

**2004 CHURCH BENEFITS ASSOCIATION MEETING
CFO ROUNDTABLE SUMMARY
Submitted by Louis P. Barbarin, Moderator**

There was significant discussion around the Sarbanes-Oxley Act and its affects on non-profit organizations. The Act was signed into law on July 30, 2002 resulting from corporate and accounting scandals. The law requires that publicly traded companies adhere to significant new governance standards that increase board members' roles in overseeing financial transactions and how these transactions are audited.

There have been some state attorneys general who have considered whether a similar law should be passed for non-profit organizations. In anticipation of such a law, a number of non-profit organizations have reviewed and implemented provisions of the Act considered "best practices".

These best practices include:

- An independent and competent audit committee
- Responsibility of auditors
- Certification of financial statements
- Insider transactions and conflicts of interest
- Disclosure
- Whistle blower protection
- Document destruction

It appeared that the majority of church pension boards represented at the Roundtable were addressing best practices within their organization.

There was a general concern that the Big Four accounting firms no longer have the resources to provide professional services to non-profit organizations due to their increased workload from servicing their Sarbanes-Oxley clientele. There are a number of non-profit organizations that will not have their contracts renewed as a result of the above mentioned challenge.

The Quality and Liability of External Audits.

There has been increasing concern from the public that accounting principles and external audits based on these accounting principles do not provide an adequate level of accuracy and assurance therefore, disclosure often suffers. Governing boards and management are concerned that audits will fail to act in accordance with with professional standards resulting in possible liability for the organization. The Roundtable discussed how expectations are communicated to the external auditor.

Measurement

Our last two topics dealt with performance measures, more specifically financial and non-financial internal performance measures and how to develop relevant benchmarks for church pensions organizations. While there are tools such as the Balanced Scorecard to help us with

financial and non-financial internal performance measures, external benchmarks are more challenging to develop.

The CFO Group is exploring the possibility of meeting prior to the 2005 CBA conference to address the challenge of establishing metrics and to address other topics.