounting practices in these churches in order to discover problem areas and proffer useful solutions and projections for future references. In testing hypotheses one to five, we have come to the unequivocal conclusion that church accounting is not significantly different from accounting in non profit-oriented organizations. Although the method of preparation and objective of church accounting differs from that of profit-oriented organization, yet accounting is still accounting whether in profit or non-profit oriented organization. Secondly, church accounting is overwhelmingly necessary in the recent time in order to sanitize church operation and engender viability. Thirdly, the practice of church accounting is practically based on the belief system of the church. Church accounting has nothing to do with corruption in the country, based on the opinion of respondents. But the truth of the matter is, if churches will model a symbol of financial integrity to their members, the rate of corruption in our country would drastically reduce. Finally, there is room for improvement in the practice of accounting in our country. More sophisticated and time minimizing machines should be used.

5.1 Conclusion

The study of church accounting is necessary in the recent time owing to widespread proliferation of churches some of which have gained international recognition and status. Whether we believe it or not, churches have contributed in a large extent to boost the rate of economic growth and development in the country. While the increase in church activities and membership is constant, it is baffling that there is no attendant increase in the rate of virtue in the country. While the world is becoming churchy, the church in turn is becoming very worldly. We believe that the problem of corruption can be firmly tackled if fundamental accounting practices are adopted and taught in the church. The church by inculcating the right values in her members would be able to influence what they do in their professions and vocations.

5.2 Recommendations

This research was carried out to determine appropriate accounting practice, discovered some problems and proffered solutions to them in the light of the existing evidence. In this study, some hypotheses were developed and tested. Based on the results of the test and non empirical findings, the following recommendations were made: Although church accounting is non-profit oriented, efficiency should not be sacrificed for objectivity; Church accounting is necessary in exposing the financial strength of such a church from time to time as well as aid the church in making future financial decisions; Church accounting should be properly organized by employing qualified accounting personnel; Churches should instill moral discipline in her members to reduce the rate of corruption in the country; Churches should undertake to train, educate as well as instruct members involved in the accounting function.

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