The Financial Management of Gozitan Parishes: An Analysis of Selected Components

By

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Abstract

The Financial Management of Gozitan Parishes: An Analysis of Selected Components

Purpose: This study aims to analyse financial management practices within Gozitan parishes focusing on the following components: financial planning and budgeting, cash handling and controls, financial record-keeping and financial reporting. Furthermore, it seeks to delve into the issues encountered by those handling parish finances and gather their recommendations for enhancing financial management practices within Gozitan parishes.

Design: A qualitative approach was adopted. Fifteen semi-structured interviews were conducted with individuals in charge of parish finances.

Findings: Upon examining the financial management practices, it became evident that parishes in Gozo have diverse strategies on how they manage their finances. None of the parishes had a formal structure in place, with only a single individual bearing the majority of financial management duties within the parish. Financial planning and budgeting processes were primarily informal. Furthermore, the analysis uncovered notable differences in the handling and controlling of cash. Similarly, a diverse range of financial recording and reporting practices, from manual documentation to computerised systems, were discovered. While each parish showcased its unique practices, a common thread of acknowledging the existing challenges in financial management emerged. This collective recognition led to many suggestions to address these issues and enhance financial management practices across Gozitan parishes.

Conclusion: Despite the many practices identified, the absence of a formal framework emphasises the vital need to restructure parish financial management operations. By implementing suggested procedures and fostering a culture of accountability and transparency, Gozitan parishes can navigate financial issues more effectively and ensure long term sustainability.

Value: The study's findings are valuable for the Diocese of Gozo and provide crucial insights for those managing parish finances. Moreover, given the limited research in this area and a global rise in church asset misappropriation, parishioners must understand how their contributions are managed and utilised.

Keywords: Financial Management, Gozitan Parishes, Financial Practices, Religious Organisations.

Dedication

With heartfelt gratitude, I dedicate this dissertation to my family for their unwavering love, support and encouragement.

Acknowledgments

I express my sincere appreciation to all those who have contributed in one way or another in the accomplishment of this dissertation.

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List of Abbreviations

ACFE	Association of Certified Fraud Examiners
COSO	Committee of Sponsoring Organisations
DFC	Diocesan Finance Committee
DOAB	Diocese of Arundel and Brighton
DOC	Diocese of Columbus
DOS	Diocese of Sacramento
FM	Financial Management
FMS(s)	Financial Management System(s)
IC(s)	Internal Control(s)
ICS(s)	Internal Control System(s)
NPO(s)	Non-Profit Organisation(s)
PP(s)	Parish Priests(s)
QDA	Qualitative Data Analysis
RO(s)	Religious Organisations
SGS	Synodus Gaudisiensis Secunda

Chapter 1

Introduction

"The rich rule over the poor, and the borrower is slave to the lender."

– Proverbs 22:7

1.1 Introduction

Clergy members are typically skilled at handling pastoral and spiritual responsibilities, but they often find themselves less comfortable or experienced with matters such as insurance planning, budgeting, and church administration (Crumroy, Kukawka et al. 2023). Additionally, some parishes struggle with maintaining proper financial records and generating accurate financial reports (Griffin 2015).

Although “the church is not a business” (Alphen, Anderson et al. 2010, p.1), it still bears an obligation to guarantee that all resources are used efficiently and responsibly (Alphen, Anderson et al. 2010). Therefore, given the lack of financial means within parishes, they still require special attention in financial administration (Armacost, Schneider 1989). Having poor business practices in place can lead to significant financial difficulties and also increase the likelihood of financial misconduct (Lockett 2014).

A recent study by the Association of Certified Fraud Examiners (ACFE) revealed that around 62 billion dollars were misappropriated through embezzlement and fraud within churches worldwide in 2023 (ACFE 2023 cited in Zurlo, Johnson et al. 2023). Currently, in Malta, a clergyman is alleged to have embezzled cash and engaged in illicit financial transactions. Although the priest has entered a plea of not guilty, the matter is still unsettled (Calleja 2024).

All of the financial crimes committed have exacerbated the need for a careful examination of the financial management system (FMS) in parishes (Ahiabor, Mensah 2013, Shaibu 2013), thus maintaining trustworthiness by implementing effective and adequate financial management (FM) practices (Griffin 2015).

This chapter provides an overview of FM within parishes. First a definition of a parish is presented, followed by a historical context of Gozitan parishes. Finance and FM and the components of a sound FMS are outlined. The relevance of this study and objectives are delineated and scope and limitations acknowledged. Finally, an outline of the dissertation structure is presented.

1.2 Defining a Parish

For a very long time, the Church depicted itself as the provider of spiritual services through the clergy, while the laity were viewed as the passive recipients of this divine blessing. This viewpoint is in line with the idea of a service station, a concept which many parishioners still associate with today (Zaffarese 2016). However, Canon 515.1 (1983) defines a parish as;

> "…a certain community of the Christian faithful stably constituted in a particular church, whose pastoral care is entrusted to a [parish priest], under the authority of the diocesan bishop."
>
> (Canon 515.1 1983, p.96)

Therefore, the definition of a parish is a community of God's people who frequently reside in a particular location and are under the pastoral care of a parish priest (PP) and together, they journey towards the home of their Heavenly Father (Zaffarese 2016).

1.3 The Genesis of Parishes in Gozo

Until shortly after the 16th century, the local church community in Gozo was limited to the area known as "Haġar", later referred to as "Rabat", another word for "town" and currently the city centre of Gozo, now known as Victoria (Xerri 2007). As time went by, the surrounding areas started to take on their own unique identities distinct from the Rabat parish. In fact, in 1678, Xewkija became the first region to become independent, followed quickly by Għarb. Subsequently, Ta' Sannat, Żebbuġ, Nadur, and Xagħra attained parish status in 1689 (Mizzi 1997).

Up until 1864, Gozo fell under the authority of the Diocese of Malta and was under the care of a bishop from Mdina. However, due to communication issues between the two islands, the bishop had trouble visiting and preaching to his congregation.

Consequently, the Catholics of Gozo demanded a separate diocese from that of the mainland and by the mid-19th century, Pope Pius IX founded a new and independent Diocese of Gozo (Xerri 2007). The Diocese of Gozo is composed of several elements. These include:

- The Curia – The Curia oversees many administrative duties within the diocese, including pastoral affairs, chancery, archives, administration, the diocesan tribunal and the arbitration board.
- The 15 parishes.
- Other institutions – Institutions overseen by the diocese, such as schools and the seminary.

(Formosa 2013)

Since its inception, the Diocese of Gozo has been administered by nine bishops, including the recently appointed one, Bishop Anton Teuma, in 2020. According to Xerri (2007), the diocese has the greatest priest population percentage and yet it is one of the smallest dioceses in the entire Roman Catholic Church. In fact, it now has more than 130 priests and roughly about 35,000 Catholics distributed in 15 distinct parishes as outlined in Table 1.1.

PARISH	DATE OF FOUNDATION	TOTAL POPULATION	TOTAL NUMBER OF CATHOLICS	% OF TOTAL CATHOLICS
RABAT: SAN ĠORĠ	Before 1450	3,700	3,500	10.2%
RABAT: KATIDRAL	Before 1450	4,400	4,400	12.8%
IX-XEWKIJA	27 Nov 1678	3,200	3,000	8.7%
L-GĦARB	29 Aug 1679	1,266	1,100	3.2%
TA' SANNAT	28 Apr 1688	3,080	1,875	5.5%
IX-XAGĦRA	28 Apr 1688	5,600	5,100	14.9%
IN-NADUR	28 Apr 1688	3,700	3,500	10.2%
IŻ-ŻEBBUG	28 Apr 1688	1,400	1,270	3.7%
GĦAJNSIELEM	26 Jan 1855	3,170	2,995	8.7%
IL-QALA	03 Feb 1872	2,000	1,696	5%
TA' KERĊEM	10 Mar 1885	1,800	1,600	4.7%
SAN LAWRENZ	15 Mar 1893	521	504	1.5%
IL-FONTANA	27 Mar 1911	960	845	2.5%
L-GĦASRI	16 Dec 1921	424	420	1.2%
IL-MUNXAR	12 Dec 1957	2,521	2,451	7.2%
		37,742	**34,346**	**100%**

Table 1.1: Parishes in Gozo *(M Xiberras 2023, pers. comm. 25 Sep)*

1.4 Defining Finance and Financial Management

Every organisation, regardless of its size or nature, requires finance to be able to perform its activities and reach its desired goals. In fact, finance is described as the "lifeblood of any business …[and the]… art and science of managing funds" (Paramasivan, Subramanian 2009, p.1). Without sufficient funds organisations might risk failure. Thus, managing funds prudently aids in reducing or eliminating such risk (Jain 2011).

Finance is usually split into 3 areas; FM, investments and capital markets (Brigham, Houston 2021). For the purpose of this study only the area of FM will be discussed. FM refers to the handling of financial resources in the most efficient and effective manner possible (Sharma, Mittal 2023). The terms FM, Corporation Finance and Business Finance can be used interchangeably. According to Guthmann and Dougall (1962),

> "Business finance can be broadly defined as the activity concerned with the planning, raising, controlling and administering the funds used in the business."

(Guthmann, Dougall 1962, p.1)

As evidenced by Brigham and Houston (2021) and Sharma and Mittal (2023), this definition still remains valid today. Figure 1.1 depicts the nature and purpose of FM.

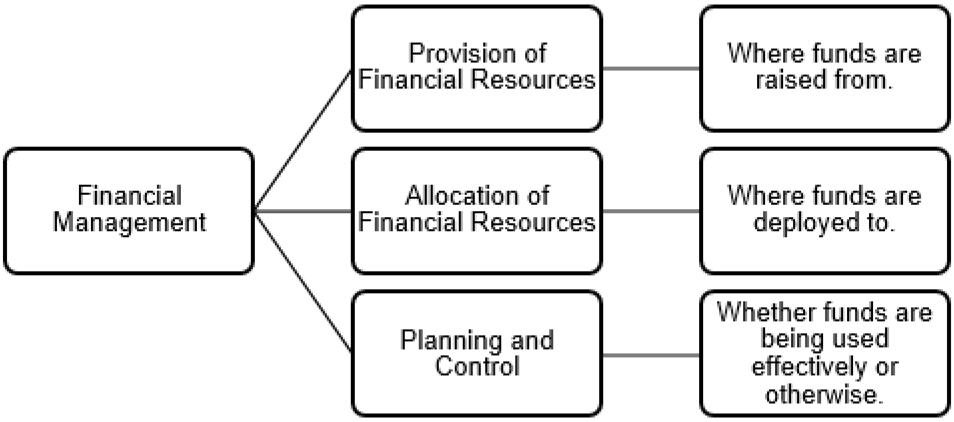

***Figure 1.1*: Nature and Purpose of FM** (ACCA 2020, p.9)

The scope and inclusivity of FM have seen substantial shifts over time. In fact, the traditional approach of FM limited the duties of the financial manager by placing a heavy emphasis on raising funds. The only responsibilities were to keep accurate financial records, provide reports on the state and performance of the company, and control cash flow to assure prompt bill payments (Rustagi 2019). However, due to the increase in the number of businesses, the steady rise in competition and the limitations of the traditional approach, the modern approach to FM was developed in the 1950s (Sharma, Mittal 2023). This new approach forced managers to ensure maximisation of resources (Rustagi 2019).

The difference in the financial objectives each type of organisation aims to achieve leads to differences in the implementation of modern FM, especially within Non-Profit organisations (NPOs) because "…unlike businesses, nonprofits are not interested in making profits; they are interested in fulfilling their missions" (Weikart, Chen et al. 2012, p.13). FM in NPOs tends to lean more towards the traditional approach. This is because a NPO does not produce its own income and is funded by outside sources. Moreover, the absence of shareholders within NPOs leads to a lack of equity component in their capital structure (Strydom, Stephen 2014).

The close-knit community within Gozitan parishes, combined with their particular mission, makes them the ideal NPOs[1]. The techniques and concepts that parishes use to manage their finances differ from typical profit-driven practices. This study will focus on exploring the relevant FM practices that are utilised within such unique organisations.

1.5 Financial Management Components in Religious Organisations at a Glance

As part of the broader category of NPOs, religious organisations (ROs), encompassing entities such as parishes, are institutions that derive their fundamental basis and purpose from a spiritual or religious tradition (Berger 2016). These organisations aim to serve their communities and contribute to societal wellbeing (Schmid 2023).

FM in ROs included the implementation of various practices to efficiently manage their financial resources. These practices are approaches that enhance many components of FM, such as planning, capital budgeting, cash flow management, control, financial accounting, reporting, and associated elements (Redd 2023, Sa'eed, Gambo et al. 2020, Shaibu 2013, and Yusop, Mahmud et al. 2023). According to Sa'eed, Gambo et al. (2020), using these strategies

[1] See Appendix A for proof.

improves both the financial operations and procedural efficiency of the organisation.

Based on the research of the above-mentioned academics and taking into account the financial situation of parishes in Gozo from the preliminary interviews conducted with the Head of Financial Administration and accountants at the Curia, the FM structure in these parishes appeared to be formed from several of the fundamental components. These included Financial Planning and Budgeting, Cash Handling and Controls, Financial Record-Keeping, and Financial Reporting. Each component is briefly defined below:

i) **Financial Planning and Budgeting:** FM often starts with financial planning and budgeting. Financial planning entails evaluating the organisation's future financial prospects by considering its vision and mission, resources and planned activities. A financial plan provides a concise overview of projected expenses and revenues necessary for upcoming business activities (Musando 2013). After creating a financial plan, a short-term financial forecast must be developed. A budget is a forecast of expenses and revenues for projects and activities. The budget implements the plan and outlines the accomplishments of the intended goals. It involves evaluating the necessary resources and comparing them with the resources available from previous periods in order to forecast future demands (Mutune 2014).

ii) **Cash Handling and Controls*:*** Cash handling is the process of acquiring and distributing cash within an organisational context (Hauser 2022). Implementing cash controls is critical for ensuring accurate financial reporting and reducing cash losses. Cash controls refer to the strategies and procedures put in place inside an organisation to protect assets against theft, abuse and unauthorised access (Agyei-Mensah 2016).

iii) **Financial Record-Keeping:** Financial record keeping is the careful recording of transactions in accounting books to maintain organised and precise financial records. This procedure leads to the creation of financial reports (Periasamy 2010).

iv) **Financial Reporting:** Financial Reporting entails the organisation and presentation of financial data into clear financial statements for the benefit of both internal and external stakeholders (Tasios, Bekiaris 2012).

Parishes rely on the financial support of the parishioners for their survival. Therefore, it is crucial for these organisations to effectively use their resources. Having a robust FMS[2] in place did not only guarantee the accomplishment of their religious objectives but also fostered accountability and trust among parishioners (Ocansey 2022). The selected components for this study will be further discussed in the context and relevance to ROs and NPOs in Chapter 2.

1.6 Rationale for the Study

It must be noted that considerable time has passed since Formosa published her dissertation in 2013. This remains the only study ever carried out in this area, which focused on the difficulties parishes encountered in the centralisation of the budgeting process (Formosa 2013).

This study will not focus on the centralisation of the budgeting process but rather the key practices and issues the participants encounter when devising a budget. The objective of this study is to thoroughly examine every FM component described in Section 1.5. By exploring these components, this study hopes to provide in-depth insights into the FM practices used in the parishes of Gozo. This broader perspective seeks to close the knowledge gap left by the earlier study.

Additionally, the Head of Financial Administration and accountants of the Diocese of Gozo have conveyed the necessity for such a study during the preliminary meetings. Their overarching objective, which remains unachieved is the

[2] FMS refers to a structured process organisations use to effectively manage financial resources.

centralisation and harmonisation of the FMS across all parishes. With this in mind, they believe that conducting such study will aid in achieving this goal.

For quite long, there has been an increasing fear about parishes having insufficient control measures, a lack of knowledge and dedication to managing cash, and inadequate accounting systems. This lack of interest or insufficient allocation of resources to FM has resulted in numerous church scandals and undermined trust in the way churches operate (Carnegie, Napier 2017).

Ultimately, this study intends to increase transparency for parishioners, as they are the ones who provide finance for the fulfilment of the parish's mission. Therefore, parishioners hold the right to know how funds are being managed and controlled (Armacost, Schneider 1989).

1.7 The Objectives of the Study

This research seeks to fulfil the following objectives:

1. To analyse the current FM practices within Gozitan parishes with a specific focus on the following components: Financial Planning and Budgeting, Cash Handling and Controls, Financial Record-Keeping and Financial Reporting.
2. To examine insights regarding issues encountered in the areas of financial planning and budgeting, cash handling and controls, financial record-keeping and financial reporting and explore contributing factors to the issues encountered.
3. To evaluate and analyse recommendations proposed by the participants aimed at improving the FM of Gozitan parishes.

1.8 Scope and Limitations

The scope of this study is to undertake an examination of the FM practices currently employed by parishes situated in Gozo. The intention is to delve into the components highlighted in Section 1.7, using face-to-face semi-structured interviews. Additionally, this study seeks to examine the issues encountered by the participants in their work and explore contributing factors. Ultimately, this study intends to evaluate the suggestions proposed by the participants in order to enhance the FM situation in Gozitan parishes.

The FM of parishes in Gozo will be the focus of this study, therefore limiting the study's scope to this region. Given the expansive nature of FM, it is difficult to fully address every aspect. Furthermore, parishes vary in terms of structure and size making research findings and recommendations inapplicable to certain parishes. A perspective centred on the individual parishes rather than that of the diocese has been adopted. Given that data collection relies on interviews, the study could be influenced by subjective interpretations.

1.9 Dissertation Outline

The dissertation is structured into 5 Chapters, as depicted in Figure 1.2.

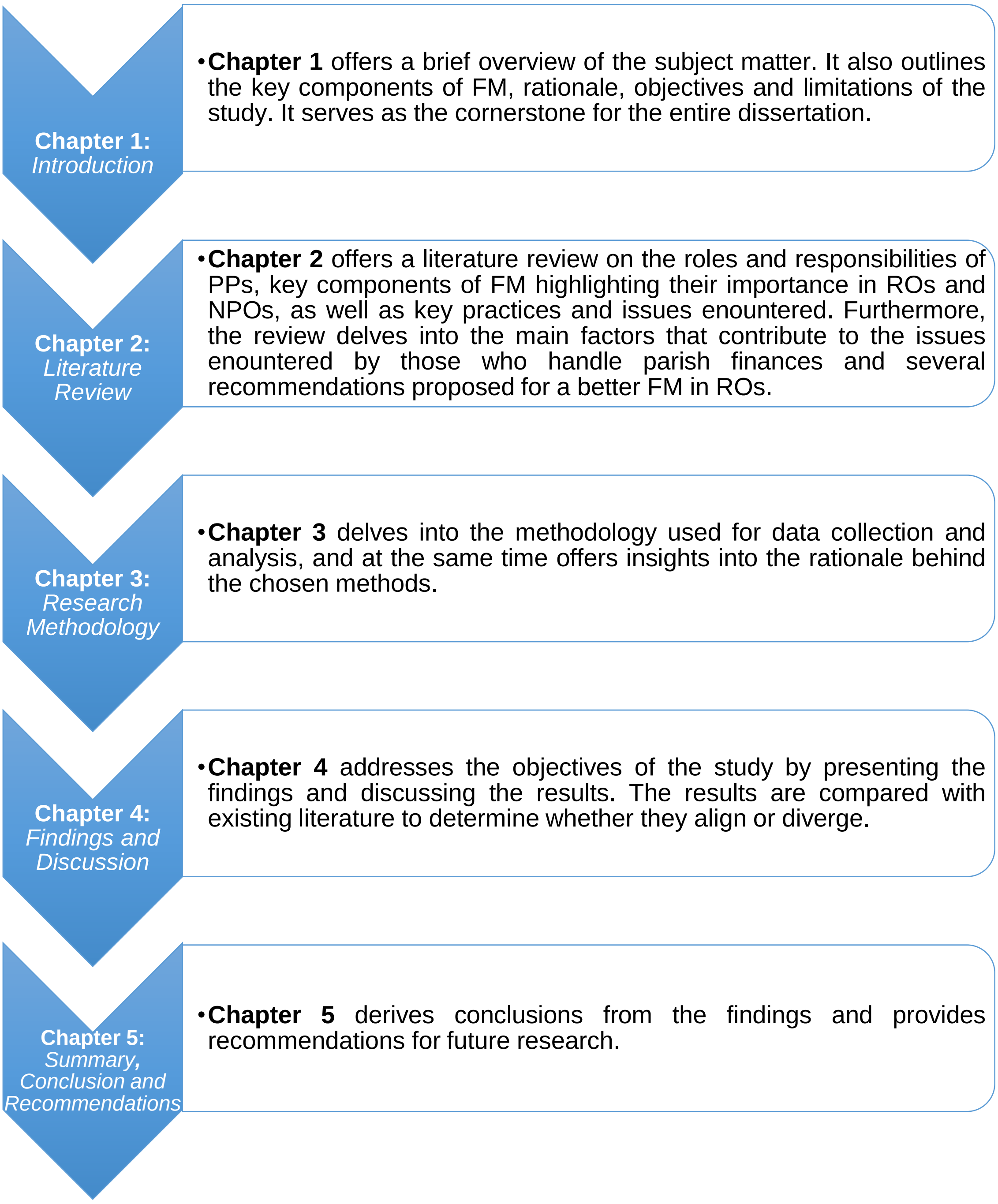

Figure 1.2: Dissertation Overview

Chapter 2

Literature Review

"… but if a man does not know how to manage his own household, how will he take care of the church of God?"

- 1 Timothy 3:5

2.1 Introduction

This chapter delves into existing literature in relation to the FM of NPOs and ROs. Given the scope of this study, the NPOs discussed are, in the majority ROs. For the purpose of this study ROs include: parishes, churches, mosques, monasteries and missionary organisations.

Figure 2.1 presents the outline of this chapter. Section 2.2 discusses the roles and responsibilities of PPs within Gozitan parishes, Section 2.3 examines previous research on the components of FM found in Section 1.7, and their respective issues. Section 2.4 examines the main factors that contribute to the identified issues and Section 2.5 delves into the recommendations for a better FM in such organisations. Section 2.6 concludes this literature review.

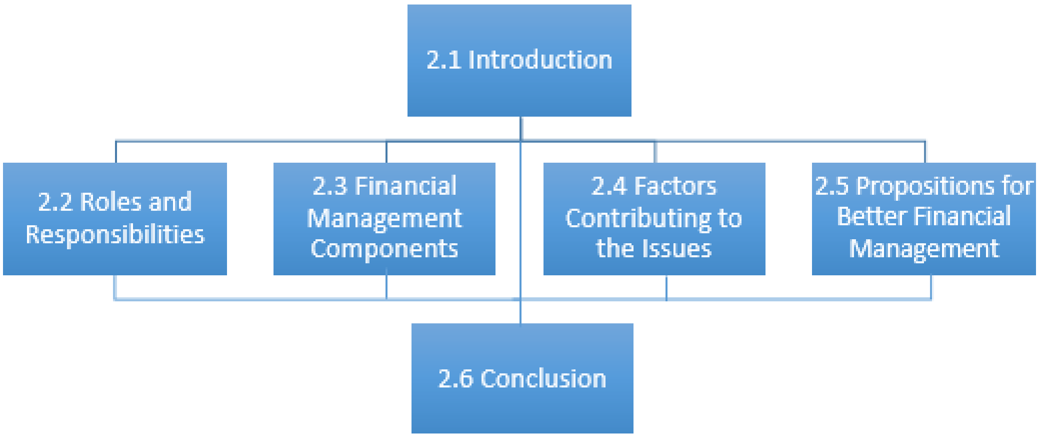

Figure 2.1: Chapter 2 Outline

Given the limited scope of research on FM within Gozo, this review mainly relies on studies conducted outside the region. Formosa's research (2013) on "Budgeting at the Diocese of Gozo's Parishes" is the only study on FM in Gozitan parishes[3]. Although it mostly focused on the centralisation of the budget-setting process, some findings on the accounting environment and budgeting within the parishes provided significant insights for this review.

[3] See Appendix C for proof.

2.2 Roles and Responsibilities

An effective FMS is a demonstration of good stewardship (Randa 2012). According to Collins (1999) a steward is defined as someone who manages the household, finances, property or other assets on behalf of another party. In line with scriptural teachings, the leaders of a church bear the duty of diligently safeguarding the assets entrusted to their care (Randa 2012).

2.2.1 Guidelines for Parish Priests in Gozo

According to the statutory rules for PPs in Gozo for FM in their parishes, PPs must comply with Canon Law and directives from the Diocese Finance Committee (DFC), ensuring that they keep detailed records of all revenues and expenditures (Synodus Guadisiensis Secunda [SGS] 246 a-b 1993).

The DFC consisted of several key members, including, two architects, two advocates, two monsignors, the Curia Administrator and the Curia’s accountant (Formosa 2013). While these individuals are responsible for giving directives, implementing suitable internal control (IC) mechanisms and formulating the annual financial statements at the diocesan level (Farrugia 2005), each parish operated independently in terms of FM (Formosa 2013).

Conversely, Canon Law is the collection of ecclesiastical regulations that regulate the Catholic Church (Huizing, Orsy 2023). This framework establishes the fundamental principles that govern the FM practices of each parish within the diocese.

In line with Canon Law 532 (1983) and the Guidelines for PPs in Gozo, the PP is predominantly responsible for managing all of the parish's financial assets. The PP must organise a competent parish finance committee and provide essential information to its members. The PP should delegate financial practices to those with expertise, but the ultimate responsibility still remains with himself (SGS 249h 1993). The PP acts as a temporary leader, so permanent structures like finance committees are necessary to ensure the financial continuity of the parishes (Formosa 2013).

Upon the appointment of a new PP, it is essential for the new PPs to carry out an inventory check in order to monitor any modifications made by the prior administrator (SGS 249b 1993). PPs are also required to provide yearly financial reports to the bishop and present budgets for the next year. Projects that go beyond the €5,000 threshold need approval from the Curia prior to being implemented, highlighting the significance of exercising cautious financial judgement in parish activities. Overall, these standards jointly encourage transparency, accountability, and careful management of finances within the parishes of Gozo (Camilleri 2021).

2.3 Financial Management Components

This section aims to provide an understanding of the financial practices in ROs and NPOs associated with the components of FM as outlined in Section 1.7 of this study. Figure 2.2 illustrates the approach that will be used to achieve the first two objectives outlined in Section 1.7. These components were chosen from the existing literature as stipulated in Section 1.6, following a thorough review of the financial position of the parishes in Gozo.

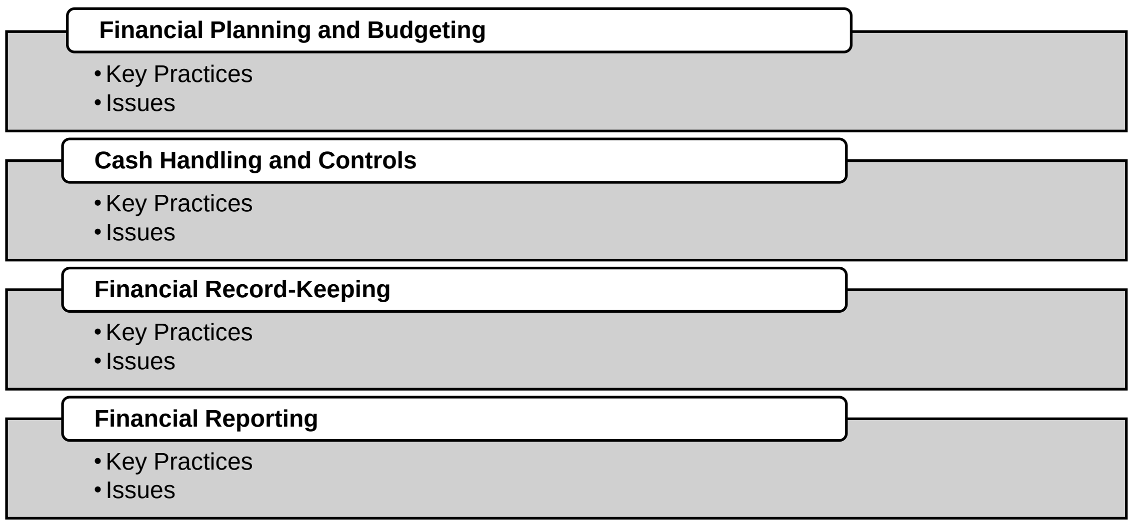

Figure 2.2: FM Components Structure

2.3.1 Financial Planning and Budgeting

Financial planning and budgeting are considered fundamental factors that are crucial in directing an organisation's financial approach. Entities matched their financial strategies with overall strategic goals, missions, and objectives through careful financial planning and budgeting (Brito, Zapata 2020).

2.3.1.1 Key Practices

Gangel (1989) suggested that for a church to successfully attain its objectives PPs must actively participate in the process of planning. As revealed by Formosa (2013), only a small number of Gozitan parishes had a functioning finance committee. Therefore, discussions on financial matters typically involved the parish council. The main focus of the parish council, which was composed of parishioners, was on dealing with religious concerns rather than financial ones. However, Formosa (2013) discovered that discussions on financial issues regarding major projects took place within this council.

A study conducted on North American churches discovered that around 83% of their financial resources were usually dedicated to supporting local activities. An additional 4% was distributed as charity to either internal religious bodies or external organisations, and any remaining funds were saved (Hodgkinson 1999).

This indicated that churches had particular objectives in mind when allocating their finances and they could enhance their financial planning by adopting budgeting strategies that aligned with allocation choices (Mutune 2013).

However, introducing a budget within a church could be challenging (Pollock 1991). Kluvers (2001), contended that many parishes oppose budgeting for various reasons, including, thinking that due to the church's financial struggles, there was nothing worth budgeting for, rejecting the idea of being restricted by financial limitations, perceiving it as difficult to predict their financial activities, and believing it contradicted their faith and biblical principles.

Similarly, a study by Formosa (2013) revealed that some parishes in Gozo followed an annual budgeting cycle, submitting budgets to the Curia Administrator by November each year. Nevertheless, Formosa (2013) contended that parishes in Gozo generally considered these budgets to be irrelevant since unlike businesses, parishes rely on donations for financial security. Furthermore, parishes often began projects only after they acquired enough funds, and if insufficient funds were acquired, such projects would be temporarily halted to avoid incurring debt.

However, both Kluvers (2001) and Pollock (1991) illustrated that when a budget was formulated with a more collaborative disposition, it could serve as an effective control tool and function as an operational guide aiding local parishes in accomplishing both their immediate and long term goals. This notion aligned with the biblical wisdom found in Luke 14:28, remarking that “Before a man builds a tower, he sits down and counts the cost” (The Holy Bible 2018, p.96). In fact, Formosa (2013) discovered that capital project budgets were routinely created prior to initiating a project, and a PP must get clearance from the Curia before the project is initiated. However, Chombeng (2016), highlighted that all organisations must adhere to some form of budget, as a financial concept or structure was essential for their functioning, irrespective of circumstances. She added that what truly mattered was streamlining and standardising the process to ensure simplicity and consistency.

2.3.1.2 Financial Planning and Budgeting Issues

According to Formosa (2013), the lack of willingness on the part of congregations to create budgets showed the significant difficulties that arise from insufficient financial planning, which resulted in practical consequences such as reduced parish income. The researcher emphasised the need for improved planning and budgeting practices. The goal of enhanced planning should be to increase efficiency while simultaneously maintaining accountability. Placido and Cecil (2014) claimed that church financial administrators who used strategic planning obtained more public support than those who did not. However, Shah, David et al. (2003) found that the lack of financial strategic planning, might be due to financial constraints faced by most churches.

In fact, a poll discovered that, cash flow concerns were one of the most common challenges that NPOs confront. Specifically, 24% of respondents cited the necessity for constant and reliable financial flow, as well as the building of cash reserves as significant issues for their organisations (Nonprofit Finance Fund 2015). This emphasised the need of proper cash flow management. NPOs often endured cash flow volatility due to changing income sources. As a result, these organisations had to find ways to increase their cash inflows in order to reduce cash flow issues and achieve their financial plans and goals (Küçükbay 2017).

2.3.2 Cash Handling and Controls

Churches depended greatly on the donations they received for their survival and operation (Shaibu 2013). Therefore, they must carefully handle their finances to ensure both their spiritual fulfilment and financial stability (Usama, Yusoff 2018). Moreover, Chepkemoi and Njeru (2017) stressed the need of implementing internal control systems[4] (ICSs) to oversee the handling of inflows and outflows in organisations. Similarly, as discovered by Prentice (1981), ICs for churches primarily focused on controlling collections and disbursements.

2.3.2.1 Key Practices

According to Formosa (2013), parishes in Gozo mostly received cash from contributions given by parishioners and collections taken during masses. In contrast, a study by Appiadu (2019) revealed that Pentecostal-Charismatic churches received cash in the form of offerings and tithes. In his study, safeguarding of cash emerged as the main element that contributes to an effective cash handling system for parishes. Safeguarding of cash consisted of

[4] See Appendix Bi for definition.

the following activities: counting of cash, depositing of cash and disbursement of funds.

a. Counting of Cash

According to Appiadu (2019) optimal cash counting involved the participation of at least two people. If possible, a third party should verify and record the transactions in a cash ledger. However, findings from research conducted by Shaibu (2013) on funds generated from offerings at a Pentecostal church in Ghana, uncovered a distinct approach. Within this RO, a single or a couple of ushers were often responsible for collecting contributions, which were then checked, counted, and handed over to the accounting clerks. Despite this process, Shaibu (2013), revealed instances where some ushers lacked integrity, resulting in cases of theft where offerings were improperly taken from the offertory plate. In response to these challenges, Oti and Asuquo (2016) provided a solution by proposing that ushers were assigned the task of collecting and tallying offerings, while being supervised by a priest to guarantee accountability and integrity.

b. Depositing of Cash

As noted by Appiadu (2019), many ministries in the past temporarily stored cash on-site in safes, instead of depositing cash immediately, but this practice was not advisable. Alternatively, it was advised to use a night depository or make day-to-day deposits at a bank. The timing of these transfers should differ every day to increase security and avoid developing expected patterns (Brown 2018). Shaibu (2013), also found that delegating the process of depositing cash to a single individual gave a chance for people to embezzle the contributions.

In fact, Appiadu (2019), discovered that there were no separation of duties, since those in charge of counting cash were simultaneously in charge of recording and depositing it. Despite this absence of segregation, the study revealed no instances of lost or stolen cash. Yet, according to Henrickson (2012 cited in Tanui, Omare et al. 2016), the need to depend solely on one person for most transactions should be mitigated. In fact, maintaining these three crucial components separate was necessary for the proper division of duties: authorisation, recording and custody (Messier, Glover et al. 2008).

Rotation of duties between PPs, volunteers and employees was essential for all parishes, regardless of their size (Perols 2011). Even though human resources might be limited in a church, controls or compensating controls should be implemented to prevent unwise and unnecessary concentration of duties (Brown 2018).

c. Disbursement of Funds

Appiadu (2019) revealed that funds in a church were distributed either electronically or in the form of cash, with cheques never utilised for payments. Smaller expenditures were often covered with cash donations, while bigger payments were paid online. Yet, he emphasised that in order to ensure the protection of finances in churches, cash payments should be minimised. This was because cash payments were more difficult to monitor, which raised the likelihood of cash being stolen or lost.

As Perols (2011) asserted for payment requests to be fully validated, there must be clear evidence of authorisation and approval. All costs and transactions must be approved by the authorised personnel before being paid for. Multiple dioceses had also implemented a regulation that required two signatures on all cheques. In addition, anyone who had the power to approve and authorise should not be able to reconcile bank statements or record transactions (Diocese of Arundel and Brighton [DOAB] 2009, Diocese of Columbus [DOC] 2013 and Diocese of Sacramento [DOS] 2012). Inappropriate monetary transfers were avoided due to proper authorisation and approval processes (Perols 2011).

As proposed by Woodbine (1997 cited in Tetteh, Muda et al. 2021), an effective cash handling system should incorporate the establishment of the following controls: a counting committee, utilisation of individual offertory envelopes, regular cash deposits in banks, and the separation of duties as key measures to ensure sound and seamless financial operations.

2.3.2.2 Cash Handling and Controls Issues

In exploring the challenges surrounding cash handling and controls, insights from various research were considered. Tetteh, Muda et al. (2021) emphasised the significance of having various personnel responsible for handling offerings in a church. However, multiple studies suggest that many churches do not follow this practice, resulting in accountability problems within the church (Njobvu, Kaira et al. 2020).

As a matter of fact, Kiviiri’s study (2015) revealed a lack of accountability within the church’s FM process, with a noticeable absence of regular means of oversight and control. Establishing ICs for cash involved assigning distinct responsibilities to different personnel, which improved efficiency and resource allocation. This helped in avoiding centralisation of power in the control of one person (Njobvu, Kaira et al. 2020).

Prentice (1981) also highlighted the inadequate control over disbursements in churches. According to Prentice (1981) church members were hesitant to adopt an ICS because they were reluctant to consider the possibility of mismanagement or misconduct by someone they sincerely trusted. However, a proper ICS in place would help prevent and identify mistakes, enhance the accuracy of records, and secure resources from theft.

2.3.3 Financial Record Keeping

Accurate financial record-keeping was essential for maintaining the financial well-being and success of organisations (Baba, KarfaBizi 2021). In fact, Said, Mohamed et al. (2013), highlighted that maintaining accurate documentation of income receipts and financial transactions played a pivotal role in improving the financial performance of ROs. The presence of well-maintained accounting records not only increased the confidence of the donors contributing their funds but also served as an essential basis for ensuring financial stability (Said, Mohamed et al. 2013). Furthermore, such records were pivotal in providing insights into the costs and revenues of a church. These records served as a validation for the financial information presented in the resulting financial accounts (Vincent, Thomas et al. 2017).

2.3.3.1 Key Practices

Research conducted on different parishes revealed a significant variation in the way they design their record-keeping practices.

In fact, Appiadu (2019) discovered a lack of uniform procedures for recording financial data in Pentecostal-Charismatic churches, resulting in challenges in keeping precise records. Similarly, Formosa's study (2013) found that parishes in Gozo lacked standardised accounting methods, with each parish developing its own accounting system based on its specific requirements.

According to Formosa (2013) Gozitan parishes often kept their financial records using Excel spreadsheets or handwritten manual ledgers. Yet, Delima and Kristanti (2016) pointed out several disadvantages of manual financial information handling, including, slow updates of data, doing repetitive tasks and the need to conduct many verifications to assure precision. Hence, implementing information systems provided a way to tackle these difficulties.

In fact, a study conducted by Arthur and Kubi (2018) on the financial practices in Young men's Christian Associations, concluded that current technology was required for good FM. Accounting software, in particular, had the potential to improve procedures by effectively managing transactions and producing timely reports. Similarly, Kumar (2019) stated that implementing an electronic filing system allowed for instant updating of records, resulting in reduced mistakes and removal of obsolete information. Likewise, Agyei-Mensah (2016) underscored the significance of continuously updating financial records as events took place, whilst ensuring that these records underwent regular scrutiny to maintain their accuracy.

However, Campbell and Grimshaw (2015) revealed that the implementation of information systems could result in failure due to external and internal hurdles. Additionally, as pointed out by several dioceses, computerised accounting systems depended greatly on the accuracy of data input. As a result, saving all supporting papers and spreadsheets for reference and audit reasons was critical. To maintain data protection, weekly backups should be performed. Given the expedited rate of technology innovation and the frequent obsolescence of storage systems, it was critical to keep printed copies of all accounting records (DOAB 2009, DOC 2013, DOS 2012).

Appiadu (2019) also emphasised the need of bank reconciliations. Some Pentecostal-Charismatic churches overlooked this procedure, resulting in mistakes in record-keeping. However, several dioceses emphasised the need of monthly bank reconciliations for ensuring the accuracy of financial records and identifying errors (DOAB 2009, DOC 2013, DOS 2012).

2.3.3.2 Financial Record-Keeping Issues

The absence of standardised record-keeping practices often resulted in transactions being documented arbitrarily, without adherence to fundamental accounting principles. Consequently, this led to the generation of disorganised and unreliable records (Appiadu, 2019). In turn, as highlighted by Hahn (1954) and Nwaomah and Nwaomah (2021), disorganised and unreliable record-keeping practices led to costly parish operations, poor decision-making and reputational damage. However, as identified by Ozotambgo (2009) the most crucial aspect was the need of implementing an accounting framework of some kind. Without such a system, the probability of mistakes with severe consequences rose.

2.3.4 Financial Reporting

To maintain financial transparency within parishes, comprehensive financial reports to parish members should be provided. Financial reports might include, income statements, balance sheets and cash flow statements. Such statements are of paramount importance in depicting the financial state and position of the parishes (Vanco 2023).

2.3.4.1 Key Practices

Proper financial reporting practices are indispensable for compliance with regulations, maintaining trust with the parishioners and effective stewardship of resources within the parish community (Vanco 2023).

According to a study conducted by Njobvu, Kaira et al. (2020), within the Catholic Church, there were two tiers of financial reporting: one at the parish level and another at the diocesan level. The financial secretary at the parish level presented financial reports to the PP, who then shared this information with the bishop to ensure that all financial facts of the parish were transmitted to the diocese. However, Enwerem (2010) implied that if only the bishop was aware of the financial situation of each parish without keeping parishioners informed, it undermined accountability principles.

Formosa (2013), revealed that while the majority of Gozitan parishes received advice from non-financial professionals when drafting financial reports, only one parish hired a professional accountant to produce the report. Similarly, the three churches investigated by Appiadu (2019) created yearly reports detailing their income and expenses. These reports were usually prepared by church finance team members who do not have a good grasp of financial accounting concepts.

As revealed by Appiadu (2019), only an income and expenditure statement was prepared. In contrast, Ozotambgo (2009) found that the respondents of a Catholic church in Enugo Diocese prepared a receipts and payment account, an income and expenditure account, and a balance sheet. Since a church is a NPO, a profit and loss account was not utilised. As per Ozotambgo (2009), the report then had to be signed by the PP, his secretary and all representatives of the parish finance committee.

2.3.4.2 Financial Reporting Issues

Financial reporting issues mostly revolved around auditing practices. Auditing plays a crucial role in ensuring the accuracy and reliability of financial reports (Ragland 2024). Irregular audits in organisations like parishes may lead to financial carelessness (Njobvu, Kaira et al. 2020).

In fact, a study conducted on financial accountability and ICs in ROs showed that financial reports were being prepared, but there was a lack of uniformity in the preparation and auditing procedures. Some of the interviewees were unaware of current auditing methods and only random checks and balances were performed on the accounts. This indicated that the exercise was not even carried out on a routine basis (Njobvu, Kaira et al. 2020). Ozotbago (2009) also revealed that around 30% of the participants believed that the accounts were not audited.

The absence of adequate auditing processes, increases the likelihood of mistakes, discrepancies, or even fraudulent activities being unnoticed in financial reports (Ragland 2024).

2.4 Factors Contributing to the Issues

This section targets the discussion related to the second objective of this research. Upon a thorough review of existing literature, it becomes evident that several variables contribute to the issues outlined in Section 2.3. As noted by Irwin and Roller (2000, p.55),

> "…in addition to being an organism, the church is also an organisation. This means that the church faces two kinds of problems, spiritual and administrative."

Researchers such as Ahiabor and Mensah (2013), Hebda (2017), Oti and Asuquo (2016), Stevens (2012) and others found several prevalent accounting issues in churches. These factors, which are discussed below, included lack of financial oversight, dependence on volunteers, poor accounting training and education and the presence of the sacred and secular divide.

2.4.1 Lack of Financial Oversight

Members of the church often cultivate strong, trusting bonds with its employees. This close association can sometimes lead members to believe that churches are invulnerable to fraudulent activities (Peters 2015).

A study conducted in the Greater Accra Region of Ghana, Ahiabor and Mensah (2013) aimed to evaluate the independence and effectiveness of IC measures within churches. The motivation behind this study stemmed from instances of misappropriation and financial mismanagement within these ROs, which raised doubts about the adequacy of their ICSs. The main finding was that churches frequently failed to follow accepted FM procedures and IC mechanisms, particularly when contrasted to profit-driven organisations. The high degree of confidence and trust in church workers, many of whom were also members of the congregation, was recognised as the major cause for the deficiencies in their financial procedures.

Effective church FM demanded that leaders possessed both accountability and integrity. This was because when a leader lacked integrity, it opened the door to manipulation and paved the way for errors to occur (Oderinde 2020, Treadwell 2020). Individuals characterised by integrity could be relied upon, are trustworthy, and demonstrate sound decision-making abilities, thus reducing the likelihood of fraudulent activities (Fernandhytia, Muslichah 2020). Incidents involving the misappropriation of funds by administrators highlighted the need for enhanced financial oversight and transparency (Eze 2021, McDonald 2020).

2.4.2 Dependence on Volunteers

As per Hebda (2017) it was unusual for parishes to have the means to hire full-time professionals for all FM roles. In most cases, only bigger congregations had the financial resources to hire full-time accountants. Smaller ones were more likely to hire a part time finance manager or rely on a parish member to volunteer (Futcher, Phillips 1986).

Therefore, many positions within the parish needed committed volunteers who were ready to assume part or all of the duties, usually carried out by paid employees, even without being compensated (Hebda 2017). In contrast, profit making organisations often had an integrated staff of specialists overseeing financial operations.

As elicited by Stevens (2012), successful church operations depended on volunteers to organise and carry out FM duties. However, Formosa's (2013) research emphasised "a shortage of administrative personnel in [Gozitan] parishes" (Formosa 2013, p.42), stressing the difficulty of depending only on volunteers, whose skills and dedication for the long term were not always guaranteed.

2.4.3 Poor Accounting Training and Education

PPs, as well as volunteers or other individuals responsible for the finances of ROs, face challenges due to their inadequate training and knowledge.

2.4.3.1 Parish Priests

Whereas in secular organisations leaders were chosen on the basis of their experience, competencies, skills and expertise (Kaur, Kumar 2013), parishes selected leaders based on their qualities as aligned with biblical principles (Vann 2015).

As a result, PPs were often well-trained for the spiritual aspects of their ministry but they were not sufficiently skilled in the FM of the parishes they oversaw (Hoge, Wenger 2005). This observation also aligned with a study conducted by Cole (2008), which highlighted that PPs were not adequately prepared for the shift from student life to full-time leadership, particularly in dealing with the non-spiritual matters of the ministry.

In fact, a study conducted by Jordan, Hoskins et al. (2017), revealed that only 24% of theological schools offered FM courses in their curriculum. The lack of courses on church management in theological universities led to PPs having to develop essential skills while working (Duvall, Pinson 2008). There were several ways to enhance skill development at work, including focusing on previous experiences and showing a readiness to acquire new knowledge and adjust (McKenna, Yost et al. 2007).

Understanding the business world was considered essential for successful church management (Cohall, Cooper 2010). However, in order to carry out the missions of the parish, it was imperative for church leaders to not only understand, but also be able to manage the financial aspects of the church to ensure its financial sustainability (Foohey, 2014).

2.4.3.2 Volunteers

Relying on inexperienced and untrained volunteers to handle the parish's financial matters might result in inadequate FM (Foohey 2014). The Conference for Pastoral Planning and Council Development (n.d.) undertook research to evaluate the role, current situation, and training required by volunteers within financial councils in different dioceses. It was revealed that over 40% of the participants indicated an absence of accessibility to educational or training possibilities. The dioceses notably didn't have any organised attempts to assist volunteers. Induction programmes were given by less than 25% of the organisations, conferences were offered by just 5%, and a diocesan office providing support or consulting services was available to only 14% of the members. Although some parishes offered financial assistance for attending conferences, there was a lack of financial support from any source for teaching or training parish finance members. The majority of the participants lacked formal education or training for their position in charge of the parish's financial administration. Instead, they acquired knowledge about their duties via informal, on-the-job training or from their predecessors.

2.4.4 The Sacred and Secular Divide

Besides the lack of accounting and management skills, parishes also encountered this challenge, known as the sacred and secular divide[5] (Booth 1993, Laughlin 1988).

Some parishes considered FM and accounting to be secular practices that infringed on the spiritual nature of the church (Laughlin 1988). For instance, Formosa (2013) indicated that parishes in Gozo deemed the accounting and budgeting tasks as a burden on PPs. Additionally, Parker (2001) revealed that certain parish members were concerned about the parish’s formal planning procedures, as they believed that it could compromise the spiritual essence of the church. Other individuals expressed discomfort with such planning, viewing it as a potential infringement on their autonomy in decision-making.

As per Jacobs’ findings (2005), parish goers were content to take on the position of accountants in secular, non-religious settings. Yet, the role of an accountant was viewed as disputable inside the church, which was considered a sacred space. Although PPs consider the accountants’ advice, ultimate authority over all financial choices still rested with the clergy.

Irvine’s study (2005) indicated that within an Anglican church in Sydney, there was no “sacred/secular divide”. In fact, the church’s budget was “treat[ed] as a

[5] See Appendix Bii.

very important document …[and]… was actually used as a surrogate for the spiritual goals of the church" (Irvine 2005, pp.215 and 233).

As referenced by Irvine (2005), 1 Timothy 6:10 conveys the idea that, it is the "The love of money [which] is a root of all evil" (The Holy Bible 2018, p.266). It is not the mere desire for money itself that is considered the source of all evil, but rather the excessive love or obsession with wealth. When viewed through a biblical lens, accounting practices could be a valuable tool for the church to align its financial activities with its spiritual objectives.

2.5 Propositions for Better Financial Management

After analysing several studies on FM in ROs, some important suggestions were identified to improve their FM practices. Although coming from different contexts, these recommendations may also be relevant to parishes in Gozo. These recommendations, discussed below, include internal reviews and auditing, a uniform set of accounting procedures, a detailed manual and adequate training. This investigation is in line with the relevant literature on the third objective of this research, which seeks to discover practical ways for improving FM practices in parishes.

2.5.1 Internal Reviews and Auditing

Financial inconsistencies in ROs have led to an increased need for thorough auditing processes. With the decrease in the clergy population, FM duties were more widely developed, leading to less oversight by clergy. As a result, parishes were increasingly requesting more thorough examination via auditing procedures (Armacost, Schneider 1989).

Armacost and Schneider (1989) suggested that to ensure uniform financial responsibility, it was important to perform regular financial audits of individual parishes. These assessments might be carried out by authorised persons from the diocese administration.

To carry out a reliable audit, the evaluations should include on-site visits and the auditor must have a thorough comprehension of the organisational environment. This was because the unique purpose, objectives and aims of a parish, were quite distinct from those of a standard corporation (Armacost, Schneider 1989). .

2.5.2 Uniform Set of Accounting Procedures

The Commission on Private Philanthropy and Public Needs (1975) indicated that NPOs often used obsolete and inconsistent accounting techniques, rendering them susceptible to financial malfeasance. The report suggested the use of uniform accounting rules for all charitable enterprises, ROs included.

2.5.3 Manual

The presence of concise and clear church financial policies may assist church finance members in preventing any conflicts on matters related to finance (Hamilton 2017). In fact, Kimunguyi, Memba et al. (2015) found that churches often lacked or had inadequate FM practices. As a result, they recommended the implementation and establishment of policies. Additionally, for the proper up-keep of financial records, corporations were required to adhere to a set of policies guiding those in charge on how to manage such records (Ntwayagae 2019, Nwaomah, Nwaomah 2021).

Similarly, Appiadu (2019), found that thorough written procedures and rules were essential for directing and standardising processes concerning the handling and management of cash. Creating a comprehensive document that addressed these and other financial issues would promote a positive culture and new personnel entering the financial team would effortlessly follow this culture.

Creating organised guidelines was therefore anticipated to strengthen individual parishes' ability to improve their FM procedures. This strategy eased the duties of both volunteers and staff responsible for overseeing the FM of the parishes. Furthermore, it improved the tasks of auditors, financial analysts, and other experts that assist ROs (Armacost, Schneider 1989).

2.5.4 Training

For a FMS to operate effectively, whether in a non-profit or for-profit environment, it was crucial to have personnel that possessed extensive education and training in accounting (Prentice 1981).

Njobvu, Kaira et al. (2020) revealed that personnel within a Catholic parish did not receive sufficient training programmes on financial issues. Participants responsible for managing funds actively sought out regular seminars and training in order to obtain some knowledge on FM. Regular training of both leaders and volunteers in FM was essential for them to properly carry out their responsibilities. This approach guaranteed that individuals were provided with the essential skills and knowledge to effectively work with experts, fulfilling their duties with meticulousness, reliability, and responsibility**.**

Oti and Asuquo (2016) identified that churches which want to invest in accounting software should make sure to provide professional training sessions to their members in order to improve their understanding and use of the programme.

2.6 Conclusion

The current literature revealed diverse perspectives and approaches towards FM. This understanding would serve as a valuable resource in the subsequent phases of this research. However, a definite conclusion that emerged from this extensive exploration of existing literature is the pressing need for a sound FMS in parishes. This need stresses the importance of tailoring financial practices to the unique circumstances and challenges faced by parishes in Gozo, ensuring their fiscal health and sustainability.

Chapter 3

Research Methodology

"It is the Glory of God to conceal a matter, but the Glory of Kings is to search out a matter." – Proverbs 25:2

3.1 Introduction

The validity and reliability of a study's findings depend on how well its methodology is designed (Garg 2016). Research Methodology is defined as a method for gathering and analysing data in order to provide accurate and realistic results (Harling 2012). This chapter outlines the research methodology adopted to gather the data needed in order to meet the study's objectives. Figure 3.1 illustrates the outline of this chapter.

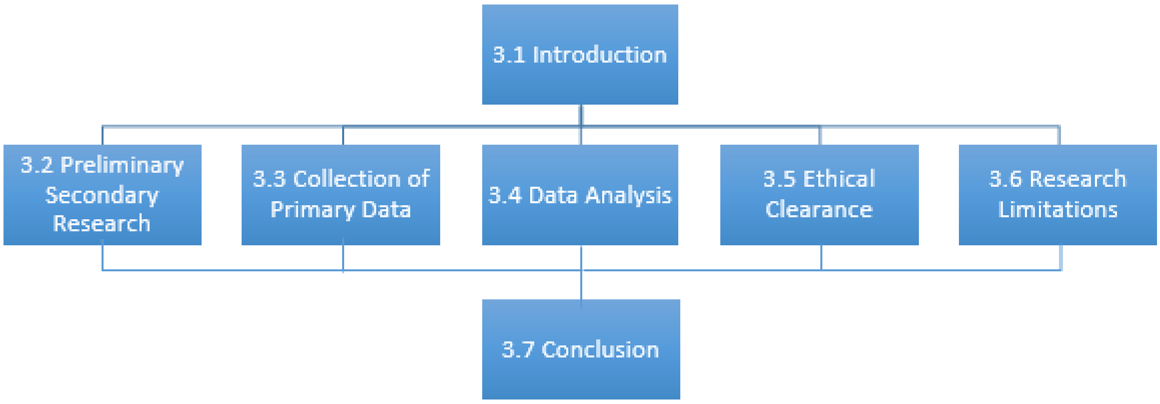

Figure 3.1: Chapter 3 Outline

3.2 Preliminary Secondary Research

Preliminary secondary research was conducted in the early phases of this study with the aim of developing its purpose and objectives. The researcher pursued such a study because the area of research is largely unexplored.

In order to have a thorough understanding of the subject matter, an analysis of available resources was undertaken. Due to the limited local research available on the research topic, secondary data primarily originated from foreign literature sources. These sources included: journals, books, articles, online sources, research papers, academic dissertations and best practice guidelines.

Additionally, discussions were held with accountants and with the Head of Financial Administration of the diocese of Gozo to gain more insight on the subject matter and to ensure the validity of the research. During the discussions, they consistently emphasised the value and potential benefits the research would bring to the diocese.

A meeting with the bishop of Gozo was held in order to obtain the appropriate authorisation.[6] During the meeting, the bishop of Gozo also emphasised the necessity of such a study.

3.3 Collection of Primary Data

Primary data demonstrates higher levels of validity and accuracy than secondary data sources (Taherdoost 2021). This section provides an overview of the primary data collection process in this study, including the research design, research instrument, research participants, initial contact, interview schedule and the pilot study.

3.3.1 Research Design

The general ideas, notions, and presumptions that direct a researchers' study are shaped by the researcher's philosophical stance. "Philosophy is concerned with the study of knowledge, reality and existence" (Moon, Blackman et al. 2019, p. 296). Moreover, research methods within a certain philosophical framework have an impact on the study's overall theoretical structure, results, and contributions (Moon, Blackman et al. 2019).

Interpretivism is one of the research philosophies that highlights how people think and understand the world in connection to the sociocultural context. It is based on a number of ontological and epistemological foundations (Nickerson 2022). This theory holds that the researcher actively engages in the study in order to get a thorough grasp of the participants, and their thoughts, meanings and behaviour (Nickerson 2022).

[6] See Appendix D for approval.

Interpretivism was ascertained as the most applicable research philosophy for attaining the objectives of the study. Interpretivism is more related to qualitative research as it aims to learn more about the viewpoints and first-hand experiences of those affected by the issue being studied (Onwuegbuzie, Johnson 2006). Therefore, a mono-qualitative research method with semi-structured questions was considered the most appropriate for this study.

Qualitative research excels in generating theories and hypothesis, as well as understanding complex processes (Steckler, McLeroy et al. 1992). Conversely, quantitative research aims to explore the connection between variables (Saunders, Lewis et al. 2019), measure the perspectives of large groups and conduct hypothesis testing.

The researcher sought to obtain a thorough insight from the participants, which would have been overlooked using a quantitative methodology. Quantitative approaches are often used when aiming to get objective answers from a large population. Due to the small number of parishes in Gozo and the qualitative nature of the research, quantitative methodologies were considered inappropriate. As Albert Einstein articulated, “[n]ot everything that counts can be counted, and not everything that can be counted counts”.

After an analysis of the research objectives outlined in Section 1.7, an inductive approach was selected. Inductive research is mainly applied in qualitative research, whereby data is gathered using focus groups, case study research or in-depth interviews (Soiferman 2010). This study aimed at gathering information about the FM practices of Gozitan parishes, including issues the participants encounter and their recommendations for a better FM. Consequently, non-numerical data such as video, audio or text, offers a means to gain a deeper understanding of the experiences, perspectives and ideas of the participants involved (Bhandari 2020).

3.3.2 The Research Instrument

A research instrument is a planned and methodical tool utilised to gather, quantify, and scrutinise data. Semi-structured interviews were deemed the most appropriate for this study. Semi-structured interviews were conducted using a set of open-ended probing questions. If the researcher needs more information, such interviews allow the interviewer to probe and ask other questions until the one is satisfied (Taherdoost 2021). This method was chosen because it allowed for spontaneity and flexibility, enabling the adjustment of interview questions as the research progresses. Additionally, it provided the possibility of engaging directly with the participants, facilitating the understanding of non-verbal cues and allowing the researcher to seek clarification and gain deeper insights into the phenomena being studied (Oranga, Matere 2023).

3.3.3 Research Participants

This research primarily investigated the FM practices of Gozitan parishes. The researcher intentionally selected participants who are responsible for handling and managing the financial affairs of each parish.

The participants consisted of individuals holding various positions, including PPs, volunteers and assistant priests due to the different financial structures adopted by each parish. The purpose of this inclusive approach was to collect insights from persons who were directly involved in the FM of each parish. The definition of each role is stipulated below.

- <u>Parish Priest</u> – A clergy member assigned by the bishop to guide and oversee a parish community (Canon 519 1983)
- <u>Volunteer</u> – An individual who engages in unpaid work out of personal motivation and desire (Collins 1999).
- <u>Assistant Priest</u> – An individual who has undergone training to fulfil religious responsibilities and assist the PP, also known as the parochial vicar (Canon 548 1983).

It was determined that the involvement of one representative from each parish was sufficient to obtain the information required to achieve the objectives of the study. Table 3.1 indicates the number of participants in this research, their role and the respective code for each interview.

NO. OF PARISHES/ INTERVIEWEES	ROLE OF THE INTERVIEWEE	CODING
1	Assistant Priest	PAP1
2	Parish Priest	PP2
3	Parish Priest	PP3
4	Parish Priest	PP4
5	Parish Priest	PP5
6	Volunteer	PVO6
7	Volunteer	PVO7
8	Volunteer	PVO8
9	Parish Priest	PP9
10	Volunteer	PVO10
11	Assistant Priest	PAP11
12	Parish Priest	PP12
13	Volunteer	PVO13
14	Parish Priest	PP14
15	Parish Priest	PP15

Table 3.1: Role of Respondents and Coding

In order to allocate distinct codes to the interviews, the subsequent approach was employed: parish, role of the interviewee and interview number. The coding scheme designated a “PP” for a Parish Priest, “PAP” for a Parish Assistant Priest and “PVO” for a Parish Volunteer. Subsequently, every participant was allocated a distinct interview number in a sequential manner.

3.3.4 Initial Contact

There were a total of 15 parishes in Gozo. All of the participants were contacted via email with a letter of introduction and a detailed description of the purpose of the research.[7] All parishes confirmed their participation and a meeting was scheduled in order to conduct the semi-structured interviews, in person. Face-to-face interviews were chosen since they facilitate the development of trust, involvement, and nonverbal communication, resulting in more profound discoveries (Jennings 2005).

3.3.5 Interview Schedule

At times, participants requested to receive the interview schedule in advance. The interview questions were elicited from Chapter 2 and were designed to correspond with the research goals.[8] Additionally, probing questions were also asked during the course of the interviews.

The table below provides a breakdown of the interview sections, the corresponding categories and the scope for such categories. Each interview began with a brief introduction of the study, followed by general introductory questions and questions on the FM practices, issues encountered by the participants during their work and their recommendations for improvement.

SECTION	CATEGORY	SCOPE
1	General Introductory Questions	Serves as an introduction to the issue, directing the interviewee's attention to the research topic of parish FM.
2	FM Practices	Seeks to explore the main practices that the participants exercise in handling parish finances.
3	Issues Encountered and Contributing Factors	Aims to reveal the issues that participants face in their roles related to parish FM practices. Furthermore, these questions strive to identify the major drivers leading to these issues.
4	Proposed Recommendations	Intends to evaluate the suggestions proposed by the participants with the goal of determining the participants' ideal situation for Parish FM.

Table 3.2: Interview Schedule - Categories and Scopes

[7] See Appendix E.
[8] See Appendix F.

Interviewing the entire population allows for a complete understanding of the population's viewpoints, behaviours, and characteristics, which is beneficial in small communities like Gozitan parishes. While statistical generalisations may not be valid, a complete population sampling allows researchers to make accurate analytical findings that are particular to the group being investigated (Lund Research Limited 2012).

Therefore, even though saturation was achieved after 11 interviews, such interviews were still conducted because the participants were easily reachable and contact had already been made. Furthermore, on request of the Bishop of Gozo, all parishes were contacted in line with the permission granted.

3.3.6 Pilot Study

The first step in collecting data was to carry out a pilot test. According to De Vaus (1993 p.54), “Do not take the risk. Pilot test first.” Conducting a pilot study provides early indications of potential failures in the major research project (Simkus 2023). Therefore, a request for an individual’s involvement in the pilot study was conveyed via email. The individual agreed to participate and following the interview, the participant was asked to provide feedback.

The feedback was used to enhance the participants’ experience in the main study (Simkus 2023). Multiple strategies were identified to improve the interview schedule, such as providing clearer explanations of technical terminology to ensure easier comprehension. As a result, the interview schedule was modified accordingly.

The pilot testing was also conducted to measure the duration of the interview. The average duration was an hour and a half. The fifteen interviews were conducted between November and December 2023 at the place of preference of the participants, with all interviews held at the respective parish office.

3.4 Data Analysis

According to Seidel (1998, p.1), Qualitative Data Analysis (QDA) is a procedure that encompass “Noticing, Collecting, and Thinking” on data. Although there are several methods of qualitative data analysis, these three essential processes provide the foundation of all methods.

Figure 3.3 shows that the QDA method is distinguished by its repetitive and progressive nature, since it entails a recurring cycle of “Noticing, Collecting, and Thinking”.

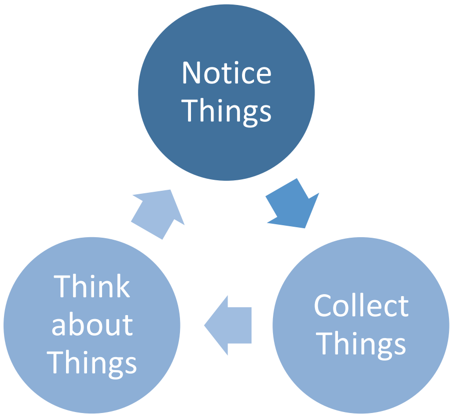

Figure 3.2: The Qualitative Data Analysis Process *(Seidel 1998, p.2)*

The approval of each candidate was obtained to audio-record the interviews, aiming to enhance the reliability and credibility of the data collected (Oakley 2016). The interviews were then transcribed. Transcription is advantageous for qualitative analysis since it enables a more precise depiction of the content expressed in the audio recording (Ligre 2022).

Subsequently, the transcripts were analysed using a thematic-analysis methodology. As defined by Saunders, Lewis et al. (2019, p.579), thematic analysis is the systematic process in which a researcher assigns codes to qualitative data in order to identify recurrent themes or patterns for further research.

Thematic analysis goes beyond just tallying particular phrases or words and instead concentrates on recognising and explaining both implied and explicit concepts within the data, known as themes (Guest, MacQueen et al. 2014).

Open-ended questions allow participants to provide extensive replies according to their preferences, which might make it difficult for researchers to discern themes in the transcript (Turner 2010). Yet, by employing the coding approach, the researcher effectively identified results and confirmed a connection between interview replies and study objectives. The findings were subsequently compared with the existing literature discussed in chapter 2.

3.5 Ethical Clearance

In order to be able to conduct the interviews, approval was granted by the Faculty of Research Ethics Committee. The interview schedule was ethically reviewed according to University of Malta ethical standards before being used. After obtaining the required authorisation, the researcher scheduled interview meetings with participants. During the preliminary phase of the research, a letter of introduction was distributed to each participant, underlining that the responses would be treated with utmost confidentiality. Before each interview, participants had to sign a consent form[9] confirming their willingness to participate and awareness of their right to withdraw from the research at any time. They also gave permission for the interview to be audio-recorded, which would then be erased after 3 years. Furthermore, participants were informed that audio-recordings and transcripts of data are prohibited from being distributed to third parties and are kept in a password-protected file. Participants' names were kept confidential to protect their right to anonymity.

3.6 Research Limitations

Even though the participants provided great insights and their responses were satisfactory, there was no guarantee that the participants consistently provided

[9] See Appendix G.

sincere replies. There was a possible danger of participants adjusting their responses to match the researcher's expectations (Newton 2010).

Another research limitation is that chapter 2 dealt with outdated sources. The reason for relying on older material is the limited availability of recent articles that specifically address the aim of this study. Despite this limitation, it is clear that older literature is still applicable to the present financial situation of parishes.

Moreover, some respondents struggled to understand certain questions despite the clarifications implemented following the pilot study. Participants' lack of understanding could result in erroneous or insufficient replies, jeopardising the quality and accuracy of the gathered data (Propokets 2024). However, this issue was addressed by probing and clarifying matters deeper until the researcher was satisfied with the responses.

Additionally, the research specifically examined selected components of FM in Gozitan parishes, as elaborated in Section 1.7. This limited focus may exclude other important financial topics that might influence the FMS of the parishes. Nonetheless, as detailed in Section 1.6, these selected components are the main aspects of FM for Gozitan parishes, which correspond to their unique organisational characteristics.

Last but not least, the subjective nature of data analysis could impact the researcher’s objectivity. However, being conscious of personal biases during the study, helped the researcher in managing subjective interpretations and ensured the integrity of the researcher’s work (Shah 2019).

3.7 Conclusion

This chapter illustrates the research methods used in the study, from initial exploration to the collection of primary data. The interview data will be analysed in the next chapter.

Chapter 4

Findings and Discussion

“Honesty guides good people; dishonesty destroys treacherous people.” – Proverbs 11:3

4.1 Introduction

This chapter aims to present the main findings from the semi-structured interviews conducted with the individuals who handle the finances of each parish in Gozo, in line with the research objectives outlined in Section 1.7. The literature discussed in Chapter 2 shed further light on and supported these conclusions. Figure 4.1 provides a systematic overview of how the chapter is organised.

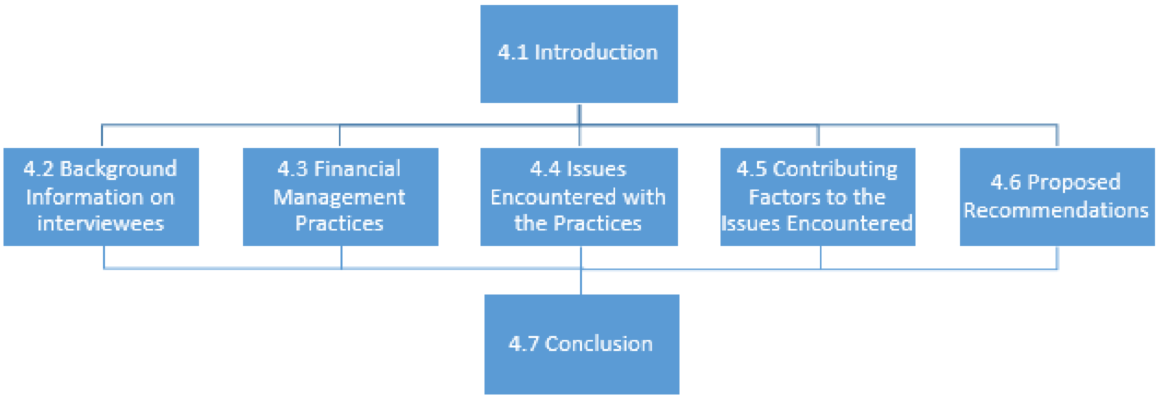

Figure 4.1: Chapter 4 Outline

4.2 Background Information on Interviewees

The first section of the interview schedule[10] was made up of three general introductory questions designed to clarify the participants' roles and responsibilities within the parish, their financial background and previous experience and; any observations on progress made during their involvement. This information provided a basis for further investigation and examination in the interview process.

[10] See Appendix F.

4.2.1 Roles and Responsibilities

As defined in Section 3.3.3 and depicted in Figure 4.2 below, the participants interviewed were PPs$_{(8/15)}$, volunteers$_{(5/15)}$ and assistant priests$_{(2/15)}$.

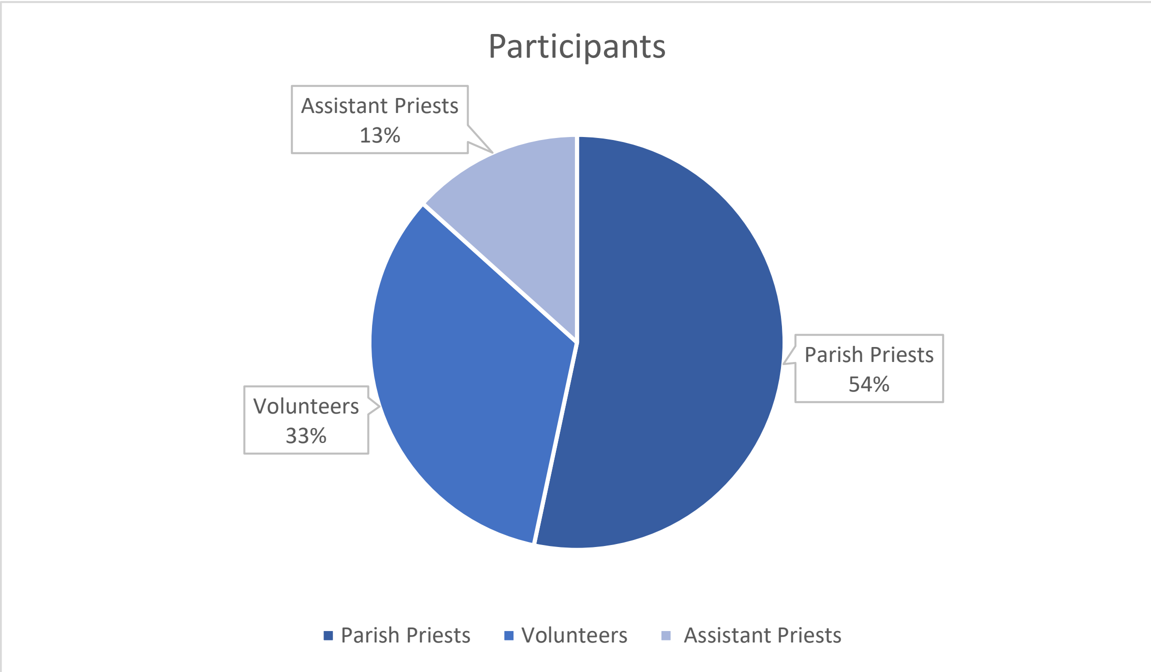

Figure 4.2: Role of the Participants

All 15 participants representing a distinct parish explained that they were responsible for the majority of the FM requirements of their parish. Such requirements included financial planning, fundraising, cash handling, ordering and paying, financial record-keeping and financial reporting. Most parishes indicated that PPs$_{(8/15)}$ bear the majority of financial duties. In other parishes, responsibilities were assigned to volunteers$_{(5/15)}$, whereas in two parishes$_{(2/15)}$, an assistant priest took on the obligation.

Some of the participants other than the PPs$_{(4/7)}$ saw this sole responsibility as a significant advantage given that they could have control and ensure no funds were misappropriated. This reflected their belief that they played an important role in the ICS of the parish as well as their awareness of the accountability it requires.

However, this contrasts with established literature from Brown (2018), Kiviiri (2015), Njobvu, Kaira et al. (2020), Shaibu (2013) and Tetteh, Muda et al. (2021) all of whom highlighted the crucial significance of establishing segregation of duties within the parish. They emphasised that this division is necessary to avoid the misappropriation of assets and efficiently deal with issues of accountability. According to the literature, by allocating specific duties to several staff members, the potential danger of consolidating authority in the hands of a single person is reduced.

The majority of the volunteers$_{(5/5)}$ and assistant priests$_{(1/2)}$ interviewed also emphasised that the PP should have limited involvement in financial affairs, stating that managing finances is not the primary responsibility of the PP. Most of the PPs$_{(7/8)}$, agreed with this view. In fact, PP4 stated that PPs should not have absolute control. He supported the establishment of clear rules to define roles and avoid the PPs from bearing the full load.

Similarly, as highlighted in Section 2.2.1, both the Canon Law and the Guidelines for PPs in Gozo, state that although the PP has the primary responsibility for overseeing the financial assets of the parish, there is also a significant emphasis on collaboration and delegation within the parish structure to ensure effective FM.

However, two participants held a different view. PAP1$_{(1/7)}$ stressed that as the decision maker, the PP should have authority over financial issues. On the other hand, PP5$_{(1/8)}$ said that sole responsibility gave him the freedom to make judgements independently, therefore allowing him to stay in charge of the situation.

4.2.2 Financial Background and Experience

All of the participants$_{(15/15)}$ have been involved in managing finances within different parishes for a long time, with some spanning many decades. One participant has 40 years of expertise working in this role in different parishes. The majority(10/15) emphasised that handling parish finances was their first accounting experience.

However, as indicated in Figure 4.3, 2 participants (13%), PP4 and PP15, had some experience in micromanaging minor tasks. PP5 has a basic understanding owing to holding an Accounting A-Level, while PVO10 and PVO14 have a grasp of accounting concepts and processes due to prior working experience at a bank. Nonetheless, they(5/15) still admitted their lack of knowledge and skills in FM. All of the other participants(10/15) acknowledged that they have gained expertise via hands-on experience. This will be further discussed in Section 4.5.1.

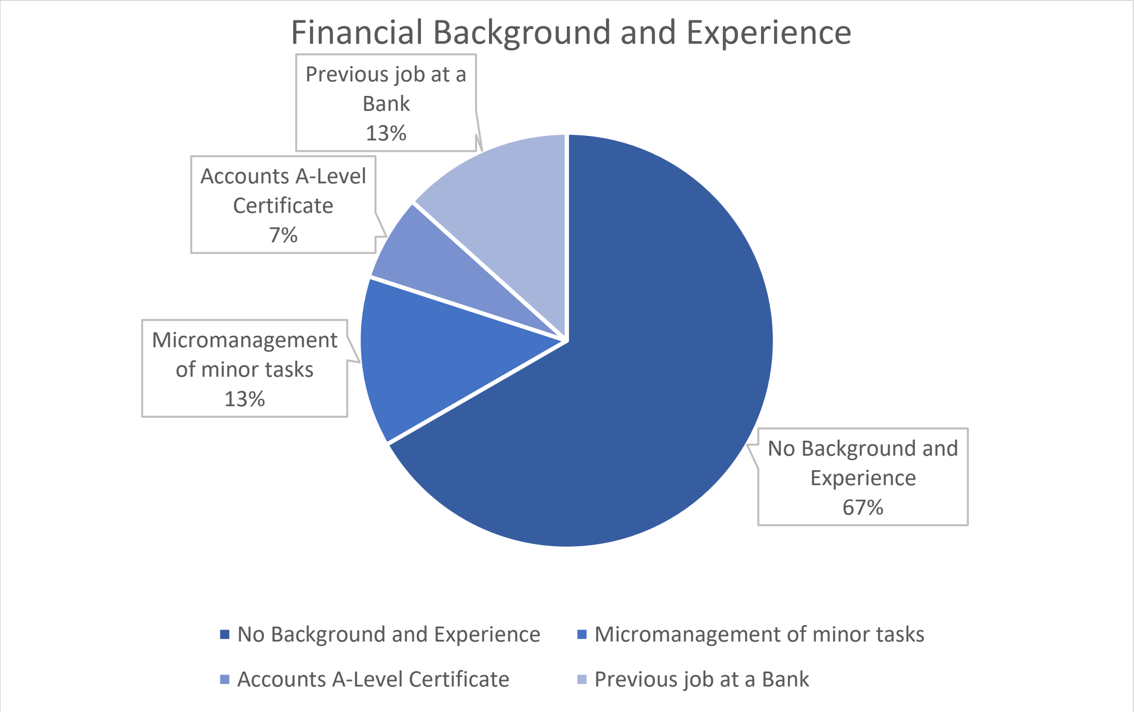

Figure 4.3: Financial Background and Experience of the Participants

4.2.3 Significant Changes and Developments

Significant changes and developments were revealed in their record-keeping practices. Prior to 1984, accounts were handled manually, with registries used for entering accounting data. In 1984, the Curia implemented a more efficient method, although all records were still hand-written. However, several parishes chose to switch their manual record-keeping methods to Microsoft Excel in order to enhance efficiency. In 2017, a centralised information system application called DataByte Dirigo program was introduced for more accurate record-keeping. However, this system was not mandatory and parishes had the freedom to decide whether to use it or not. This aspect will be further explored in Section 4.3.3.

4.3 Financial Management Practices

This section focuses on achieving objective 1 of this study. Objective 1 aims to analyse the FM practices within parishes in Gozo, specifically focusing on these components: financial planning and budgeting, cash handling and controls, financial record-keeping and financial reporting. The financial planning and budgeting practices are examined first, followed by individual sections addressing each component progressively.

4.3.1 Financial Planning and Budgeting

According to Gangel (1989), the involvement of PPs in the process of financial planning was of particular importance. Consistent with this, all PPs interviewed in this study participated in the process of financial planning. However, the majority$_{(6/8)}$ stated that they often planned autonomously, relying on their own discernment and insights for the day-to-day operations of the parish. Conversely, the PPs often consulted the parish council, on issues concerning project-specific activities.

Participants in this study revealed that no financial planning or any forecasts were undertaken at the beginning of the year. The process lacked formalisation and structured forecasting. This was because they viewed financial planning as common sense, rather than a subject of reflection, as ultimately the parish depended on contributions from its donors for existence.

Similarly, PPs who assigned the majority of financial duties to volunteers$_{(5/5)}$ and assistant priests$_{(1/2)}$ usually participated in joint planning talks only while working on particular projects, not on the day-to-day running of the parish. They believed that this guaranteed collaborative input and consensus on fundraising techniques to enable the effective acquisition of funding.

Nevertheless, this discovery contradicts the viewpoints of Brito and Zapata (2020), who emphasised the significance of financial planning in enabling organisations to fulfil their goals. Furthermore, research conducted by Hodgkinson (1999) revealed that churches had distinct objectives in mind when distributing their financial resources, highlighting the need of financial planning.

Out of all the parishes, only, three claimed that they have established a finance committee, where monthly discussions were held on financial matters of the parish. However, such committees were formed by individuals with financial expertise who only met to discuss financial matters, and thus, no financial practices were delegated to them.

This finding aligns with Formosa's research (2013), whereby, it was revealed that only a minority of parishes had a functioning finance committee. Additionally, Formosa (2013) discovered that despite the traditional role of the parish council, which was typically formed by parishioners to address religious matters, parishes in Gozo tended to engage the parish council in financial discussions regarding capital projects. However, as highlighted in Section 2.2, Canon Law mandates the creation of a finance committee in all parishes in order to ensure appropriate accountability.

Since budgets are the tangible outcomes of financial planning, when participants were asked about budgets, they expressed reluctance to create them. Formosa's research (2013) discovered that although budgets were mandatory at that time, some parishes still failed to submit them consistently. Interestingly, the participants in this study said that budgets were no longer required. However, this goes against the Guidelines for PPs in Gozo, as outlined in Section 2.2, which emphasise the need to present yearly budgets to the Curia. Also, Chombeng (2016) highlighted that all organisations must adhere to some form of budget.

She emphasised the importance of financial concepts or structures for the functioning of organisations, regardless of circumstances.

In line with Formosa (2013) and Kluvers (2001), the participants of this study also stressed that budgeting was unnecessary. According to them, budgeting was a natural process; if an activity needed funds, the parish had to make sure there were enough inflows to pay the outflows, even in the absence of a written formal documentation to prove it. Therefore, for most parishes a written formal budget was superfluous.

Furthermore, others$_{(5/15)}$ emphasised that it was difficult to predict the inflows and outflows, suggesting that a formal budget may not be essential. PP12 asked “How can you determine if a microphone stops working?” Moreover, PP4 noted that on average the yearly outflows matched the inflows, which led them to determine that budgeting was unnecessary. Some of the participants$_{(5/15)}$ also maintained a positive and optimistic mind-set since they had solid trust in God, certain that money may be gathered as required. However, PVO14 noted that excessive optimism of the PP resulted in inadequate FM because decisions were taken without enough consideration of the parish’s financial position.

Contrastingly, Irvine (2005) stipulated that budgeting was a very important document for churches as it aided alignment of their financial activities with their spiritual objectives. Additionally, Kluvers (2001) and Pollock (1991) highlighted the budget’s effectiveness in helping parishes reach their immediate and long-term goals.

On the other hand, in major capital projects related to construction and renovation, maintenance and repairs, the majority of the participants said$_{(14/15)}$ that they usually obtained cost assessments from an architect. These estimates provided an indication of the anticipated overall expenditure for a project, enabling some level of anticipation of expenses. Only PVO10 mentioned that they did not obtain cost assessments, as the participant had never seen one.

Several participants(5/15) stated that they preferred to accumulate the required finances before moving forward with a project. They also outlined their efforts in ensuring they do not end up in debt. This indicated that they are still mindful of financial control. However, PVO7 stated that some projects must be completed even in the face of monetary constraints due to urgent maintenance.

Aside from the permission of the PP, significant projects that exceed €5,000 also need the approval of the project managers at the Curia. PVO14 saw this as a commendable practice, ensuring projects were based on an evaluation of the parish's financial ability, but he also emphasised the lack of monitoring for expenses amounting less than €5,000. This is consistent with research conducted by Kiviiri (2015), which revealed that churches lacked regular means of oversight and control which was attributed to the lack of accountability in such organisations.

4.3.2 Cash handling and Controls

In line with the results of the research conducted by Formosa (2013), participants in this study highlighted that the daily church offerings from masses and private donations were the main sources of revenue for parishes. In fact, PVO7 stated that the "main source of income is from the parishioners".

When the participants were asked about the cash handling practices, they shortlisted three activities that were typically involved: counting of cash, depositing of cash and disbursement of funds.

4.3.2.1 Counting of Cash

In the majority of the parishes(12/15) one individual was designated to count the church mass offerings which included coins and banknotes. However, this practice contradicted the research conducted by Appiadu (2019), who emphasised that at least two parties should be involved and another one should verify and record the transactions. Only three parishes(3/15) implemented this method whereby one volunteer collected the money, while two others separately counted, and another verified and recorded to ensure precision. One of them(1/3) had noticed instances of theft and took immediate action to ensure proper controls and regain the trust of the parishioners.

After each service, cash offerings were either stored in the sacristy inside the church without sufficient security or, in some parishes(6/15) in a deposit box accessible only to one individual. They were then routinely taken and deposited to the parish office. In most parishes(13/15), cash offerings were tallied every week or two. Conversely, PP4, who counted daily, highlighted the importance of this practice, as it enabled the computation of a daily average inflow prompting an investigation into any significant discrepancies.

The majority(14/15) of the parishes used a machine to tally, in order to reduce human errors. However, in one parish(1/15), cash offerings were tallied by hand. According to PP5, this volunteer consistently carried out this duty for a considerable period of time, highlighting her attention to detail and the trust that was put in her to ensure precision. In agreement with Ahiabor and Mensah (2013), Peters (2015) and Prentice (1981), it was revealed that church members were reluctant to consider the possibility of theft by someone they sincerely trust. However, Prentice (1981) added that a proper ICS would help identify mistakes, enhance security and secure resources from theft.

The other main source of revenue for parishes were the private donations. Most of the parishioners chose to provide their donations by leaving them at the church in safety boxes, sending them via mail to the parish office or handing them to the PP. These were then recorded accordingly. Some recorded them by aggregating monthly amounts, whilst others recorded each transaction separately.

4.3.2.2 Depositing of Cash

Before depositing coins at the bank, all of the participants chose to lower the additional fees associated with depositing coins by exchanging them for banknotes at nearby stores. The remaining coins were deposited approximately once a month, whilst banknotes were deposited depending on individual judgement. The lack of cash deposits was attributed to the lack of machines around the island.

Before depositing cash at the bank, most of the participants$_{(14/15)}$ used cash for the daily running of the parish. This contrasts with Appiadu (2019), who emphasised that cash payments should be minimal because they could lead to difficulties with tracking transactions and increase the likelihood of cash being lost or stolen. Only PP4 introduced a policy where cash was immediately deposited at the bank and all payments were made by cheque or bank transfer. Similarly, as advised by Brown (2018), parishes should make day-to-day deposits at a bank or use a night depository in order to safeguard and minimise cash on hand[11].

However, some participants$_{(4/15)}$ did not see the need to prioritise the value of safeguarding cash. PP5 said that cash on hand was not regularly tallied and there was no procedure for keeping the cash safe. He also stated that at times, the cash physically kept at the church exceeded €20,000. However, the participant still recognised the lack of adequate cash controls in place. On the other hand, the other participants$_{(3/4)}$ noted that the handling of the finances of a parish was distinct from overseeing the financial affairs of a shop, where a robust ICS is necessary.

Despite the different organisational structures of parishes, research conducted by Shaibu (2013) and Usama and Yusoff (2018) demonstrated that adequate cash controls are essential for ensuring both spiritual fulfilment and financial stability within these organisations, especially since they relied heavily on donations from the congregation for their survival.

While the majority$_{(10/15)}$ stressed the need to minimise cash on hand for safety reasons, they still kept cash without sufficient security. PVO14 acknowledged the need for improved security measures for cash, noting that a significant amount of

[11] The amount of physical coins and banknotes available for immediate use.

banknotes were kept in the parish office in a till. In fact, Brown (2018) condemned this practice and recommended against storing cash-on-sight in safes as it increased the risk of loss or theft.

4.3.2.3 Disbursement of Funds

In contrast with Appiadu (2019), who discovered that cheques were never utilised for payments, participants in this study said that payments were usually executed by using cheques, bank transfer or cash.

Regarding authorisation and payment processes, practices vary among parishes. In most parishes$_{(10/15)}$, one individual authorised and carried out payments. Some recognised that it was not the ideal, but they remarked that that was the established procedure. PP4 stated that it would take a long time to effect payments if there were two signees, and PVO6 added that the system should not be too bureaucratic. However, as advised by some dioceses, it was necessary to have two signatures from individuals who were not part of the record-keeping practices of the parish in order to ensure that large payments were carried out lawfully.

In half of the parishes$_{(5/10)}$ in which the same person authorised and executed payments$_{(5/10)}$, the same individual authorised and executed payments and managed record-keeping. However, Brown (2018), Henrickson (2012), Messier, Glover et al. (2008), Perols (2011) and Woodbine (1997) asserted that for the proper division of duties, authorisation, recording and custody should be kept separate. In the other five parishes, there was a designated person responsible for documenting transactions.

In the remaining parishes$_{(5/15)}$, a distinct separation of duties concerning authorisation and execution was emphasised. They considered this division as an extra level of supervision and accountability in their financial practices. This is consistent with Perols (2011), who emphasised that, for payment requests to be fully validated, there must be clear evidence of authorisation and approval. By supporting such division, the participants would be effectively promoting a method that improves transparency and decreases the likelihood of financial misconduct.

PVO7 and PVO14 took a precautionary measure by designating one person as solely responsible for carrying out payments. They made this conclusion based on their observation at the beginning of their involvement, noting that many people were effecting payments without any specific boundaries in place. PVO14 emphasised personal responsibility, noting:

> "I am solely responsible as long as I am managing the till. It is difficult to function efficiently when several persons have unrestricted freedom."

This shows that parishes in Gozo did not have any external oversight or monitoring mechanism in place to review their financial activities regularly. This finding aligns with previous research by Eze (2021) and McDonald (2020), which also identified a lack of financial monitoring in ROs, increasing the likelihood of fraudulent activities. Therefore, it is essential for parishes in Gozo to implement effective controls to prevent such occurrences.

4.3.3 Financial Record-Keeping

Echoing Formosa's research (2013), this study revealed that parishes in Gozo lacked standardised accounting methods, with each parish developing its own accounting system based on its specific requirements. However, unlike the methods used when Formosa (2013) conducted the research, which relied on Excel spreadsheets or handwritten manual ledgers, the participants in this study$_{(15/15)}$ revealed that they used manual recording, Microsoft Excel or the DataByte Dirigo.

One participant$_{(1/15)}$ used manual recording, where they entered all cash and bank transactions in a daily register and then transferred the information to a 14-

column sheet[12]. This individual took solace in writing things down, especially when seeking clarifications on matters. However, according to Delima and Kristanti's research (2016), manual recording could have several implications, including slow updates of data, doing tasks repeatedly and conducting many verifications to ensure precision.

Other participants$_{(4/15)}$ relied on Microsoft Excel for record-keeping. A couple of the participants$_{(2/4)}$ who relied on Excel claimed they first manually input all the transactions on the daily register and then transferred all inflows and outflows on the Excel program.[13]

Alternatively, several participants$_{(4/15)}$ chose to use both the Microsoft Excel and the DataByte Dirigo. They did this by firstly inputting data on Excel and then re-writing each transaction on the DataByte Dirigo program, as it guaranteed that each entry was cross-verified. For a couple$_{(2/4)}$ of the participants, the same individual performed such tasks. The rest$_{(2/4)}$ claimed that the tasks were performed by different individuals.

The remaining participants$_{(6/15)}$ used the DataByte Dirigo[14] for their recording practices. Two of them$_{(2/6)}$ began by manually recording the receipts before inputting the data into the program.

Findings from this study indicated that Gozitan parishes needed consistent and standardised methods for maintaining records. According to the literature, the absence of standardised record-keeping practices resulted in transactions being recorded arbitrarily, leading to disorganised and unreliable records, which in turn led to costly parish operations, poor decision-making and reputational damage (Appiadu 2019, Hahn 1954 and Nwaomah, Nwaomah 2021). Ozotambgo (2009) emphasised adopting an accounting system to reduce these risks. The absence of standardised processes greatly increases the probability of mistakes.

[12] See Appendix H.
[13] See Appendix I.
[14] See Appendix J.

Therefore, Gozitan parishes should prioritise implementing standardised record-keeping practices to enhance FM and operational efficiency.

In the study of Campbell and Grimshaw (2015), it was revealed that the implementation of information systems can result in failure. Similarly, participants in this study showed significant discontent with the centralised DataByte Dirigo program. Some participants$_{(5/15)}$ did not feel confident using it. Even most of those who made use of it$_{(8/10)}$ had a negative impression of Dirigo since it did not provide the bookkeeper with complete insight. It might be useful for a particular task, but according to them, it lacked the comprehensive information required for efficient accounting. PVO6 blamed the Curia for disregarding the unique needs of parishes and stated that "the accounting system is not tailor-made for the parishes".

The other participants who used the program$_{(2/10)}$ highly commended the system. PP2 described the system as flawless and highlighted its user-friendly design customised to their skill level. PP2 also highlighted its time-saving feature compared to Excel. This is consistent with Arthur and Kubi (2018) and Kumar (2019), who noticed that implementing an electronic filing system provides numerous advantages resulting in accurate record-keeping practices. However, computerised systems depend greatly on the accuracy of data input. In fact, the majority of the participants$_{(10/15)}$ emphasised the importance of filing all receipts, month-by-month.

The rest of the participants$_{(5/15),}$ admitted that they did not keep every receipt or invoice. PP4$_{(1/5)}$ stated that "nobody ever gives a receipt", hence, the introduction of a no-cash policy in the parish. The other PPs$_{(4/5)}$ implied that they lacked control over the payments' execution.

However, research conducted by Said, Mohamed et al. (2013) condemned this practice. They discovered that maintaining accurate documentation of income receipts and financial transactions played a crucial role in improving the financial performance of ROs. Moreover, Vincent, Thomas et al. (2017) added that such records serve as a validation for the financial information presented in the final accounts.

Several$_{(5/15)}$ participants in this study also admitted the lack of financial information saved and backed up in case of unforeseen circumstances. However, they still recognised the significance of installing backup systems and saw the potential benefits such systems could provide. On the contrary, the majority$_{(10/15)}$ had a backup system in place. They possessed physical copies and had everything backed up on a pen drive.

In order to maintain accuracy in record-keeping practices, the majority of the participants$_{(11/15)}$ used bank reconciliations as a critical control. The majority$_{(10/11)}$ carried out bank reconciliations once a month. This practice entailed cross-referencing the documented transactions with the bank statements, which included accounting for any outstanding cheques and incorporating any available cash to guarantee accurate reconciliation. PVO7 felt a sense of relief knowing that every transaction was meticulously documented.

Similar to Appiadu's (2019) findings, whereby such procedure was overlooked, the other participants$_{(4/15)}$ in this study admitted that reconciliation was never conducted. PVO6 blamed the Curia for their negligence in offering advice on the procedure. They also admitted their lack of competence, saying; "We are not experts".

Some participants$_{(5/15)}$ also acknowledged the practice of sending receipts to contributors for their donations. According to them, this practice ensured transparency and served as a guarantee that all payments and contributions were adequately documented. Figure 4.4 shows the record-keeping methods employed by each parish.

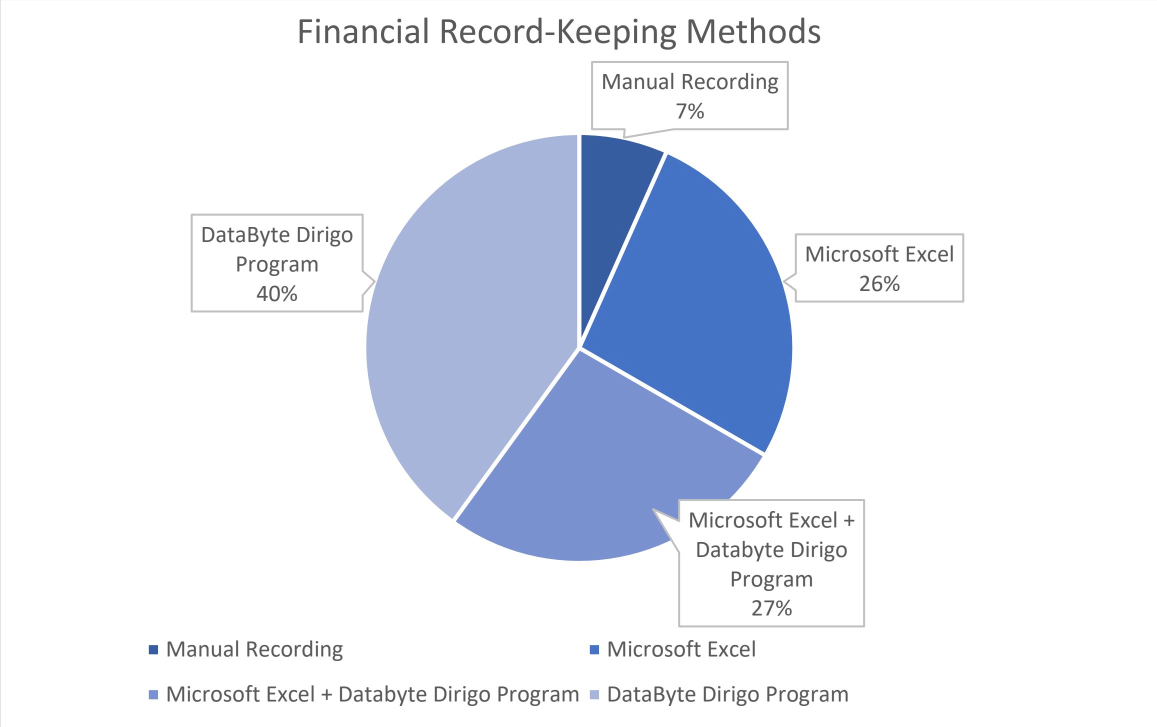

Figure 4.4: Methods for Financial Record-Keeping

4.3.4 Financial Reporting

In line with findings from Njobvu, Kaira et al. (2020), this study revealed that parishes in Gozo reported at two levels: the parish level and the diocesan level. However, unlike findings by Ozotambgo (2009) where participants of a Catholic church prepared a receipts and payments account, an income and expenditure account and a balance sheet, parishes in Gozo adhered to a different reporting procedure.

Participants in this study$_{(5/15)}$ who only kept financial records using Excel or manually, combined monthly revenue and expenses into an integrated financial statement called a receipts and payments statement.[15] The statement was then presented to the Curia.

[15] See Appendix K.

On the other hand, the DataByte Dirigo functioned as a centralised system, accessible by accountants at the Curia.[16] This automated system streamlined the reporting process for the majority of the participants$_{(10/15)}$, eliminating the need for manual report creation and ensuring accuracy in the financial reports.

Therefore, the reporting procedure in Gozitan parishes did not include the compilation of full annual financial statements. Alternatively, parishes had the flexibility to submit either manual receipts and payments reports or utilise the automated reports provided by the DataByte Dirigo program.

The diocese allowed parishes using DataByte Dirigo$_{(10/15)}$ a one-month opportunity to finalise their record-keeping for year-end closure. Following this, the program generated an automated report. Similarly, the diocese allowed the others$_{(5/15)}$ a one-month opportunity to finish their receipts and payments report.

Contradicting the research conducted by Njobvu, Kaira et al. (2020) and the FM Guidelines for Gozitan parishes, which specify that reports from each parish should be sent immediately to the bishop; the reports as revealed in this study, were instead sent directly to the Curia. Receipts and payments reports prepared by Excel were sent via e-mail. The individual who manually wrote the report, physically delivered it to the Curia.

According to the participants, the financial accounts were prepared by the accountants at the Curia. After preparation, these accounts underwent an auditing process. Once the auditing was completed, the report was sent back to the parishes for the signature of the PP. This finding differed with the research from Ozotambgo (2009) whereby the PP and all representatives of the parish finance committee signed the report.

Some of the participants$_{(5/15)}$ said that for transparency reasons, they provided a recapitulation of the year's revenue and expenses, either by a public

[16] See Appendix L.

announcement(1/5) during Mass or by publishing the figures on the bulletin(4/5). Although some of the participants acknowledged that being open and honest with contributors was essential, they hesitated to disclose unverified financial data.

4.4 Issues Encountered in the practices by those who handle the FM of Gozitan Parishes

This section of the research findings will tackle objective two of this study. When the researcher directly asked the participants about issues they encountered in the practices, some of the participants(5/15), were unable to detect any issues. PAP1 confidently said that he had never encountered any problems, whereas PP2 emphasised that "there are no exorbitant sums of money or complicated matters".

Besides the issues raised in the respective question, several issues were also raised when participants were asked on the practices undertaken in question 3.[17] The following section includes the main concerns of the participants.

4.4.1 Financial Planning and Budgeting Issues

Some of the participants(6/15) expressed a serious concern in project planning. They emphasised that despite the requirement for projects exceeding €5,000 to be approved by the Curia as stated in Section 4.3.1, the planned amount via the cost assessments by the architects often accounted for just half of the actual cost. This disparity was mostly due to uncertainties around time schedules. For instance, maintenance tasks in the church might take longer than originally estimated because of the degree of degradation or damage existing. This unpredictability often resulted in unforeseen delays and additional costs. In fact, according to PP4:

> "Most of the time what you plan is 50% of the real cost, which can have disastrous consequences on us. This shortfall is often caused by

[17] See Appendix F.

> insufficient project planning. Occasionally, projects are undertaken without enough planning or evaluation."

The participant wanted to explain this further and gave the following example:

> "For instance, if I need a laptop, I may choose to buy one directly without going through a formal procurement procedure. Nevertheless, due to my little knowledge in computers, there is a possibility that I may choose an incorrect model, resulting in considerable complications."

Additionally, the majority of the participants$_{(10/15)}$ also pointed out the issue of having to continuously look for ways to ensure inflows for projects. This is consistent with the research conducted by Küçükbay (2017), which indicated that organisations actively pursued ways to improve their incoming cash, by using persuasive strategies, to address cash flow difficulties. In fact, PP9 highlighted that they had to use persuasive tactics to gather money for projects in the parish.

However, several$_{(4/10)}$ also noted that their focus was not only on implementing new projects but on maintaining and handling current resources efficiently. In fact, they observed a decline in incoming funds, noting that donations tended to rise greatly during active parish projects but decreased noticeably when the project ended.

Formosa's research (2013) also noted a decrease in parish income, blaming the lack of budgeting and planning processes within the parishes. Additionally, Placido and Cecil (2014) claimed that those who used financial planning obtained more public support than those who did not. As a result, the lack of formal planning and budgeting processes, likely played a role in the observed decrease in parish income within Gozitan parishes.

Other participants$_{(5/15)}$ stressed that each parish had its own system in place and parishioners became used to those practices and therefore they were not typically short of cash since contributors continued to donate out of habit.

4.4.2 Cash Handling and Controls Issues

With respect to cash handling and controls, participants$_{(5/15)}$ stressed that there were no clear separation of duties. In fact, in some parishes as outlined in Section 4.3.2, payments were executed, authorised and recorded by the same individual. Similarly, research conducted by Appiadu (2019) and Njobvu, Kaira et al. (2020), found that many churches did not have clear segregation of duties, which resulted in accountability problems.

However, one of the participants in this study, PVO6, stated that there were only three people involved in the FM of the Parish, the PP and two volunteers, so the participant implied “What is there to delegate?” Nonetheless, as revealed by Brown (2018) and Perols (2011), even though human resources might be limited in a church, controls or compensating controls should be implemented nonetheless.

All of the participants stressed the importance of accountability and highlighted that the tasks must be performed in accordance with civil society’s standards. But some of the volunteers$_{(3/5)}$ emphasised that they were only dedicated volunteers who might not fully grasp what was expected of them.

4.4.3 Financial Record Keeping Issues

Many participants in the study$_{(10/15)}$ had time restrictions and found it difficult to commit enough time for accounting activities, since they had other priorities to address. PAP1 said that he often lagged behind by a month or more and took him up to 6 months to acquire a bank statement to reconcile. Moreover, PVO6 updated record keeping only once or twice a month due to other commitments. This approach differed from the advice of Agyei-Mensah (2016), who advised on regularly updating financial records to maintain accuracy.

Moreover, despite mentioning their adherence to bank reconciliations as detailed in Section 4.3.3, the majority of the participants$_{(10/15)}$ expressed doubts about the correctness of their financial record-keeping practices. They lacked absence of supervision or verification of their work. However, they emphasised that this was not done intentionally as this was not their area of expertise. In fact, PP5 found the lack of checks on them troubling and PP3 pointed out that the accountants from the Curia would highlight any faults if something was done improperly. However, the participant still expressed confusion and ongoing concern. Therefore, engaging in training programmes would be beneficial in addressing and resolving such occurrences.

Some participants$_{(7/15)}$ considered the technological progress in the context of the parishes as a substantial milestone. As a matter of fact, PP2 stated:

> "At one point, I started to use the Microsoft Excel program which was a step in advance, but then when I began to use the DataByte Dirigo program a much better milestone was reached because this only entails recording the daily income and expenditure, without the need of presenting neither a monthly nor an annual report."

Others$_{(8/15)}$ have seen improvements but also pointed out the lack of technological innovation. PVO13 said that they had zero trust in the technology introduced by the Curia. Several issues with the DataByte Dirigo program, were raised as summarised in Figure 4.5 below.

Issues with the DataByte Dirigo Program.

- Not enough income and expense items were available to choose from$_{(5/8)}$.
- Did not give a clear picture of the financial situation of the parish$_{(5/8)}$.
- The report generated was not detailed$_{(5/8)}$.
- Did not feel comfortable using it$_{(5/8)}$.
- Complicated$_{(2/8)}$.
- No function that provided the unpresented cheques$_{(PVO14)}$.
- Resistance to change$_{(PP15)}$.

Figure 4.5: Issues with the DataByte Dirigo Program

4.4.4 Financial Reporting Issues

Participants$_{(5/15)}$ who used Excel or manual accounting techniques found that consolidating monthly line items into a concise annual receipts and payments report was a time-consuming task. However, they still preferred utilising Excel instead of DataByte Dirigo, which would automate the process and generate a report without the need to manually create a statement.

Participants also pointed out that the audit in their parish was less comprehensive compared to audits in other organisations. The auditor accepted all the information presented without challenging its correctness or completeness. Several participants$_{(5/15)}$ considered this troublesome since they believed it strayed from established audit methods. They considered a thorough audit essential for ensuring openness and accountability. PVO14 claimed that the auditor did not ask for vouchers or sample transactions to carry out their audit and found this troubling. This was consistent with the results of Njobvu, Kaira et al. (2020), who reported a lack of consistency in the preparation and auditing processes among ROs. Participants in their research also indicated a lack of knowledge on existing auditing procedures and others indicated that only random checks and balances were performed.

Several participants in this study$_{(5/15)}$ admitted to signing the audit report without fully understanding or reading its contents. PP5 confessed that he seldom considered asking for clarification on the data due to his many responsibilities and PP2 bluntly stated that he had no intention of even reading the report as there would be no edits since the figures would remain unchanged. A couple of the participants$_{(2/15)}$ were not even aware of this practice.

Figure 4.6 depicts the issues encountered in the practices of the selected components for this study.

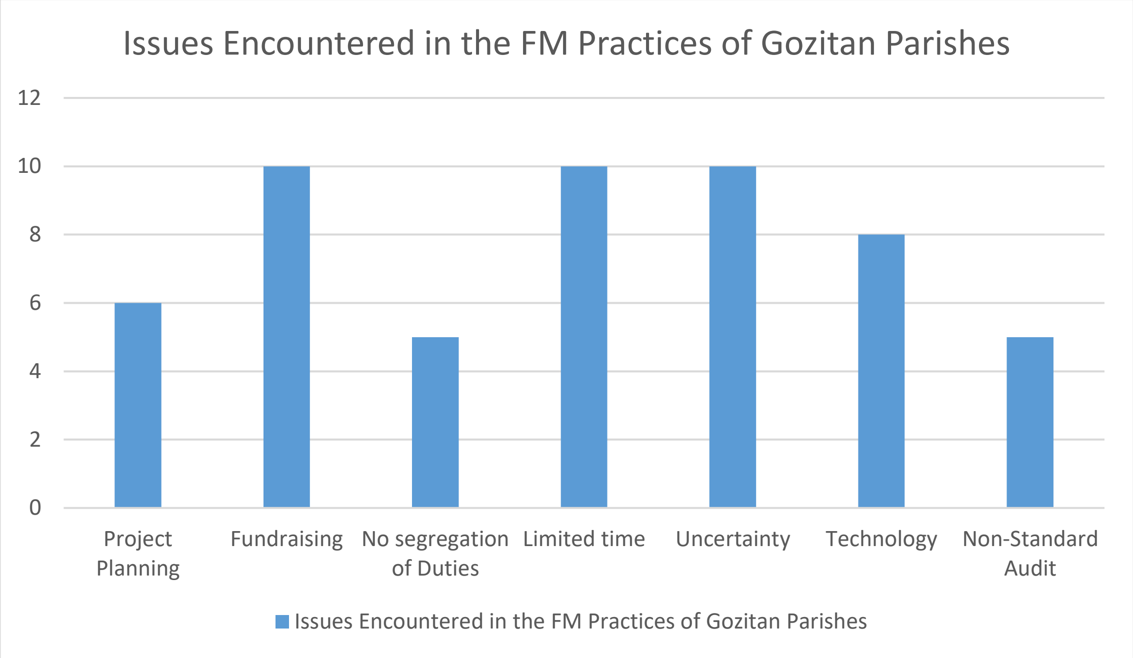

Figure 4.6 Issues Encountered in the FM Practices of Gozitan Parishes

4.5 Contributing Factors to the issues encountered

Participants in this study were also asked about the main factors that contribute to the issues described in Section 4.4, in line with objective 2 as stipulated in Section 1.7 of this study. Echoing current literature, these were the factors of the key issues faced in the FM practices within Gozitan parishes: Lack of knowledge or expertise, insufficient training, handing over and historical accounting practices, lack of cash controls, lack of administrative personnel and other external factors. These factors are further described below.

4.5.1 Lack of Knowledge or Expertise

All participants acknowledged the importance of parish FM in maintaining the pastoral life of the community. However, the majority of the participants$_{(10/15)}$ had no prior knowledge in FM. Despite this lack of knowledge, they were aware of their deficiency in the field and they acknowledged that the procedures might not always fully comply with Canon Law, due to their lack of awareness or understanding rather than deliberate non-compliance.

PP4 stated that; "…[they] find [themselves] in a situation where [they] have no financial knowledge but are required to oversee the millions today." Two of those holding no prior experience in accounting$_{(2/10)}$ claimed that they contacted the Curia multiple times for minor difficulties they encounter due to their lack of knowledge.

However, they also acknowledged that they gained a level of knowledge due to hands-on experience. The remaining participants$_{(5/15)}$ emphasised that they had prior experience in finance yet still admitted their unfamiliarity with certain financial matters.

This is consistent with existing literature, which indicated that those who handle parish finances have little business education and frequently depend on practical experience to enhance their abilities. However, according to Cohall and Cooper (2010) and Foohey (2014), successful supervision of parish FM necessitated persons who are skilled in handling the financial matters of the parish to guarantee its financial sustainability.

4.5.2 Lack of Training

Similar to a study conducted by the Conference for Pastoral Planning and Council Development (n.d.) which revealed that the majority lacked formal training for their position in charge of the parish's financial administration, all participants in this study highlighted the absence of any training received. Only PAP1 emphasised that he did not need training due to his years of experience. All other participants$_{(14/15)}$ emphasised the importance of properly and carefully managing finances, thus they see training as beneficial. In fact, PP4 said that "first and foremost we are managers, not spiritual leaders, even though, it is supposedly the other way round". Another participant, PP12 stated that "to become a priest it takes 7 years but to become a PP it only takes a second". This complemented a study conducted by Cole (2008), which highlighted that PPs were not adequately prepared for the shift from student life to full-time leadership.

However, all participants in the study reported undergoing initial training for the DataByte Dirigo, including around 1 or 2 sessions. Nevertheless, most of the participants emphasised that the instructor did not comprehensively cover all areas and the sessions were hurried, resulting in learning gaps.

This contrasts sharply with the research conducted by Oti and Asuquo (2016) who identified that churches that invested in accounting software should make sure to provide quality professional training sessions to their members to enhance their understanding and use of the program. Therefore, 1 or 2 sessions were not enough. According to the participants, the only support service available was over the phone. Participants in this study considered this approach to be ineffective and inadequate.

4.5.3 Handing Over and Historical Accounting Practices

Most participants(9/15) also highlighted that one of the reasons why they had doubts in their record-keeping practices was partially due to inadequate handover processes and inaccurate historical accounting practices. In parishes there is no continuity in accounting. According to the participants, previous personnel failed to keep proper accounting records which had caused persistent problems. Although several participants had worked in managing parish finances for a number of years, they nonetheless emphasised that previous malpractices continue to impact them today. Figure 4.7 lists down the participants' main concerns regarding historical accounting practices.

Historical Accounting Issues

- Manual recording led to genuine mistakes(5/15).
- Record-keeping only on the daily running, projects never featured(PP4)
- No distinction between a bank and a cash account(PL5).
- Lack of segregation of duties(2/15).
- They used to pay by cheque without having enough funds in the account, implying lack of ability to manage resources effectively(PVO14).

Figure 4.7: Historical Accounting Issues

4.5.4 Lack of Cash Controls

The majority of the participants(10/15) acknowledged that there were not enough controls available in their parish especially those related to cash. PP15 stated that there were probably other secure ways cash could be controlled that he did not know of due to his limited knowledge.

4.5.5 Lack of Administrative Personnel

Participants(6/15) also noted the difficulty of recruiting volunteers who were specialists in the subject and eager to help. The PPs(8/8) interviewed acknowledged the challenge of keeping hold of volunteers after they have been identified, which posed difficulties in depending on them for constant assistance.

This study reflects what Formosa (2013) observed; the difficulty of relying only on volunteers whose sustained dedication and specialised knowledge cannot always be guaranteed. While Formosa (2013) highlighted the challenges of depending only on volunteers, Stevens (2012) echoed the sentiment that volunteers were needed, to successfully organise and carry out FM duties within the church.

4.5.6 Other External Factors

Unforeseen circumstances played a crucial role in the financial stability of the parishes. They could, in fact, worsen their FM problems and financial uncertainties. All of the participants recalled Covid-19 as a major external event which had impacted them in various ways. In the majority of the parishes(10/15) while there were less inflows, less outflows were reported, hence the financial effects of Covid-19 on those parishes were not as substantial as they had expected.

On the other hand, Covid-19 greatly affected the financial viability of the other parishes(5/15). This happened due to a significant decrease in attendance, which led to less daily church collections and at the same time, higher costs were incurred for the procurement of sanitizers. PVO7 admitted that it was a difficult time for the parish as retained earnings had to be tapped into to function because they ended up "…in the red". Similarly, PP3 had to utilise retained funds from previous years to cover financial responsibilities at that time.

Other participants(6/15) also identified the parish's size as well as the demise of senior citizens, who tend to donate more, as key factors that affected the parish's finances. Figure 4.8 summarises all the factors contributing to the issues presented in this section.

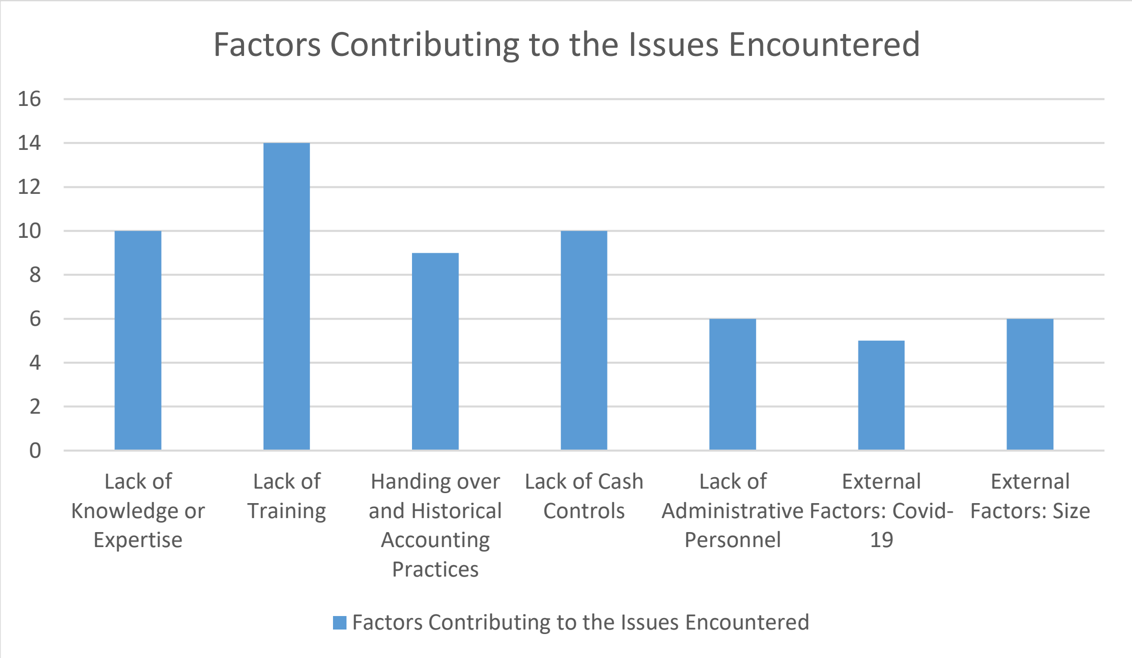

Figure 4.8: Factors Contributing to the Issues

4.6 Proposed Recommendations

In order to achieve objective 3 of the study, the following recommendations proposed by the participants were analysed. These suggestions closely corresponded with the results from the literature presented in Section 2.5. This commonality suggests that other organisations outside of Gozo are facing similar issues. Implementing these recommendations will enhance FM practices across these organisations.

4.6.1 Finance Committee

Some of the participants(6/15) agreed that following the Canon Law and creating a finance committee is crucial for improving the FM of the parish. They argued that assigning responsibilities to the finance committee will result in a more organised and systematic FMS.

This finding aligns with the research conducted by Formosa (2013), which emphasised the significance of permanent structures like finance committees in guaranteeing the ongoing financial stability of parishes, particularly in light of the frequent changes in PPs.

A couple of the participants in this study(2/6) failed to create a finance committee due to the absence of explicit instructions on the course of action. Moreover, they stressed that the PP should still maintain controls over the members of the finance committee.

This finding agrees with Canon Law 532, as stipulated in Section 2.2, whereby it emphasises the PP’s responsibility while entrusting parish financial practices to knowledgeable individuals. Hence, PPs should still demonstrate accountability.

As outlined in Section 4.3.1, only 3 parishes set up a finance committee. They saw that this effort helped address several issues, especially in the financial planning of the parish.

4.6.2 Outside Assistance

The majority of the participants(11/15) emphasised the need to seek outside assistance in their day-to-day financial duties. PVO7 and PP12 stressed the need to choose professionalism above amateurism in today’s world. They emphasised the need of consulting with specialists to help them achieve a better standard in managing parish finances.

However, several participants(6/11) expressed worries about the parish's financial constraints. They recommended that assistance should be hired and provided by the Diocese of Gozo. They proposed that such assistance would provide aid on a parish-specific basis, acknowledging the distinct needs of each parish. They suggested that professional accountants and financial managers, hired by the diocese should allocate time each month to provide support to each parish as needed.

PP11, PL12, PVO10 and PVO7(4/6) saw this approach as an easier way to transfer between PPs, as PPs change over time. This approach would also aid the parishes in maintaining consistency in FM procedures. They believed that the professional would serve as an apt co-ordinator and supervisor over the finances of the parish.

This finding is consistent with Hebda (2017) who emphasised that parishes did not have the means to hire full-time professionals for all FM roles. Futcher, Phillips (1986) argued that only big congregations had the financial means to hire full-time accountants; smaller ones were more likely to hire a part-time finance manager or relied on a parish member to volunteer. Nevertheless, the reality in Gozo contradicted this viewpoint, as emphasised by the participants themselves, since they were unable to employ FM specialists and accountants due to financial limitations.

Some of the participants(6/11) also recommended that having financial managers in project planning and marketing is beneficial. This was because they observed that the planned amount often accounted for just half of the actual cost, emphasising the need of specialist advice to guarantee precise financial planning and project implementation.

PVO14 highlighted that people often turned to crisis management concentrating on immediate fixes without taking into account the potential long-term consequences, hence the desperate need for such specialists.

4.6.3 Internal Audit

Most of the participants(8/15) recommended addressing record-keeping uncertainty through carrying out a comprehensive internal audit of each parish, seeing it as an essential and urgent measure. They believed that such audit would serve as a very good insight into how they should do things or else it would provide reassurance that the individuals involved were properly and meticulously recording the transactions. This supports Armacost and Schneider's (1989) suggestion that regular audits performed by authorised individuals from the diocese's administration are essential to guarantee consistent financial responsibility.

PP3, PP4 and PVO10 emphasised the potential implementation of an external audit, but this would catch them off guard. They stressed that an internal audit should not be delayed as they should not be held accountable for issues they are not knowledgeable of.

4.6.4 A Good Cash Control System

Some of the participants(5/15) suggested a guideline or a manual to enforce steps for safely storing cash. This was consistent with the conclusions of Appiadu (2019), Kimunguyi, Memba et al. (2015), Nwaomah and Nwaomah (2021), Ntwayagae (2019) and Schneider (1982) who emphasised the significance of clear and concise policies and regulations. Appiadu (2019) highlighted the need of having such document to effectively guide and provide uniformity in cash handling activities. Organisations may cultivate a healthy financial culture by developing a thorough document that covers these financial factors and other relevant matters. This written structure not only guarantees compliance with established standards but also enables smooth incorporation of new staff members into the financial team, fostering uniformity and continuity in financial operations.

4.6.5 More Training

The majority of the participants in this study$_{(14/15)}$ considered training as a crucial factor in achieving optimum performance. This perspective resonated with Prentice (1981) who stressed the need of professionals who possessed extensive education and training in accounting, for the efficient functioning of FM in such organisations.

Additionally, a significant number of participants in this study$_{(8/15)}$ proposed the implementation of periodical seminars or meetings. According to the participants, such events would provide an opportunity for representatives from different parishes to share ideas and discuss common challenges. Experts would be able to provide instructions and direction to help them meet their FM requirements. In line with this, Njobvu, Kaira et al. (2020) revealed that many parishes in their research sought out regular seminars and training in order to obtain knowledge on FM.

However, PP3 presented a distinct perspective, emphasising the significance of delivering personalised training. This perspective recognised the distinctiveness of each parish, characterised by its own circumstances and concerns. PP3's viewpoint indicated that a standardised training approach may not be enough, and customised training programmes may be more successful in meeting the varied requirements of each parish.

4.6.6 An Upgrade in the Databyte Dirigo Program or a System Change

Multiple participants in this study$_{(6/15)}$ pointed out the lack of technical progress in parish finance administration and suggested methods to improve it. PVO10 pointed out that using both DataByteDirigo and Excel is time wasting, stating that “instead of advancing, we are moving backward”. A couple$_{(2/6)}$ also recommended an upgrade or a system change which is better tailored for the specific needs of the parishes. Several recommendations were put forward with respect to the program and are summarised in Figure 4.9.

DataByte Dirigo Program Recommendations

- More Items tailored for the specific needs of each parish$_{(5/6)}$.
- A detailed report$_{(5/6)}$.
- Information to be extracted from the program onto Excel$_{(PVO10)}$.
- Function that provides unpresented cheques$_{(PVO14)}$.

Figure 4.9: DataByte Dirigo Program Recommendations

4.6.7 Conformity Across All Parishes

Some of the participants$_{(5/15)}$ also emphasised the need of standardising the FMSs across all parishes, given that the Church is one organisation. They also stated that standardisation would make handovers simpler and maintain uniformity in financial practices throughout the church. Figure 4.10 is a summary of the proposed recommendations by the participants.

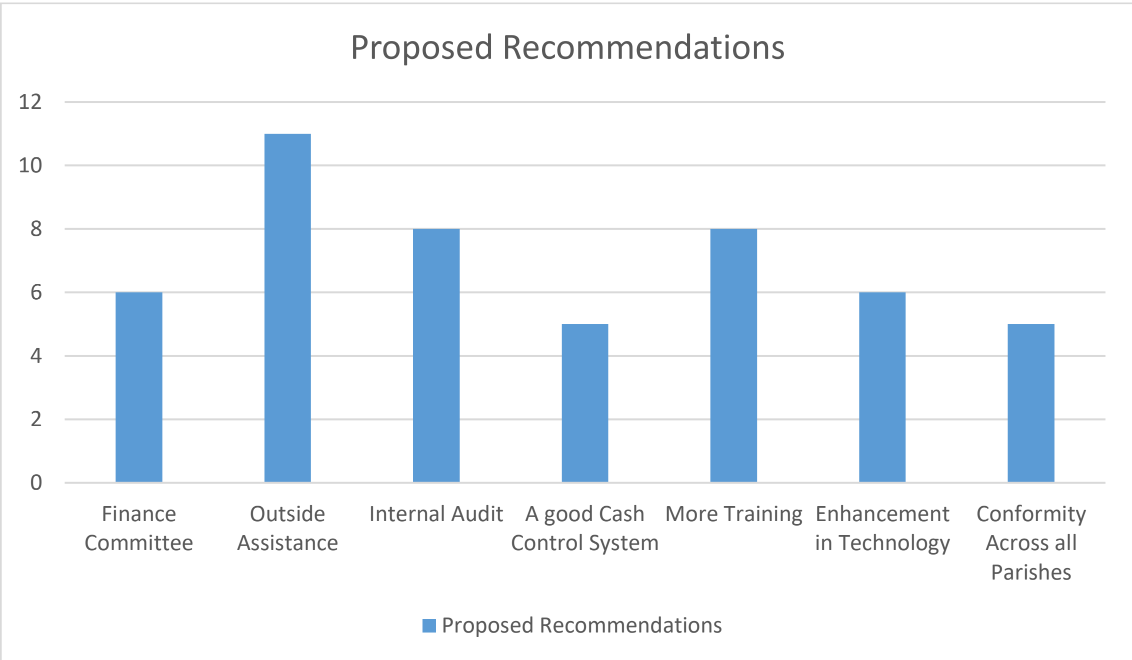

Figure 4.10 Proposed Recommendations

4.7 Conclusion

This chapter presented the results and discussions that were obtained from the research process. These findings will serve as a basis for the closing comments and suggestions that will be provided in the final chapter.

Chapter 5

Summary, Conclusions & Recommendations

"…and let us not grow weary of doing good, for in due season we will reap, if we do not give up." - Galatians 6:9

5.1 Introduction

As shown in figure 5.1, this chapter provides a summary of the dissertation and specifies the main findings. Additionally, it provides suggestions and recommendations on the research study and proposes possible areas for future investigation.

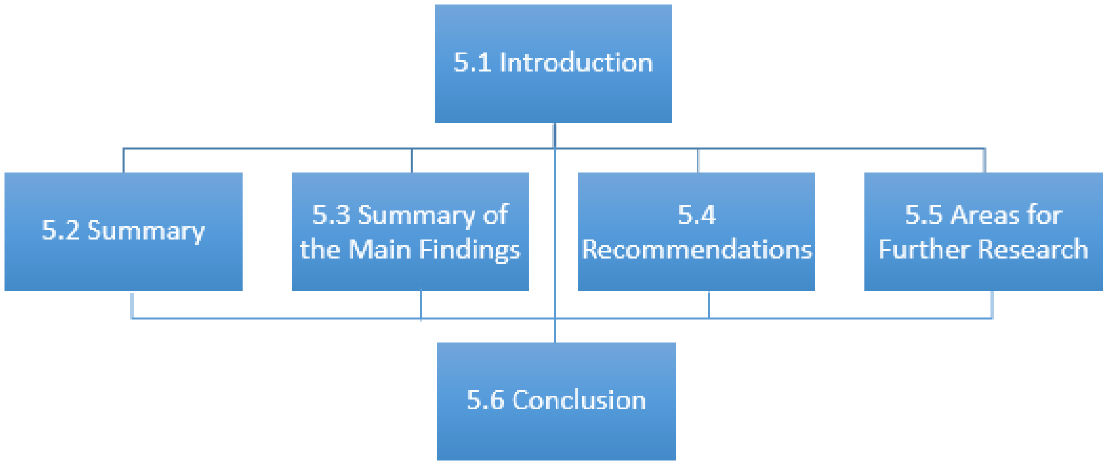

Figure 5.1: Chapter 5 Outline

5.2 Summary

The aim of this study was to thoroughly evaluate the present condition of FM practices in Gozitan parishes, with a particular emphasis on financial planning and budgeting, cash handling and controls, financial record-keeping, and financial reporting. The research sought to analyse the issues encountered by the participants arising in the field of FM and investigate the factors that contribute to these concerns. Furthermore, the research sought to assess the suggested solutions put forward by the participants to enhance FM practices in Gozitan parishes in order to achieve greater sustainability and effectiveness. This goal was met by conducting semi-structured interviews with those handling parish finances, thereby fulfilling the three objectives outlined in Section 1.7.

5.3 Summary of the Main Findings

FM played a fundamental role within parishes. The analysis of FM practices in Gozitan parishes provided insights on current procedures, emphasising strengths, issues and areas for improvement. This section summarises the main findings of the research.

5.3.1 Financial Management Practices Focusing on the Selected Components

The findings for objective 1 on FM practices in Gozitan parishes provided some critical insights. In terms of financial planning and budgeting, it was discovered that, although all PPs interviewed engaged in financial planning, the majority of them planned independently, without formalised procedures or organised forecasts, depending on what they termed common sense rather than reflective planning. Similarly, the volunteers and assistant priests interviewed planned independently and only engaged in discussions on financial matters with the PPs on major capital projects related to construction and renovation, maintenance and repairs. Despite rules demanding annual budgets, participants were reluctant to create them, believing they were unnecessary since they believed in managing day-to-day finances based on existing inflows and outflows. However, major projects sometimes required cost evaluations for spending forecasting. The second component analysed was cash handling and controls. The cash handling and controlling system differed greatly across the parishes, with differences in cash counting, depositing, and disbursement practices. While some followed best practices such as dual verification of cash transactions, others lacked sufficient cash control mechanisms, resulting in financial mismanagement. Financial record-keeping methods varied from manual recording to computerised systems, with varying views on the use of the present DataByte Dirigo program. Similarly, financial reporting processes differed, with some parishes producing integrated receipts and payments statements and others relying on central systems for automated report preparation. Overall, the results emphasised the need for standardisation and better procedures across all facets of FM in Gozitan parishes.

5.3.2 Issues Encountered and Contributing Factors

Objective 2 provided the space for participants to share a wide range of issues related to the components outlined in Section 1.7. While some respondents reported no difficulties, others faced substantial obstacles in overseeing the financial aspects of their parish. Regarding financial planning and budgeting, participants expressed dissatisfaction with insufficient project planning resulting in cost overruns. Furthermore, several parishes saw a decrease in donations, particularly when projects were finished. Many participants saw that there was a lack of explicit segregation of duties in the management of funds, which they attributed to a lack of accountability and oversight within such organisations. With respect to financial record-keeping, participants faced delays due to time restrictions. Interestingly, most participants, including both those who utilised and those who did not use Databyte Dirigo, had unfavourable views about it. Moreover, despite conducting monthly bank reconciliations, participants expressed worries on the lack of accuracy in record-keeping methods. Additionally, participants highlighted the lack of adequate financial reporting methods and the absence of standardised audits as critical concerns. These issues were attributed to various factors. The majority of the participants had no previous accounting knowledge and recognised that managing parish finances was their first encounter with FM. They acknowledged their limited understanding of financial matters, emphasised the need of training sessions, and considered previous training on the use and application of Databyte Dirigo to be inadequate. The uncertainty over record-keeping practices arose from the use of inaccurate historical accounting systems. Inadequate cash control measures, lack of administrative staff, along with external circumstances such as Covid-19, the demise of senior citizens and parish size, further exacerbated FM issues.

5.3.3 Recommendations for Financial Management enhancement in Gozitan Parishes

The participants' ideas for strengthening FM in Gozitan parishes, which corresponded to research objective 3, were numerous. Several participants advocated forming finance committees in accordance with Canon Law to guarantee organised FM procedures. The majority emphasised the need for outside expert assistance in dealing with financial issues. Most participants favoured implementing internal audits to improve record-keeping accuracy and financial transparency. Implementing strong cash control mechanisms, offering ongoing training, updating technological tools such as the DataByte Dirigo or implementing radical system changes, including a different software, and encouraging consistency across all parishes, were all identified as critical initiatives for improving FM practices within Gozitan parishes.

5.4 Recommendations

The following recommendations for enhancing FM practices in Gozitan parishes may be considered:

1. Standardisation of Practices across all Parishes

Among the components analysed, the findings pertaining to financial planning and budgeting indicated that participants were reluctant to create budgets and deemed financial planning and budgeting processes for the parish’s day-to-day operations to be unnecessary, claiming that adequate inflows could cover outflows without the need for a formal budget. However, this contradicted the literature, which suggested that such processes were essential for parishes to achieve both their immediate and long-term goals. As a result, by following standardised methods, all parishes would be able to present annual budgets as stipulated by the Guidelines for PPs in Gozo.

Additionally, the findings revealed that parishes used diverse methodologies in cash handling and controls, without a standardised framework to mitigate the risk of cash losses or theft. In the majority of parishes, cash was handled by a single individual, while in others, cash handling followed best practice. Therefore, it is recommended that each parish uses a standardised approach to optimise the process and guarantee uniformity across all parishes.

Financial record-keeping methods varied significantly within parishes. Certain parishes participated in redundant labour by inputting data in both Excel and DataByte Dirigo, resulting in unnecessary duplication and an increased workload. Additionally, some argued that they were uncertain about their record-keeping practices due to historical accounting practices and inefficient handing overs. Consequently, it is advisable for all parishes to have a uniform system of record-keeping in order to streamline procedures, promote seamless handing-overs, and enhance the accuracy of financial recording.

Lastly, in terms of financial reporting, parishes utilised various media, including, manual reports, Excel spreadsheets, and automated reports generated by DataByte Dirigo. By implementing standardised procedures and using current technologies effectively, parishes may save administrative burdens, improve transparency and accountability, and enhance the efficiency of financial reporting practices.

2. Improving Communication between Diocese and Parishes

The findings indicated significant cases of inefficient communication between the Curia and the parishes, resulting in inconsistencies between guidelines and actual practices. Although budgeting was a requirement as per guidelines, participants believed otherwise. Similarly, there were inconsistencies in adhering to the obligation of presenting reports to the bishop. Furthermore, several participants conveyed a sense of confusion about their responsibilities and what was expected of them in accounting. Therefore, it is advisable for the Curia to meet with parish finance managers in order to establish precise rules and expectations. This proactive strategy would not only resolve issues but also promote enhanced FM practices across parishes, guaranteeing compliance with established norms and improving operational transparency and efficiency.

3. Strengthen Governance Structures and Accountability

Only three parishes have established a finance committee. However, these committees were not formed to delegate financial practices to those involved as stipulated in Canon Law but to discuss financial matters related to capital projects. Presently, a sole individual has the burden of managing many FM operations in each parish, which is not ideal and might result in inefficiencies. Therefore, it is advised that each parish forms a finance committee. Assigning specific roles and tasks to individuals will guarantee accountability and build a much needed structure.

4. Databyte Dirigo: An Update or a System Change

The primary objective of DataByte Dirigo was to streamline the process of record-keeping and reporting, with the ultimate goal of achieving optimal efficiency and accuracy. The majority of the participants presented negative feedback on the program and provided various suggestions for improvements to better serve the need of the parishes. It is crucial for the diocese to attentively consider the demands of participants and make necessary updates to the information system or completely change the system to a better tailor-made one for the parishes. Implementing these measures would enhance the participants' programme experience, address time limitations, and guarantee meticulous record-keeping.

5. Financial Literacy Programmes

Participants showed limitations in financial literacy. This was visible in their inquiries throughout the interview process. The implementation of financial literacy programmes organised by the diocese would significantly help individuals entrusted with the task of managing parish finances. These programmes would strive to improve their understanding of financial concepts. Through active engagement in these sessions, individuals would have the opportunity to acquire the essential information and self-assurance required to proficiently oversee the parish finances, eventually resulting in enhanced FM practices across all parishes.

6. More Training and Professional Assistance from the Diocese

Similar to what the participants suggested, in order to effectively improve the actual implementation of good accounting practices and address the issues raised by the participants, yearly seminars which include training sessions on the FM components should be conducted. This guarantees the implementation of effective FM procedures. In addition, the diocese may provide professional support by designating a representative to visit each parish on a regular basis. This visitation aims to evaluate the requirements of the parishes concerned, provide essential assistance, verify records, and guarantee meticulous documentation of financial operations. The diocese might also address concerns by uploading training manuals on their website for improved accessibility. By integrating technology to meet user requirements, the diocese may improve the efficiency and efficacy of FM.

7. Enhanced Financial Controls

Currently, only three parishes are following the recommended methods for managing cash offerings. One of these parishes had to implement measures in response to incidences of theft. This underscored the absence of adequate control systems in place, which presented substantial risks to parishes. Participants also showed a tendency to place trust in individuals without engaging in comprehensive background checks. Although parishes are faith-based organisations, recent instances of theft required that every PP established strong controls, particularly over cash transactions. Furthermore, it is advisable to decrease the use of cash payments and shift towards online payments because of their capacity to be easily traced, which may effectively address any problems associated with the lack of receipts. As is evident, parishes in Gozo lack appropriate controls in place to safeguard cash and ensure accurate record-keeping. Therefore, implementing robust controls such as segregation of duties, regular audits, and reconciliation procedures to detect and prevent fraud or errors in financial transactions is essential.

8. Encourage Cashless Giving

Encouraging the use of cashless donation methods may greatly improve the accuracy of record-keeping and help maintain the long-term sustainability of parishes, especially at a time when the value of currency is decreasing. Considering that parishes traditionally depended on cash contributions from parishioners and several participants observed a decline in such contributions, promoting alternate methods of giving would be very beneficial for their financial stability and long-term prosperity.

5.5 Areas for Further Research

Table 5.1 provides an overview of possible areas for further research that are relevant to the research topic addressed in this dissertation.

	DESCRIPTION
A comparative analysis of investment practices in Gozitan parishes.	One limitation of this research is the selective analysis of FM components as a result of the study's scope. Nevertheless, a potential area for further investigation is examining capital investments inside Gozitan parishes. This research should specifically focus on diversification, risk tolerance, asset allocation, and investment performance. Through the evaluation of these factors across different parishes, researchers would identify optimal strategies and areas that need improvement, therefore promoting better FM within Gozitan parishes.
The role of an internal audit department within the diocese of Gozo.	Another study should be conducted in order to explore the establishment process of an internal audit department inside the diocese, focusing on its responsibility. This examination should focus on cardinal topics such as the establishment of the organisational structure, clarification of reporting lines, and specification of roles for the audit team.
Follow-up on the technological advancements within Gozitan parishes.	It would be interesting to see whether the diocese followed-up on the suggestions put forward by the participants on the computerised system. This research would examine the use of FM software for managing parish finances and assess its effects on improving efficiency, enhancing accuracy in financial reporting, and saving time via automation and digitalisation.
Impact of demographic changes.	This research would aim to analyse the impact of demographic changes on parish finances by examining the effects of changes in the age, income levels, and cultural backgrounds of parishioners, to examine the impact of demographic characteristics on contribution patterns, the success of fundraising efforts, and the overall financial stability of parishes in Gozo and to analyse the tactics used by parishes to adjust to demographic shifts. This study would provide valuable information to effectively address the changing needs of parish communities.

Table 5.1: Areas for Further Research

5.6 Conclusion

Efficient allocation and use of resources are essential for guaranteeing the long-term viability and sustainability of any organisation, especially those that rely on contributions for their survival, like Gozitan parishes. Although several parishes in Gozo possess a basic understanding of FM practices, there is room for enhancement to positively impact the whole community.

This study not only adds to the academic discussion on FM practices in Gozitan parishes but also provides practical insights that may be directly used in real-world situations. By adopting a holistic approach that combines theoretical knowledge with practical techniques, Gozitan parishes may establish a solid foundation for sustainable financial practices, allowing them to prosper in the face of changing financial landscapes and social demands.

By providing those responsible for managing parish finances with the necessary knowledge and tools, and by promoting a culture of accountability and transparency, these organisations may successfully overcome the obstacles they face and ensure a positive future for the communities they support.

"Whoever can be trusted with very little can also be trusted with much, and whoever is dishonest with very little will also be dishonest with much."

- Luke 16:10

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Appendices

Appendix A: Proof Gozitan Parishes are Non-profit Organisations

ANTON TEUMA
ISQOF TA' GĦAWDEX

8th May 2024

To whom it may concern:

This is to certify that all the Parishes of the Diocese of Gozo are non-profit organizations.

+ Anton Teuma.

✠ **Anton Teuma**
Bishop of Gozo

Appendix B: Other Definitions

i) Internal Controls and an Internal Control System

According to internal control principles, an internal control system is the main accountability and governance instrument, an organisation may set up and utilise to give accountability to its stakeholders as well as to help identify, deter, and prevent fraud and corruption (COSO 2013). Internal controls generally come into three forms: preventative, detective and corrective. Preventative controls include cash controls. Effective cash controls are critical for establishing a strong internal control system. This research primarily investigates cash controls as part of the internal control system of the parishes, given that they rely on cash contributions from parishioners, with the majority of their transactions conducted in cash.

ii) Sacred and Secular Divide

The Sacred and Secular Divide is a worldview based on the distinction between what people consider sacred, meaning anything that is holy and connected to the divine, and what they see as secular, meaning something that is worldly and lacks a link to the divine.

Appendix C: Evidence of absence of prior studies in Malta and Gozo regarding the research topic

From: Galea Curmi Joseph Fr <j.galea.curmi@maltadiocese.org>
Sent: Wednesday, February 28, 2024 9:56:45 PM
To: Anton Teuma <bishopteuma@churchingozo.mt>
Subject: Re: Mistoqsija

Eċċellenza,

Grazzi tal-email tiegħek. Ninsab tajjeb, nirringrazzja 'l Alla.

Sa fejn naf jien, ma saritx din it-tip ta' riċerka speċifikament rigward il-parroċċi fl-arċidjoċesi. Nista' ngħaddi l-email tiegħek lil Michael Pace Ross, Segretarju Amministrattiv, biex nara kienx hemm xi ħaġa simili?

Sliem,

Joe

From: Anton Teuma <bishopteuma@churchingozo.mt>
Sent: Wednesday, February 28, 2024 8:46 AM
To: Galea Curmi Joseph Fr <j.galea.curmi@maltadiocese.org>
Subject: Mistoqsija

Eccellenza,

Kif int? Nittama li tinsab tajjeb. Kon qabbadt lil xi studenti universitarji Ghawdxin biex jaghmluli survey dwar il-financial management tal-parrocci taghna ta' Ghawdex. Dawn issa waslu fl-ahhar u ghamlu sejbiet interessanti.

Sa fejn taf int, saret xi ricerka ta' dan it-tip (ippubblikata mhux interna) fl-arcidjocesi? Biex ikunu jistghu jirreferu ghaliha jekk tezisti.

Nirringrazzjak mill-qalb.

d.Anton

Re: Mistoqsija

Anton Teuma <bishopteuma@churchingozo.mt>
Thu 2024-02-29 23:37
To:Galea Curmi Joseph Fr <j.galea.curmi@maltadiocese.org>

Grazzi Eccellenza.

d.Anton

Sent from Outlook for Android

From: Galea Curmi Joseph Fr <j.galea.curmi@maltadiocese.org>
Sent: Thursday, February 29, 2024 11:36:05 PM
To: Anton Teuma <bishopteuma@churchingozo.mt>
Subject: Re: Mistoqsija

Eċċellenza,

Iċċekkjajt mas-Segretarju Amministrattiv Michael Pace Ross, li tkellem ukoll ma' wħud li ilhom jaħdmu fil-qasam amministrattiv u ħadd minnhom ma ghandu amment ta' ricerki dwar il-financial management tal-parrocci f'Malta.

Grazzi. Sliem,

Joe

From: Anton Teuma <bishopteuma@churchingozo.mt>
Sent: Thursday, February 29, 2024 6:50 AM
To: Galea Curmi Joseph Fr <j.galea.curmi@maltadiocese.org>
Subject: Re: Mistoqsija

Eccellenza,

Iva tista tghaddihulu. Grazzi hafna.

Note: This information is published with full consent of all parties involved.

Appendix D: Authorisation from Bishop Anton Teuma

Għażiż Kappillan/Arċipriet,

Kif diġa' tkellimna, ninsabu fi proċess ta' riorganizzazzjoni tal-accounts tal-Djoċesi u tal-Parroċċi skont l-esiġenzi tar-regoli finanzjarji u legali ta' żmienna.

Għalhekk, kif infurmajtkom fil-laqgħa tal-kappillani tal-11 ta' Jannar li għadda, ser tirċievi email mingħand l-istudenta Sephora Camilleri li biha titlob lilek jew lil min hu responsabbli il-possibilta' li tistaqsik dwar il-mod kif titħaddem l-amministrazzjoni finanzjarja fil-parroċċa tiegħek.

Nitolbok biex tikkollabora b'tali mod li tgawdi l-ewwel u qabel kollox il-parroċċa tiegħek u mbagħad id-djoċesi b'mod aktar ġeneral.

Din in-nota tiegħi sservi bħala awtorizzazzjoni minn naħa tal-Kurja biex inti tkun tista' tipparteċipa f'dan l-istudju, kif ukoll bħala awtorizzazzjoni lill-istudenta Sephora Camilleri biex tista' twettaq dan l-istudju fil-parroċċi tad-Djoċesi ta' Għawdex.

Il-Mulej ikun magħkom fil-ħidma. Nitolbu għal xulxin.

d.Anton Teuma

Appendix E: Letter of Introduction

L-Università ta' Malta

DEPARTMENT OF ACCOUNTANCY

Faculty of Economics, Management & Accountancy

University of Malta

accountancy.fema@um.edu.mt

www.um.edu.mt/fema

LETTER OF INTRODUCTION AND INVITATION TO PARTICIPATE IN RESEARCH

28th October 2022

Dear Sir / Madam,

This is to introduce Sephora Camilleri, a Master in Accountancy student at the Faculty of Economics, Management and Accountancy at the University of Malta.

The student is undertaking research within the Department of Accountancy regarding Financial Management Systems adopted by Church Administrators in Gozo. This research aims to explore how church administrators; plan, organize, direct and control their finances.

In this regard, the said student would like to invite you to contribute on this research project by participating in an interview covering aspects of this topic at your convenience.

This research is important and valuable in enhancing understanding of the subject area and helping practicing professionals and practitioners like yourself, as well as informing policy and support initiatives. The student would be happy to share with you general findings ensuing from this research.

The student is to ensure that any information provided will be treated in confidence, also in line with general Faculty research requirements and ethical obligations. A consent form will be separately provided. You are, of course, entirely free to discontinue your participation at any time or to decline to answer particular questions.

While I thank you beforehand for your consideration as well as your possible kind support and involvement in this important research, should you have any queries on this research please feel free to contact me via email at: accountancy.fema@um.edu.mt.

Yours sincerely,

FDebono

Dr Francis Debono PhD, CPA
Senior Lecturer

Appendix F: Interview Schedule

Section 1: General Introductory Questions

1. Can you provide a description of your role and responsibilities within the parish?
2. Can you elaborate on your background and involvement in parish financial management?
3. Can you describe any specific details about significant changes or developments you have noticed during your involvement?

Section 2: FM Practices

4. Can you describe how the parish currently manages its finances, including financial planning and budgeting, cash handling, financial record keeping and financial reporting?
5. Who are the parties involved in the process and what are their roles?
6. What cash controls are in place to guarantee the accuracy and security of financial transactions?
7. How often are these reviewed or updated?
8. In your opinion, how have technological advancements affected the financial record-keeping and reporting processes within the parish?

Section 3: Issues Encountered and Contributing Factors

9. Can you outline the issues encountered in the financial management practices of the Parish, specifically related to Financial Planning and Budgeting, Cash Handling and Controls, Financial Record-Keeping and Financial Reporting?
10. Are there any instances or circumstances where the current controls proved to be lacking or effective? Kindly provide examples.
11. In your view, what are the factors that contribute to these financial difficulties?
    a) Could you give examples of particular situations when a lack of financial knowledge or expertise resulted in financial management issues?

b) Have there been any external factors (such as societal or economic changes) that have impacted the parish's financial stability? Please explain.

c) Can you describe any training or assistance provided to parish staff or volunteers regarding financial management practices? How successful do you consider these training sessions to be?

Section 4: Proposed Recommendations

12. In your opinion, are there any specific financial planning and budgeting, cash handling and controls, financial record-keeping and financial reporting areas that should be strengthened? Kindly elaborate on your thoughts.
13. Do you think parishes need outside assistance, such as financial experts or advisors, to assist in enhancing their financial skills? If so, how do you believe they might be able to help?
14. Could you share any best practices from other similar organisations that you believe could be beneficial in addressing the financial challenges faced by the parish?
15. How do you picture the parish's ideal financial management situation? What actions do you believe are necessary to realise this vision?

Appendix G: Participant's Consent Form

Participant's Consent Form

The Financial Management of Gozitan Parishes: An Analysis

I, the undersigned, give my consent to take part in the study conducted by Sephora Camilleri. This consent form specifies the terms of my participation in this research study.

1. I have been given written and/or verbal information about the purpose of the study; I have had the opportunity to ask questions and any questions that I had were answered fully and to my satisfaction.
2. I also understand that I am free to accept to participate, or to refuse or stop participation at any time without giving any reason and without any penalty. Should I choose to participate, I may choose to decline to answer any questions asked. In the event that I choose to withdraw from the study, any data collected from me will be erased as long as this is technically possible (for example, before it is anonymised or published), unless erasure of data would render impossible or seriously impair achievement of the research objectives, in which case it shall be retained in an anonymised form.
3. I understand that I have been invited to participate in an interview in which the researcher will ask questions to analyse selected financial management practices within parishes. I am aware that the interview will take approximately an hour. I understand that the interview is to be conducted in a place and at a time that is convenient for me.
4. I understand that my participation does not entail any known risks.
5. I understand that by participating in this study I will gain valuable insights into the financial aspects of the Parish, enhancing my knowledge in this area. I also understand that this research may benefit others by encouraging Parishes to have a better grasp of efficient financial management, which will improve the community's ability to manage money responsibly and sustainably.
6. I understand that, under the General Data Protection Regulation (GDPR) and national legislation, I have the right to access, rectify, and where applicable, ask for the data concerning me to be erased.
7. I understand that all data collected will be erased within 3 years of completion of the study.
8. I have been provided with a copy of the information letter and understand that I will also be given a copy of this consent form.
9. I am aware that, by marking the first-tick box below, I am giving my consent for this interview to be audio recorded and converted to text as it has been recorded (transcribed).

   ☐ I agree to this interview being audio recorded.

   ☐ I do not agree to this interview being audio recorded.

10. I am aware that my identity and personal information will not be revealed in any publications, reports or presentations arising from this research

    I have read and understood the above statements and agree to participate in this study.

Name of participant: ______________________________

Signature: ______________________________

Date: ______________________________

______________________________ ______________________________

Sephora Camilleri
sephora.camilleri.19@um.edu.mt

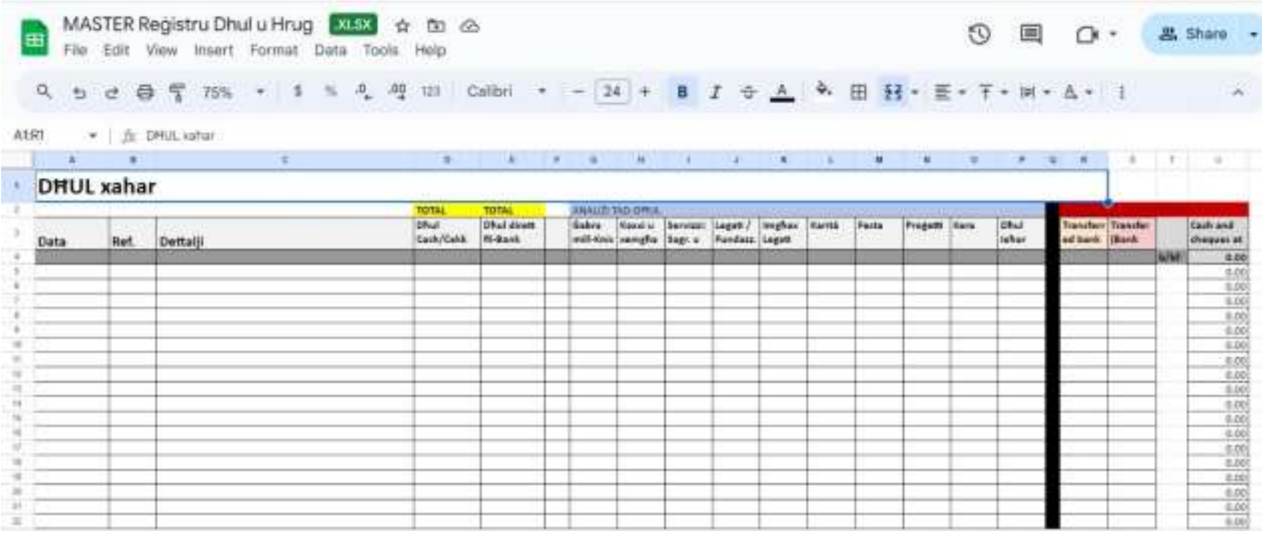
Dr Carmel Said Formosa
carmel.said-formosa@um.edu.mt

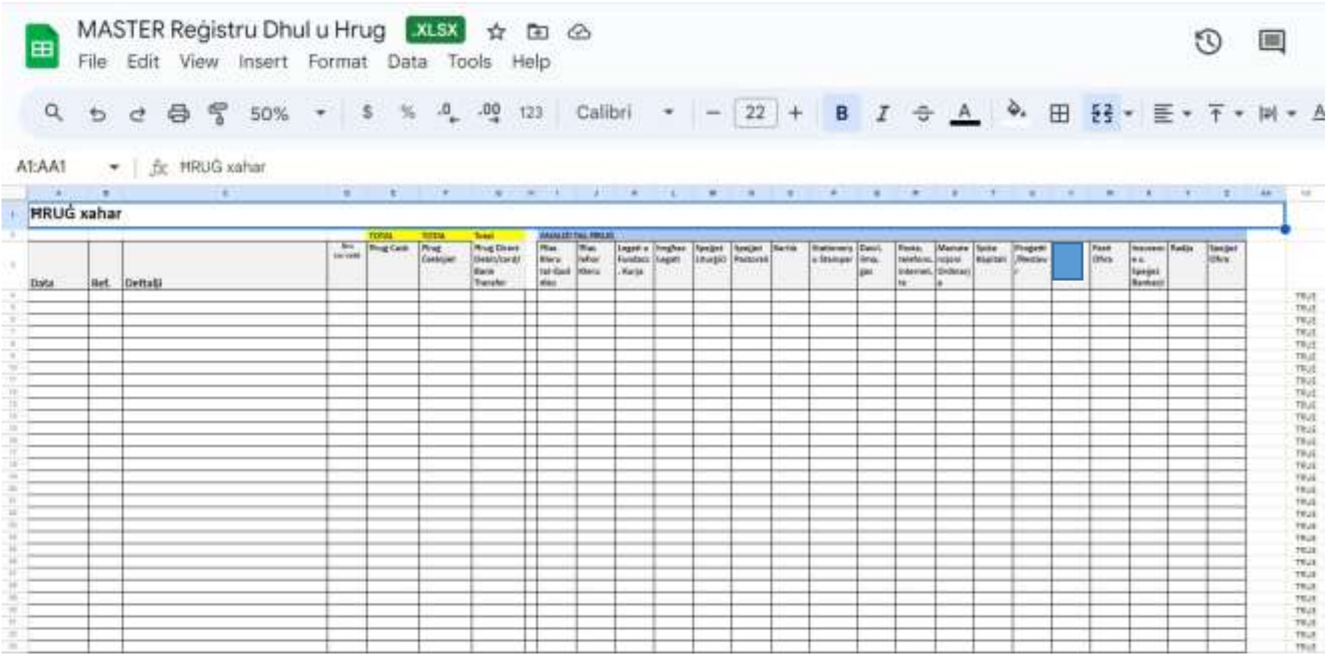
Appendix H: 14-column sheet

Receipts:

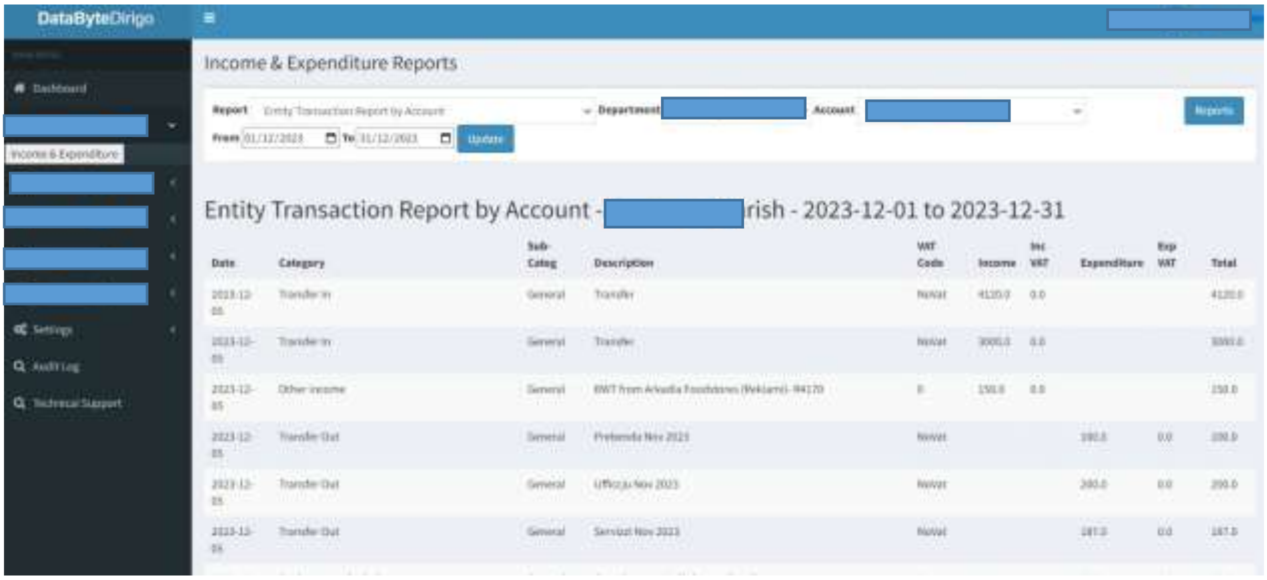
Payments:

Appendix I: Microsoft Excel Record-Keeping Layout





Appendix J: DataByte Dirigo Program Record-keeping Layout



Appendix K: Final Receipts and Payments Statement

End of Year Financial report for 2023

Ref	Details	€	
1500	**Cash balance at beginning of year**	23,940.10	
	Add receipts	127,294.78	
	Less payments	91,320.93	
1500	**Cash balance at the end of year**	**59,913.65**	
	Receipts	€	
3000	Entity property income		
3300	Collections & donations	60,845.86	
3700	Sundry income	0.00	
2800	Confraternities		
3900	Central fund contribution		
1150	Withdrawals from Curia deposits	0.00	
3100	Interests from deposits/investments	0.00	
3200	Interest on loans		
1100	Withdrawals from foreign investments		
3500	Sales and trading income	2,462.40	
2443	Fiduciary deposits received		
3400	Segr. Edukazzjoni Nisranija	350.00	
3600	Fees recievable	13,045.00	
1200	Loan refunds		
	Bank deposits		
	Activities	13,172.54	
	Other receipts	37,418.98	
	Legacy income		
	TOTAL RECEIPTS	**127,294.78**	
	Payments		€
4000	Clergy renumeration		6,327.10
4210	Liturgical expenses		11,326.38
4100	Lay employees		
1150	Curia Deposits		
2800	Confraternities		
4240	Titular & other feasts		13,182.90
4230	Repairs and maintenance		6,865.09
4220	Improvements, furniture, fittings, etc.		3,134.42
4260	Administrative expenses		38,832.80
4400	Donations		11,852.24
4280	Sundry expenditure		200.00
4500	Goods for resale/trading expenses		
4250	Operational supplies expenses		
4300	Taxation, VAT, NI		0.00
1000	Capital expenditure (fixed assets)		
1200	Repayment of loans		0.00
2440	Refund of fiduciary deposits		
	Bank deposits		
	Other payments		
	Legacy payments		
	TOTAL PAYMENTS		91,320.93

Appendix L: Databyte Dirigo Program Final Report