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Accounting in evangelical churches: shepherd my finances?

Contabilidade em igrejas evangélicas: apascenta as minhas finanças?

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ABSTRACT

This study aims to identify the level of utilization of accounting as a management and transparency tool in evangelical denominations. To achieve this objective, qualitative and descriptive research was conducted, interviewing pastors and treasurers from evangelical churches of various denominations in the state of Rio de Janeiro. The results show that accounting has been used as a means of accountability to members and the local community by most of the churches surveyed, and that there is a need for improvement in asset control and financial management in some churches, as they manually control their financial information. The study is important not only due to the growing presence of churches in the state but also for delving into the reality of management, offering practical recommendations for promoting more effective and ethical financial management, thereby contributing to the advancement of scientific knowledge in the field. Further-

more, the research has the potential to impact accounting professionals, revealing new opportunities in non-profit entities.

KEYWORDS: Managerial Accounting; Internal Control; Financial Management; Accountability; Church; Third Sector.

1. INTRODUCTION

Financial management is important in any organization, regardless of its nature or purpose. This is because through proper financial management, with the adoption of internal controls and accounting reports, the organization achieves its operational objectives. In addition, there is also a reduction in fraud and errors (Njoga, 2022).

The current structure of the economy can be understood by three sectors: the first is the State; the second is for-profit organizations, and the third, non-profit entities. The third sector emerges as a bridge between the State and society, due to the State's occasional failures to fulfill its social obligations, with the purpose of promoting actions and benefits of a social nature (Kohut; Stroparo, 2022). The church is one of the non-profit organizations whose role is charitable, psychological, and spiritual (Faria; Rego, 2014).

Although Brazil is a predominantly Catholic country, between 2000 and 2020 there was a more than 300% growth in evangelical churches (Araújo, 2023). It is estimated that, in 2010, evangelicals represented 22% of Brazilians, around 42 million (Alves et al., 2017). Currently, research suggests that this population is around 26% by 2022 (Araújo, 2023). According to data from the Brazilian Institute of Applied Economic Research (Ipea), there are 101,539 active establishments of evangelical denomination in Brazil. In the state of Rio de Janeiro, the number of existing evangelical religious temples is 14,429. Studying evangelical communities becomes relevant because they represent practically 13% of all third-sector institutions (Ipea, 2021).

It should be noted that because churches rely on the contribution of the believers as a source of funding, they face complex financial challenges in order to maintain a healthy cash flow and continue to meet the objectives for which they were constituted. Some examples of these difficulties are: i) maintaining the temple; ii) organizing divine worship; iii) supporting seminaries; iv) social support for members and needy communities; and v) developing professional courses (Faria; Rego, 2014). In this scenario, the church treasury and the religious leader play a crucial role in the transparency of their financial activities, with the responsibility of conducting good financial management and allocating resources correctly to relevant projects, in addition to accounting for the

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funds received and their respective destinations (Christanti; Wibowo; Wijaya, 2023; Njoga, 2022).

The lack of previous studies on financial management and transparency in evangelical churches in the state of Rio de Janeiro makes this research a pioneer and contributes to the advancement of scientific knowledge in this area. As a result, this study advances about previous ones, since they focused on other points, such as: i) level of internal control (Christanti; Wibowo; Wijaya, 2023; Soares; Vicente; Lunkes, 2010; Sulaiman, 2007); ii) transparency and accountability (Faria; Rego, 2014; Njoga, 2022; Tavares; Azevedo, 2022); iii) information system implementation (Pau et al., 2021); iv) accounting disclosure (Muskanan et al., 2020; Silva et al., 2017; Sousa et al., 2022; Wibowo; Kristanto, 2018); and v) accountability. (Chaves, 2021).

In view of the above, the research question is: what are the main challenges faced in applying accounting as a financial management tool and transparency tool in evangelical churches? This study aims to identify the level of use of accounting as a management and transparency tool in evangelical churches. To achieve this objective, a qualitative and descriptive study was conducted, interviewing 16 pastors and 4 treasurers of evangelical communities of various denominations in Rio de Janeiro. The research instrument used for data collection consisted of semi-structured interviews containing 17 questions, which sought to highlight the degree of financial management, the applicability of accounting as a tool, and the level of transparency of the information offered to members of evangelical churches.

In terms of practical contribution, the research is relevant to accounting professionals and non-profit organizations, as it provides the opportunity to share the initiatives of third-sector organizations, particularly evangelical churches, which manage their businesses based on criteria promoted by accounting and financial theory. Professionally, the results of the research may reveal new opportunities of work in this specific sector of non-profit organizations. Based on this information, it is possible to understand the demands of these organizations with a different perspective and promote the appreciation of the accounting professional as an agent for transforming accounting management. By offering practical recommendations that can promote more effective and ethical financial management, the study can also contribute to the organizations in question and potentially serve as an example for other non-profit organizations.

2. THEORETICAL FRAMEWORK

The Third-Sector is the group of organizations that are active around non-profit social responsibility (Medrado et al., 2018). These organizations aim to fill the gaps in public services that are not provided by the State, acting as a bridge between the first sector and the second sector (Faria; Rego, 2014; Rodrigues et al., 2022).

In Europe, after the Second World War, Non-Governmental Organizations (NGOs) emerged with the aim of intervening with a welfare nature, given that the world was facing various social

problems, and were initially linked to religious groups (Mañas; Medeiros, 2012). Thus, NGOs and other entities in the third sector were created with the aim of reducing these inequalities, practicing philanthropic and charitable actions to meet community needs that the State was unable to meet (Kohut; Stroparo, 2022).

Among the organizations in the third sector, religious organizations stand out, which are constituted as legal entities by individuals with the purpose of conducting activities focused on the practice of religion and the expression of faith, often engaging in actions aimed at the collective benefit (Pau et al., 2021). As established in Article 5(VI) of the Federal Constitution, everyone has the right to believe in the religions they wish, and to exercise their religious practices without any interference from the state. It is the state's responsibility to protect places of worship, such as churches and synagogues, and to ensure that rites are exercised freely (Brasil, 1988).

According to data from study by Araújo (2023), the Federal Revenue Service records show that the first evangelical church established in Brazil was the First Baptist Church of Nova Iguaçu/RJ, in 1922. Between the 1920s and the 1960s, evangelical churches did not have a significant number of establishments. A significant growth was seen from the 1980s onwards, with a significant expansion from the 2000s onwards. To develop the activities of evangelical churches, the main source of funds are tithes, offerings, and donations (Santos et al., 2019; Silva et al., 2017). Faria and Rego (2014) report that tithing is the traditional form of donation, corresponding to a tenth of the believers' earnings. However, this amount is not obligatory, and it is at the discretion of the individual to decide how much to contribute, according to their financial capacity and personal beliefs.

Considering this, accounting in the management of religious organizations becomes an important tool to help control the financial and economic data of these entities (Queiroz; Marques; Penha, 2018). It also helps in important decision-making that is fundamental to the success of this type of organization. In this way, accounting is essential in the management of these organizations, with the aim of ensuring the growth and development of these organizational entities that help to improve society (Queiroz; Marques; Penha, 2018).

Nonetheless, to comply with accounting legislation, non-profit entities need to meet the standards issued by the Federal Accounting Council, particularly the General Technical Instruction 2002 (R1), which deals specifically with Non-Profit Entities. It establishes all the specific criteria and procedures that must be analyzed by religious entities, such as: recognition of transactions and variations in equity, memorandum accounts, structuring of financial statements and the minimum information to be disclosed in explanatory notes (CFC, 2015).

Silva et al. (2017) found that the accounting practices adopted by religious entities in the state of Pernambuco are not fully compliant with the General Technical Instruction 2002 (R1). Muskanan et al. (2019) found that there is a lack of some information in church reports by not applying the Indonesian accounting standard (PSAK 45), since it is more relevant to transparency than the current model used in the church.

To help decision-makers in religious organizations, some accounting techniques can be used. According to Santos (2017, p. 8), "the budget is a management tool that helps managers plan and monitor the company over a given period". It is correct to say that the budget offers entities a valuable set of information for management, since it provides a view of the organization's financial health, allowing the planning of strategies aimed at improving results (Kohut; Stroparo, 2022; Oliveira et al., 2023).

Another tool used is cash flow, which is a beneficial control instrument in religious organizations, as it documents all incoming and outgoing transactions, allowing managers a comprehensive view of income and expenses in specific periods and forecasting future results (Kohut; Stroparo, 2022; Silva et al., 2019). Strategic planning, on the other hand, plays a role in guiding ecclesiastical structures in the current century, enabling leaders to align a direction with the purpose of fulfilling divine designs in and through the church. This tool allows managers to anticipate situations and identify risks, making it possible to transform weaknesses into opportunities for improvement (Kohut; Stroparo, 2022; Mulusa; Kiganane; Asienga, 2021).

Many church managers believe that the cash book is sufficient for accounting and are unaware that it does not cover many accounts, as it is limited to showing income and expenditure accounts, leaving out asset accounts. However, the cash book is useful for controlling the organization, and it is important to note that stricter control increases credibility. To achieve this goal, effective internal control is essential to prevent misappropriation and waste of resources (Sulaiman, 2007; Verissimo et al., 2020).

Verissimo et al. (2020) found that 72.5% of religious organizations keep bookkeeping, and the most elaborate accounting statement is cash flow. Kohut and Stroparo (2022) found that most organizations in Paraná use management tools to manage resources and activities. The budget was shown to be the most used management tool.

According to Crepaldi (2012, p. 73), the objectives of an organization's internal controls are: "i) to safeguard assets; ii) to reflect the organization's current situation with efficient data and reports; iii) to detect errors and identify fraud; and iv) to provide transparency of information pertinent to the company's operations". The importance of using financial control tools in organizations is emphasized, highlighting that these tools are essential elements for effective financial management. In addition, they represent a valuable source of information for assessing the financial health of the organization and its financial performance (Israel; Menezes; Sousa, 2017). Poor or absent internal controls are a possible reason for fraud and misappropriation of funds (Chaves, 2021; Sulaiman, 2007; Wibowo; Kristanto, 2018). Therefore, the implementation of controls is fundamental to improving the accuracy of operations and identifying deviations from expectations, thus minimizing significant distortions in results (Njoga, 2022).

Considering that cash is highly vulnerable to fraud, internal control related to cash disbursements should cover critical aspects of financial management practices (Wibowo; Kristanto, 2018). This view is also analyzed by Njoga (2022), who reports that an effective internal control system ensures that an organiza-

tion's management uses financial resources in a way that protects the interests of donors and contributors. Another important point to prevent errors and fraud is the segregation of duties and the establishment of control policies to minimize risks, assigning responsibility to individuals according to their functions (Njoga, 2022; Sulaiman, 2007).

It is observed that the use of software facilitates the adoption of appropriate control practices, obtaining more confidence in the information generated (Portulhak, 2014; Rodrigues Junior; Santos; Ishisaki, 2019). The efficient use of these control tools also allows for the analysis of discrepancies between actual results and projections, making it possible to take corrective measures to align the organization's ongoing performance with its long-term objectives (Christanti; Wibowo; Wijaya, 2023; Njoga, 2022).

A relevant aspect that can influence the level of internal control within the religious organization is the division between "sacred and secular". This concept exempts the religious organization from responsibility and can affect accounting and other management practices (Christanti; Wibowo; Wijaya, 2023; Flesher; Flesher, 2022; Portulhak, 2014; Wibowo; Kristanto, 2018).

Sulaiman (2007) concluded that state mosques have an internal control system to protect their assets. Soares, Vicente and Lunkes (2010) found that small Catholic communities in Florianópolis have adequate internal control. Wibowo and Kristanto (2018) observed that congregation members perceive internal controls as necessary, and qualitative data showed that sources believe that church finances have been professionally managed. Njoga (2022) found that internal control, information processing, segregation of duties, and transparency of information positively impact the financial performance of churches.

According to Jorge (2020), accountability is essential for protecting bureaucratic integrity and democratic functioning. In Brazilian literature, it is related to responsibility and accountability in organizations, a way for Third Sector managers to demonstrate their performance to stakeholders in the economic and social system. In return for contributions and volunteering, the organization needs to be transparent by adopting corporate governance practices (Christanti; Wibowo; Wijaya, 2023; Sousa et al., 2022). In addition to transparency, another important factor in accountability is legitimacy. It is through this factor that the organization internally assumes its responsibilities regarding the development of its mission, goals, and performance (Portulhak, 2014; Rodrigues et al., 2013; Santos et al., 2019).

Legitimacy related to accountability provides a series of tools that allow interested parties to verify whether financial resources have been used appropriately, whether the management of resources and assets has taken place effectively, whether the organization meets its social objectives with integrity, whether it achieves positive economic and financial results, whether it maintains transparency in its activities, and whether it has an effective system for communicating its practices (Jorge, 2020; Santos, et al., 2019; Silva et al., 2019; Tavares and Azevedo, 2022).

In this way, it is essential that the believers realize that resources are being applied correctly (Chaves, 2021). Therefore, the internal control and accountability tools applied to religious organizations, combined with accounting as a support agent, can

Table 1 - Characteristics of the Respondents

RESPONDENT	FUNCTION	EDUCATION	DENOMINATION	MUNICIPALITY	TYPE
1	Pastor	Higher education	Presbyterian	Rio de Janeiro	Main church
2	Pastor	High school	Assembly of God	Teresópolis	Main church
3	Pastor	Higher education	No specific denomination	Rio de Janeiro	Main church
4	Pastor	Higher education	No specific denomination	Nova Friburgo	Main church
5	Pastor	High school	Assembly of God	Casimiro de Abreu	Main church
6	Pastor	High school	No specific denomination	Guapimirim	Main church
7	Treasurer	Higher education	Assembly of God	Rio de Janeiro	Main church
8	Pastor	Higher education	Assembly of God	Belford Roxo	Main church
9	Treasurer	Higher education	No specific denomination	Itaboraí	Main church
10	Pastor	Higher education	Assembly of God	Rio de Janeiro	Subordinate Congregation
11	Pastor	Post-graduation	No specific denomination	Rio de Janeiro	Main church
12	Pastor	Higher education	Assembly of God	Rio de Janeiro	Main church
13	Pastor	High school	No specific denomination	Duque de Caxias	Main church
14	Pastor	Higher education	Assembly of God	Piabetá	Main church
15	Treasurer	Higher education	Assembly of God	Rio de Janeiro	Subordinate Congregation
16	Pastor	Higher education	No specific denomination	Rio de Janeiro	Main church
17	Treasurer	High school	No specific denomination	Rio de Janeiro	Main church
18	Pastor	Higher education	Assembly of God	Macaé	Main church
19	Pastor	Higher education	Assembly of God	Rio de Janeiro	Subordinate Congregation
20	Pastor	High school	Christian Congregation of Brazil	Rio de Janeiro	Subordinate Congregation

Source: Research data (2023).

optimize the organization's financial management, promoting the continuity of its operations and the possibility of achieving its spiritual objective.

Faria and Rego (2014) showed that both parishioners and the pastor agreed that transparency of finances and accountability make the believers more likely to contribute. Santos et al. (2019) concluded that accounting management is related to fundraising, but the work of accounting professionals is still deficient. It has been shown that transparency is essential for funders and the community, and effective communication and disclosure of the work carried out is essential to obtain credibility. Silva et al. (2019) found that respondents consider accounting to be a tool for promoting accountability. It is understood that the financial statements should be presented to the whole church in meetings to obtain credibility.

In a study on the perception of members of evangelical churches in relation to management and accountability, Chaves (2021) found that 70% of respondents came from Baptist churches, 77% from the Northeast region. The majority of respondents agreed that it was important to disclose information clearly and reported a lack of disclosure through digital communication channels. Analyzing accounting and IT as management and accountability tools in a religious institution, Rodrigues et al. (2022) concluded that these entities have accountability practices. For the interviewees, these practices influence public trust, reputation, perceived quality, and the intention to donate. Tavares and Azevedo (2022) observed that, as the religious organization renders accounts to its community, trustworthiness increases, which contributes to fundraising, with the implementation of technology to achieve transparency. Christanti, Wibowo and Wijaya (2023) concluded that the faithful expect financial transparency to be anchored in moral commitment based on faith.

3. METHODOLOGICAL ASPECTS

3.1 Research Corpus and Data Collection

The data was collected by means of semi-structured interviews. To this end, a 17-question script was developed to guide data collection, which sought to understand how pastors and treasurers control finances, the level of use of accounting and how the subject of transparency is dealt with within management.

To select the research corpus, the snowball technique was used, which is a way of collecting data starting from an initial intermediary for referrals, and such referrals create ramifications for new contacts, being used with groups that are difficult to access, whose subject is sensitive and are members of a population that does not wish to expose itself (Bockorni; Gomes, 2021). Based on this technique, 20 pastors and treasurers from different municipalities in the state of Rio de Janeiro were reached. Data was collected by telephone between September and November 2023. The interviews were conducted via Google Meet conference calls. With the authorization previously requested from the participants, the interviews were recorded on Google Drive.

3.2 Data Treatment

To transcribe the data, the Reshape platform was used, with the recordings uploaded and then downloaded as a .docx file. To tabulate the transcripts, Microsoft Office Word and Microsoft Office Excel were used. The analysis was conducted by interpreting the points made by each interviewee.

For the analysis of the open-ended interview questions, content analysis was used, which employs methods of communication analysis to understand in a critical way, examining both explicit and implicit content, through the stages of pre-analysis, categorization by themes or codes and the subsequent interpretation of the results obtained (Bardin, 2009).

4. ANALYSIS OF RESULTS

4.1 Characterization of Respondents

Table 1 shows the characteristics of the respondents, such as their function and training, and the characteristics of the church, namely: denomination, municipality, and type of church.

It was found that the interviewees are from churches in 10 different municipalities and 50% are located in the municipality of Rio de Janeiro and are from main churches (headquarter), which may or may not have subordinate congregations. It was found that 80% of the participants are pastors and 65% have higher education. With regard to the type of denomination, 50% of those questioned are pastors of the Assembly of God Church, and 40% are from evangelical churches with no specific denomination.

4.2 Management and Internal Control

With regard to the definition of the Treasury and Fiscal Council functions, both are defined in the church's Bylaws, where both the necessary competence and attributions are evidenced. As reported, they are elected by the General Assembly, in which the board of directors and the members present vote, observing the character and skills required to perform the function. Among those interviewed, 35% reported that there is no Fiscal Council, since there is no legal obligation to do so, as it depends on the administrative structure and whether or not it is established in the Bylaws, as can be seen in the words of interviewee 6: "...Yes, treasury yes. Fiscal council not yet...". It was noted that of the churches that don't have a Fiscal Council, the majority were set up less than a year ago, probably because they have few members, and it may be common for there not to be the necessary number of believers with the necessary skills to hold this position.

The Fiscal Council is important for the church, since it is responsible for overseeing the management of the president and vice-president of the organization and for reviewing the accounts prepared by the Treasury (Portulhak, 2014). The Fiscal Council helps governance by providing transparency to the administra-

tive decisions of managers, and periodically issues an opinion with a report to be presented at the General Assembly (Santos et al., 2019). It acts as an inhibitor of harmful decisions, as well as representing the members by seeking the proper financial management of the church (Chaves, 2021). When there is no action by the Fiscal Council, there may be a risk of a lack of transparency in the rendering of accounts and members becoming less trusting of management.

Some respondents pointed out the competencies expected of members of the Audit Board and the Treasury. Interviewee 8's response summarizes the perception of the others.

The principle we use is not only a spiritual principle, because it is a church, but a principle of fidelity, loyalty, honesty. Obviously, and also a principle of administrative knowledge, of what we call the treasure of the house of the Lord, which is money...

This suggests that in both the Treasury and the Fiscal Council, these principles are relevant, which will lead to greater transparency in accountability, generating more trust from members when they contribute and tithe (Chaves, 2021). Transparency is essential for the proper accountability and financial sustainability of the religious organization. This fact was also observed by Faria and Rego (2014), who found that 100% of the congregants agreed with the importance of rendering accounts to obtain funds.

Regarding the topic "Organization of Income and Expenses classification", we sought to understand how the classifications are managed, where it was shown that 45% use spreadsheets, 30% use systems and 25% use manual records in books and reports. Interviewee 1 mentions: "So we have a spreadsheet, within that spreadsheet there are the names of the accounts, and he allocates the church's expenses within those existing accounts". The churches try to organize the classifications in order to have specific data on the history and cash flow. However, in one of the churches there is no internal control, and the documents are only organized to be sent to the accountant, who then continues with the records.

The absence of internal control generates certain risks, such as fraud, the possibility of failure in decision-making and, consequently, a waste of resources (Soares; Vicente; Lunkes, 2010). Without an effective internal control system and the application of these principles, the probability of failures and the difficulty in achieving the church's strategic objectives become a latent reality (Njoga, 2022).

With regard to tithes and offerings, they are counted after collection. The deacons and the treasury verify the collections in kind and in the account and record them, for the most part, in a physical report with a signature. It was noted that few enter

the information into computerized systems. It was observed that there is a similar procedure in all the churches, both in the main churches and in the subordinate congregations, which can be summarized in the words of interviewee 7.

The control is done with a committee, usually we take a group of deacons in the absence of the evangelist or pastors, and they are reputable, knowledgeable brothers who have, as we say, prestige in the Church, or we see maturity. And today in the counting room, when the collection is made at the donation service, it has been done both directly and online. And this group, at the very least, is made up of three people to confirm the income.

This procedure becomes efficient as an internal control, since there are witnesses at the time of collection, thus validating the revenue recorded. The amount recorded is then checked by the treasurer and entered into the system. Financial management is one of the key elements for an organization's sustainability (Israel; Menezes; Sousa, 2017). Cash is highly vulnerable to misappropriation, so the use of this control related to cash inflows is essential (Wibowo; Kristanto, 2018). And as an integral part of this management, this control increases the assertiveness of the information, guaranteeing integrity and accountability (Njoga, 2022).

Another important point is regarding what was said by some respondents, who observed that contributions in cash decreased after 2020, as stated by interviewee 18: "...actually what happens, we had, you have the offertory box at church and we had 90% of the church's contributions until 2015, until 2020 they were physical, today 97% are digital because of Pix...". Thus, as interviewee 18 mentioned, only 3% of the church's contributions are in cash after 2020, with the creation of Pix, (which is an instant payment system), as a means of bank transfer. It is important to note that this change in the mode of contribution increases control over the inflow of funds into the organization, since there is more security and traceability of transactions.

Regarding the average monthly income, only one interviewee preferred not to give an opinion. Within the group analyzed, monthly income ranged from R\$1,200.00 to R\$5,000.00 for beginner churches, and from R\$70,000.00 to R\$350,000.00 for larger churches. It was observed that churches with higher income tend to have more computerized management than smaller ones.

The frequency of deposits varies: 45% reported it to be monthly, 30% weekly, and 25% one working day after the service, which can vary according to the size and volume of cash received. Some churches report that only 10% of funds are received in cash, which means that the frequency of deposits is higher, or sometimes used.

With regard to the registration and management of assets, the majority do not have an inventory, with 65% knowing the average value of how much they have, while 35% do not have even basic control in spreadsheets. It was found that the churches know how asset management and recording work, but they do not apply it, and one of the reported causes is the lack of volunteers who are capable of carrying out these tasks. The interviewees understand

that to manage assets efficiently, they must have a label that links the asset to its record in the system or on a spreadsheet.

Only one church reported that it uses the church's management software to enter assets and keep track of their write-offs, according to interviewee 18: *"Everything we have there was donated, and we are not doing that at the moment. We have everything registered, but we do not have the bar code thing yet, but that is within our administrative vision..."*.

The tools which churches currently use are mostly management systems and spreadsheets, and the reports used by the treasury are more related to cash flow. Interviewee 17 reports that the financial reports are sent to the accounting department and returned within the agreed period, on a monthly basis. With the advance of technology, it can be seen that many churches have adopted such tools that can be used by computer and cell phone in the form of an app, which facilitates the management and monitoring of information, as described by interviewee 8: *"We have an app... nowadays, for example, I can access the entire report, what comes in, what goes out, by cell phone."* Christanti, Wibowo and Wijaya (2023) report that one of the points for an organization to have transparency is a structured financial recording system.

Even in this scenario, it is noticeable that there are churches that still do everything in the traditional way, writing in notebooks. Rodrigues Junior, Santos and Ishisaki's (2019) study found that the organization studied had difficulties identifying documents and justifying values, as it was organized in a single folder. The development and implementation of financial and accounting systems in religious organizations can face challenges due to the delicate distinction between spiritual and non-spiritual aspects (Portulhak, 2014). This information is also evidenced in the study by Wibowo and Kristanto (2018), in which it was found that internal controls are still not considered important and urgent for the continuity of churches in many of them, as there is a culture of resistance to their adoption because they are considered sacred institutions. This leads these churches to fragilities, such as mismanagement of resources due to dependence on paper that can be altered or lost. In this research, it emerged that one of the interviewees does not yet have an accountant, which may be more critical for the organization's management.

Most records are kept on a monthly basis and interviewee 1 describes how the procedure works:

Every month, the treasurer sends all the transactions for the month, and as soon as the accountant does the accounting and makes the records, he passes them on to the accountant and the accountant presents them at the leadership meeting, at the council meeting, which is the church's administrative management body.

Therefore, the churches try to deliver the information to the accounting department in an organized way. It is clear that almost all the churches have outsourced accounting, except for interviewee 6, who does not use accounting services. With regard to the payment of personal expenses for pastors or members, it was observed that in some churches (the bigger ones) pastors receive

a stipend and the expected remuneration, while in the smaller ones this happens less frequently.

It is important to consider the statutory parameters that guide the church, what the Holy Scriptures say and each denomination's own doctrine, because as we have seen, each church has its own way of dealing with this issue. And among the pastors who indicated that they receive a stipend for full-time pastoring, it was assessed that this should not be done with usurpation. It was found that when there is full-time pastoring, the tendency is for this allowance to be paid in rent or as a perquisite, as can also be seen in the words of interviewee 18: *"we pay the rent of workers, two workers, three workers who are in full-time ministry for the church"*.

Regarding the payment of members' expenses, it is important to emphasize that the majority of those interviewed reported that there is a social action ministry or "diacony" ministry in the churches, which raises funds with the other members according to the need identified. They are groups of "brothers" who, when a need arises, either from a member of the church or the local community, exercise their love for others by providing for their basic needs, such as food, gas, electricity, and water.

Budget planning in a church is fundamental to ensure financial stability and to fulfill the objectives of the religious community (Santos, 2017). It was observed that 75% of the interviewees have a basic budget plan, with the expenses that are planned for the following year, but without foreseeing an income from offerings and tithes, as there is a monthly variation reported by the interviewees. On the other hand, 25% have no budget planning at all. The main reason given is that today the members may tithe and next month they may not, because it is not an imposition: the members give according to their heart's desire, with joy. Interviewee 11 reports that: *"There's no way of having this planning, because the church is non-profit, and you're not like a company, which has targets and so on..."*. Regarding budget planning for expenses, interviewee 8 explained that expenses cannot exceed the established ceiling so as not to cause a financial imbalance that could culminate in a deficit for the fiscal year, jeopardizing the church's strategic planning.

Faith is one thing, delirium is another. Of course, as pastors, we do not just work with the resources we have. I believe that we place our feet, and God places the ground underneath us, but I also need to work hard with balance within what is established. If the church has an X ceiling, I'm not going to spend 2X within what I've been set to spend, because the church doesn't have help from the government, the town hall, the public, the church relies on the believers that God has raised up on earth to help the church.

Queiroz, Marques and Penha (2018), corroborating a study on the use of accounting to support management in religious institutions, found in their research that among the management tools analyzed, the second most used by religious institutions is budget planning. Silva, Galegale, Marion (2018), in their survey of

ecclesiastical institutions, found that the majority (51.79%) have a system for organizing the budget, with an annual budget cycle and 60.71% see it as extremely important to invest in tools such as systems for viewing reports in real time. Njoga (2022) points out that the use of budgetary controls is correlated with good organizational performance, monitoring efficiency, and increased financial responsibility. Therefore, such controls are important to understand which department has consumed the most resources and to manage tithes and offerings efficiently, with a view to the continuity of the church as a non-profit entity, since there needs to be a surplus to expand new projects.

On the topic of financial indicators, it became clear in conversation with the interviewees that 90% of them do not use these indicators to measure the church's financial health. Some reported that they use cash flow as an indicator, and interviewee 18 showed how this is done in the church where he is pastor. Interviewee 5 also reports that they use graphs in the 16 congregations in the field where the church is the central to compare the evolution of the reports and control the growth of expenses, but it is issued annually, according to his answer: *"there is a graph that is issued annually with those ups and downs of the graph of the respective congregation. So, from there we can make an average with the reports, which happens monthly"*.

4.3 Using and Understanding Accounting

As noted in the answers, 45% of the interviewees have intermediate knowledge, and many leave it to the treasury to monitor and better understand this information. It was observed that three of the interviewees have a technical degree in accounting or a bachelor's degree in accounting sciences, and this is an advantage when it comes to gaining a broader understanding of the information that accounting provides.

Some respondents reported basic knowledge of accounting. For them, the information they use most is related to day-to-day cash flow, trial balance and balance sheet for accountability purposes. In the case of interviewee 14, it can be seen that because the church has many branches, control and management are used more for monthly and annual monitoring.

I have practically 100% knowledge, because we monitor the entire financial development of the church. We have 17 churches, including the head office and 16 branches, and the 16 branches are accountable... I monitor the balance sheet, outflows, inflows, the balance that we have...

With regard to the information generated by accounting, 40% do not use it to make decisions, perhaps because they do not have the necessary guidance and information from accounting. This may reflect that there is a gap in which the accountant can act more actively as a strategic partner of the religious leader to guide best practices and support the decision-making necessary for the continuity of the ecclesiastical mission.

In the view of some of the pastors and treasurers, the accounting department reports to the Internal Revenue Service, which is a point to note with regard to these organizations, given that they are non-profit. The perception of the use of accounting information is mistaken in relation to other for-profit organizations. In the view of interviewee 16, as the church is exempt, the tracking of accounting is annual: *"...from time to time, annually, in fact, it issues us documentation with the Internal Revenue Service..."*. Other respondents mentioned that transparency should be adopted to inform the congregants about the destination of funds. Therefore, the concern to disclose beyond the tax authorities, only as compliance with the norm, but also to members and society, generates healthier churches. This thought corroborates that presented in the study by Faria and Rego (2014), which sought to find such data regarding a Catholic church.

Regarding the periodicity of the records, almost all of them report that they send them to the accounting office on a monthly basis, and that it is done externally, except for two churches, one which still doesn't have this support and another which reported only sending the annual documentation for the appropriate records. This result corroborates what was reported above about the understanding of the accountant only as the person responsible for rendering accounts to the IRS.

4.4 Accountability and Transparency

Accountability is seen as an important factor from the point of view of those interviewed. With regard to how it is done, 5% do it quarterly in a ministry meeting, 5% every six months and 40% annually in a so-called administrative service or General Assembly. Some interviewees report that for tithe payers who want to access this information, there is an open channel with the treasurer in charge to answer any questions, and a summary of the cash flow report and the financial statements are made available for consultation, as interviewee 18 explains: *"so it's not a pyrotechnic show or an armored door. Anyone who wants to, the treasurer is available, the report is on the table, he locks it when he leaves, but any member can ask for it."*

It was found that 50% of the respondents do not report directly to the members on the administration of annual resources and spending. These pastors reported that this information can create a problem when the church is located near a risky area, as interviewee 16 explains.

We do not have an account yet. We do, in fact, for a smaller number. Not for all the members, because we run the risk, since we are close to the slum community, for example, of saying 40,000 for a church the size of ours. It creates expectations and risks for the people who are involved. So, we work with small groups, the leadership that is closest to us, and inform them of this amount and the projections for what we intend to do.

Thus, by rendering accounts, the church seeks to be transparent with its members, generating more trust and continuity in offerings and tithes. Oliveira et al. (2023) in their study observed

that the non-profit organizations analyzed focus on actions aimed at transparency in their financial management, especially in terms of complying with legislation, providing access to financial reports, and acting in accordance with specific third sector accounting standards.

This information can also be observed in the study by Santos et al. (2019), which reports that 98% of the organizations account for their income and expenses, generating transparency and security. Tavares and Azevedo (2022), in their study of a Catholic church, pointed out that 94.3% of the congregants interviewed agreed that accountability is important for the management of the organization and 75.8% of religious organizations frequently account for their resources. Chaves (2021) found in his study that, from the point of view of members of evangelical churches, 69.6% say that the church they belong to is a transparent entity in terms of resource management and results, and that 45.9% would stop contributing if the church acted without transparency and poor resource management.

On the other hand, according to some interviewees, it is necessary that members also seek to know more about the annual progress of the church, to monitor the management of their pastor. This point is also found in the study by Faria and Rego (2014), where 12% of the interviewed did not seek to know the financial information every six months and 40% had doubts as to whether they really seek out such information. According to the study by Chaves (2021), 67.5% have access to the church's financial data and in some way participate in meetings that choose the destination of financial resources. Showing the accounting statements in the General Assembly generates this transparency, as it is a validation of the financial information.

Finally, we sought to understand the role of the Fiscal Council in evangelical churches in the state of Rio de Janeiro, since this body represents the interests of the members and certifies the actions of the pastor and treasurer. For those interviewed, the Fiscal Council has the role of evaluating treasury information, reports and supporting documentation for transactions. It is clear that 25% of the churches interviewed do not have a Fiscal Council. This is a risk factor, as it has the role of supporting the observance of important points for transparency and more assertive accountability.

As for periodicity, 50% of the interviewees do the review on a monthly or quarterly basis, to avoid an accumulation of information to be analyzed, while a minority do not have an established deadline for such an evaluation. In agreement with this, the results of the study by Santos et al. (2019) showed that the majority of accountability takes place on a monthly and annual basis. The study by Portulhak (2014) showed that an ordinary meeting is held every year to approve the accounts for the previous year. What was observed in the interviews differs from the study by Queiroz, Marques and Penha (2018), in which they found that most of the accounting analyses are used annually. In the study by Njoga (2022), it was also found that the frequency of reviewing the accounts, for the most part, is carried out annually, followed by every six months. This information shows that there is still a long way to go in terms of the Fiscal Council's role as the voice of the members in analyzing and monitoring the church's finances.

5. FINAL CONSIDERATIONS

The aim of this study was to identify the main challenges in using accounting as a tool for management and transparency in churches in the state of Rio de Janeiro. With regard to asset management, it was clear that there is a need for improvement, since many churches do not have such control, and accounting could act to support and generate reports on assets and asset depreciation.

With regard to financial management, most churches are well organized, using financial management systems or spreadsheets, as well as organizing and controlling the inflow of tithes and offerings responsibly and with the counting and recording done by two or more "workers", ensuring the integrity of the funds obtained. This creates a greater probability of more transparent accountability to members and the local community. It was found that there is room for improvement in financial management, as there are churches that manage their finances manually, without the use of spreadsheets or information systems. With regard to the level of knowledge and use of accounting information, it was found that there is room for improvement, since most of the interviewees had a basic knowledge of accounting statements. It was noted that the level of use of accounting information is dedicated to the rendering of accounts by the pastor and treasurer to the members at the General Assembly, which is held annually.

Some of the interviewees reported that churches try to be transparent in their actions. However, it was possible to perceive a fear of making the church's financial data public, due to concerns about the safety of pastors and treasurers. Even with this limitation, some of the institutions interviewed make information related to the financial statements available to members and some pastors said that most members do not seek to be informed about the administration of the church to which they belong, due to the degree of trust that the faithful have in the ministry.

The Fiscal Council needs to function as a supervisory body for the administration, in order to certify that evangelical churches are adopting appropriate financial practices. Based on this information, it is possible to understand, with a different perspective, the demands of these religious entities, which differ from other Third Sector entities in terms of structure and management. For this reason, the accountant must have the necessary skills to be a strategic partner for evangelical churches, both in providing guidance and organizing financial information, as well as supporting the rendering of accounts by the church administration.

This research is relevant to academia, non-profit organizations, and accounting professionals. The results of the research could have an impact on the work of accounting professionals, revealing opportunities to work in a specific sector of non-profit organizations, such as evangelical churches. The study also has implications for the organizations in question, serving as an example for other non-profit entities. The lack of previous studies on financial management and transparency in evangelical churches in the state of Rio de Janeiro makes this research a pioneer and contributes to the advancement of scientific knowledge in the area. Further studies could expand the number of interviewees, cover a larger number of religious denominations, or conduct a larger-scale survey using questionnaires in other states and municipalities.

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