



V O C A R E
L A W

POLICY REVIEWS, INTERNAL AUDITS AND STRATEGIC LEGAL PARTNERSHIPS

ELEVATING RISK MANAGEMENT IN CHURCHES

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VOCARE LAW

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**We are called to deliver Just,
Redemptive Outcomes.**

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A close-up photograph of a man in a dark suit and a maroon tie, smiling as he shakes hands with another person. The handshake is the central focus, with hands clasped firmly. In the foreground, a desk is visible with a spiral-bound notebook, a pen, and some papers. The background is softly blurred, showing what appears to be an office setting with large windows.

Stewardship

Governance frameworks are ultimately about stewardship—managing what God has entrusted responsibly and with transparency.

2 Corinthians 8:20-21

20 We want to avoid any criticism of the way we administer this liberal gift. 21 For we are taking pains to do what is right, not only in the eyes of the Lord but also in the eyes of man.



Goals of Effective Stewardship

Identifying Vulnerabilities and Developing Actionable Plans for Our Church

Assisting the local Church in achieving its mission can be facilitated through empowering and releasing the church's people and resources. In doing so, the Church needs to be cognisant of not only the legal compliance requirements, but also the way in which her people are looked after, disciplined and ultimately shepherded.

This involves identifying vulnerabilities in governance, policies, and operations.

Today, we will talk through creating an audit-ready action plan that ensures the long-term viability of our ministry, allowing us to fulfill our mission with integrity and responsibility.



Australian Church Governance: Navigating Compliance Standards

Understanding the ACNC Governance Standards for Effective Stewardship

Australian churches must adhere to the ACNC Governance Standards to ensure compliance and effective oversight. This includes regular review of constitutions and bylaws every five years, fostering adaptability to legal changes and governance accountability, ensuring the church's operations align with the community's expectations and legal requirements.

Culture Pillars of Effective Stewardship

Transparency: Building Trust Through Openness

Transparency fosters trust within the congregation, ensuring that decisions are communicated clearly and openly, allowing members to feel engaged and informed about church operations and governance.

Accountability

Accountability ensures that congregants can trust their leadership and reinforces a culture of integrity also promoting confidence among broader stakeholders in the church's governance.

Integrity

The foundation of stewardship, guiding every decision made within the church. Upholding high ethical standards strengthens the church's reputation and reinforces commitment to its mission and values.

2 Corinthians 8:20-21

Governance Standards

- Standard 1: Charitable Purpose – Align activities with registered purpose.
- Standard 2: Accountability to members - reasonable steps to be accountable to members and opportunity to raise concerns about its operation.
- Standard 3: Compliance with Australian Laws – must act lawfully - must not commit a breach of law that could result in penalty of 60 penalty units or more.
- Standard 4: Suitability of Responsible People – must not be disqualified (under ACNC Commissioner declaration or from managing a corporation under Corps Act).
- Standard 5: Duties of Responsible Persons – Ethical, diligent board conduct. Due care and diligence; honestly and fairly in best interest of charity for charitable purpose, not misuse position, conflicts of interest, financial affairs managed responsibly and not allow charity to trade whilst insolvent.
- Standard 6: Maintaining and enhancing public trust and confidence in the Australian not-for-profit sector - must take reasonable steps to participate in Redress Scheme if likely to be identified as being involved in the abuse of a person.

POLICY REVIEWS

Overview

Churches face unique challenges.

Need to ensure alignment with mission while avoiding excessive bureaucracy.

Volunteer management | Child protection | Financial Governance |
General Safety | Overseas operations | Information Technology

Best Approach

In our view, the best approach is to create streamlined, effective policy review processes that ensure compliance (with ACNC governance standards, External Conduct Standards and other lawful requirements) and supports operational implementation whilst not overburdening staff.

Ownership allocation

Risk Based Priority

Focus on High risk policies

Child safeguarding controls, financial controls and conflict of interest are some of these core issues.

Risk Matrix

Use a risk matrix (which we will talk about in internal audit) - likelihood vs impact - identify the policies with significant legal, reputational and operational consequences of outdated or unenforced.

Simplify Policy Framework

Consolidate

Consolidate policies into a cohesive framework to reduce complexity.
Group related policies (e.g. privacy policy and cybersecurity policy under an information governance framework)

Plain Language

Use clear and concise language with flowcharts and or checklists to make them accessible - particularly helpful for volunteers etc...

Limit length

Aim for 2-5 pages focusing on key principles.

Review Cycles

Schedule reviews annually for high risk

Core policies that are high risk, schedule regularly - annually preferable.

For lower risk (eg IP policy) - review 2 / 3 yearly (unless new laws or incidents).

Keep a Register

Ensure there is a centrally located register that tracks review dates, owners and changes

Practically align reviews

Consider cyclical nature of board and planning meetings to ensure practical review alignment

Implementation

Stakeholder engagement

Involve key stakeholders to ensure they reflect operational realities and values - ensure policy is assigned an owner (e.g. child safety officer for safeguarding) who can also champion compliance.

Workflows

Embed policies into workflows - e.g. for conflict of interest - embed declarations/register review in board agendas, or child safe training for child related roles (we should all be familiar with this now).

Technology

Use technology for efficiency - to store, track and monitor compliance where possible.

Track training and keep centralised record of compliance

Avoid Bureaucracy

Practical

Avoid overly detailed procedures that overwhelm small teams. A complaints policy for example, should clearly set out steps but not micromanage every scenario.

Delegations

Empower staff and volunteers to apply policies with discretion, supported by integrated and tracked training.

Streamline approvals

Limit board involvement to high-level policy approval delegating operational updates to management as required. Some non-delegable - so needs careful review (e.g. whistle-blower regime).

Actionable Policy Priorities

Financial Management and Delegation Policy

Establishing robust **financial controls** within three months ensures clear delegation, accountability, and effective resource management, safeguarding church assets while maintaining transparency to stakeholders.

Board Governance Charter and Code

Developing a comprehensive **board governance charter** within six months aligns leadership roles and responsibilities, fostering a culture of accountability while ensuring adherence to best practices in governance.

Constitution Review and Update

Conducting a **constitution review** within twelve months is essential for compliance with current regulations, allowing the church to adapt to changes in legal requirements and operational needs.

Actionable Policy Priorities

Conflict of Interest

Obligation of Governance Standard 5 (in addition to common law obligations, and some criminal provisions in Corps Act).

Clear definition of conflicts, procedures for disclosure, management and implementation - register preferable.

Safeguard

Ensure working with Safe Ministry organisations and implementing required training and policies.

Organisational ownership and wide-buy in is vital

Complaints/Whistle-blowing Policy

Consider differences between Matthew 18, consider power imbalance issues, and ensure that it encourages reporting of misconduct (e.g. fraud / abuse), whilst also protecting the complainant. Procedural fairness obligations in investigations still required, however, must be careful not to demonise complainant. Another workshop on handling complaints against clergy is available.

Tools - such as Stoplevel.

Actionable Policy Priorities

Employment Policies

Many required by law. Consider Recruitment, non-discrimination, volunteer, performance management, grievance procedures.

Consider an employee handbook.

Workplace surveillance etc...

Overseas Operation/Distributions

Carefully monitor compliance with external conduct standards.

Due diligence for overseas partners; monitoring financial controls; safeguarding etc...

Actionable Policy Priorities

Information Governance

Privacy Policy (APP's)

Cyber Security

Consider a data audit. Consider privacy notices.

Record retention procedures/policies

IP

Staff treatment of IP should be considered in employment agreement.

is there a broader policy? Sermons? Music?

Presumption if in course of employment belongs to organisation.

Health and Safety

Ensure safe working environment and premises.

Comply with work health and safety laws.

First aid training etc...

Remember

Monitor and Continuous Improvement

Monitoring will assist in ensuring compliance - use KPI's - % staff trained etc..

Create feedback loop for training and usability

Adapt to any changes

Avoid pitfalls

Over complication - avoid lengthy policies or excessive procedures that burden volunteers. Clarity and necessity are key.

Don't demonise the policy process - champion it to ensure people see the importance of ensuring the Church is run well, but also safe and working toward the key mission.

The policies must align with the church values and ensure buy-in.

Internal Audits - WHY?

Ensuring Compliance through Robust Governance Structures

Purpose

Enhance governance, ensure ACNC compliance, mitigate risks that could put ministry in jeopardy.

Best practice for all charities. Mandatory external audits for medium/large.

Risk based to prioritise limited resources. Ongoing internal audits provide transparency to responsible persons and leadership.

Board Effectiveness

Assists boards in effective overall superintendence as required - non-delegable duties.

Mapping Our Internal and External Stakeholders

Internal Stakeholders

- Board
- Staff
- Volunteers
- Congregation

External Stakeholders

- ACNC
- ATO
- Insurers
- Media
- Community



What to review?

Developing risk frameworks and matrix

Risk Based Assessment

- Evaluate risks via a matrix (low to extreme)
- Consider past findings, operational changes, laws
- Involve stakeholders as require d- and align with risk appetite.

Tools

Complete a workshop with key stakeholders.

Identify risks and develop and maintain a risk register

Risk Management Cycle Overview: Steps to Success



Internal and External Threats to Governance

Internal threats pose significant risks

Fraud
Misconduct
WHS breaches

- Undermine the integrity of church governance.
- Internal threats often stem from inadequate oversight, lack of training, and insufficient reporting mechanisms.
- Addressing these issues is essential to ensure a safe and accountable environment

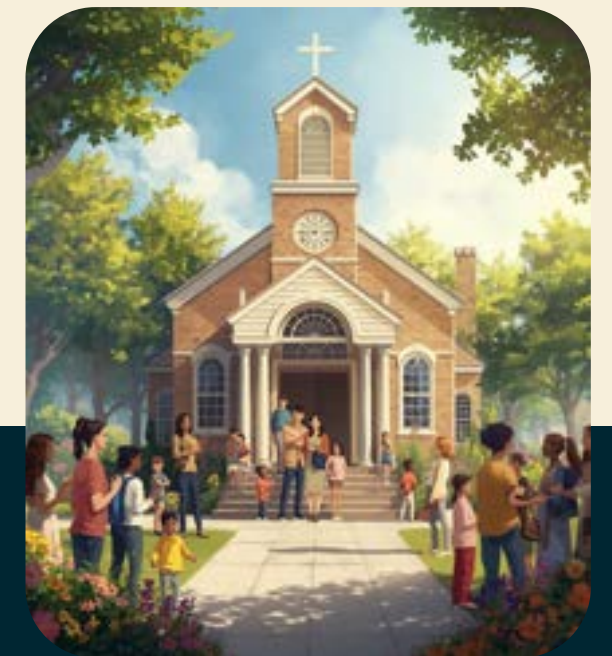
External threats require proactive measures

Cyber attacks
Reputational harm
Regulatory fines

- Represent critical external risks that churches must navigate.
- With increasing reliance on digital resources, churches are vulnerable to data breaches and public scrutiny.
- It is vital to implement robust cybersecurity strategies and maintain transparent communication to safeguard reputation and compliance.

Key areas to review

- Governance: board oversight | policies | ethics
- Financial controls: Cash | Payments | Payroll | Grants
- Risk & Compliance: Fraud | Legal adherence | IT Security | Safety generally and child protection
- Operations: Ministry continuity | HR | Asset management
- Information: Data accuracy, reporting
- Fraud risks generally: Segregation of duties | whistleblowers



Consequence					
	Insignificant	Minor	Moderate	Major	Severe
People (Staff, Congregants, Volunteers, Contactors)	- Minor irregular capacity / capability failures or Injuries or ailments not requiring medical treatment	- Minor capacity/ capability failures or minor injury or first aid treatment case	- Repetitive failure in Ministry capacity/ capabilities causing some reputational impact or serious injury causing hospitalisation or multiple medical treatment cases	- Parts of Ministry fail due to capacity/ capability failures or life-threatening injury or multiple serious injuries causing hospitalisation	- Ministry failure due to capability failures or Death or multiple life-threatening injuries
Church Reputation	- Expected consequence of conducting Ministry - Manager Review	- Minor disruptions in Ministry - Senior Management review	- Internal disruption some disaffected congregants/ staff/ parents – Senior Pastor or Board scrutiny.	- Intense public, political and media scrutiny. Will significantly impact enrolment base. Board or external party review.	- Will impact organisational viability.
Church Ministry Operations	- Minor errors in systems or processes requiring corrective action, or minor delay without impact on overall Ministry.	- Policy procedural rule occasionally not <u>met</u> or services do not fully meet needs.	- One or more key accountability requirements not met. Inconvenient and disruptive but not organisationally threatening.	- Strategies not consistent with organisation's agenda. Trends show service is degraded. - Significant and repetitive control failures leading to major impact in Ministry operations	- Critical system failure, bad advice or ongoing non-compliance. - Ministry severely affected.
Church Financials	- % of revenue or x% reduction in enrolments	- % of revenue or x% reduction in enrolments	- % of revenue or x% reduction in enrolments	- % of revenue or x% reduction in enrolments	- % of revenue or x% reduction in enrolments

Matrix 2 - Risk Likelihood

Likelihood	Frequency/Probability	Control Environment
Almost Certain	- The most likely and expected result if the event takes place. - This option may occur many times daily or it may be expected to occur in the timeframe under consideration.	Control commonly fails (more than 75% of the time)
Likely	- Would not be unusual. - May occur approximately once per day or once per week.	Control failure not unexpected (more than 40% of the time)
Possible	- Unusual but possible or a 10% chance of happening. - This may occur on an occasional basis, i.e. once per month or once per annum.	Control could possibly fail (20% - 50% of the time)
Unlikely	- Remotely possible; may occur within a 10-year period or a 5% chance of happening. - This event occurs rarely, but has been known to occur	Control failure unexpected (or less than 20% of the time)
Rare	- Has never happened after many years of <u>exposure</u>, but is conceivably possible. - May occur within a 20-year period or less than 1% chance of happening	Control not known to fail.

Matrix 3 – Risk Rating

Likelihood	Consequence				
	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Severe
5 Almost Certain					
4 Likely					
3 Possible					
2 Unlikely					
1 Rare					

Matrix 4 – Risk Treatment

VH	Very High Risk Senior Pastor/Board attention needed, action plans and management responsibility specified. Risk escalated to the Board as required.
H	High Risk Senior executive management attention needed, action plans and management responsibility specified.
M	Medium Risk Manage by specific monitoring or response procedures, with management responsibility specified.
L	Low Risk Manage by routine procedures, unlikely to need specific application of resources.

Executive Summary example

Key risks identified:

- Cyber Security
- Liquidity Legal Risk
- Data Privacy
- ABC Risk (Anti-money Laundering, Bribery & Corruption)
- New Technology Legal Risk

Inherent Risk Heat Map

Impact						
Very High			Liquidity		Cyber Security	
High		New Tech Legal Risk			Data Privacy/ABC	
Medium						
Low						
Very Low						
	Very Unlikely	Unlikely	Possible	Likely	Very Likely	Likelihood

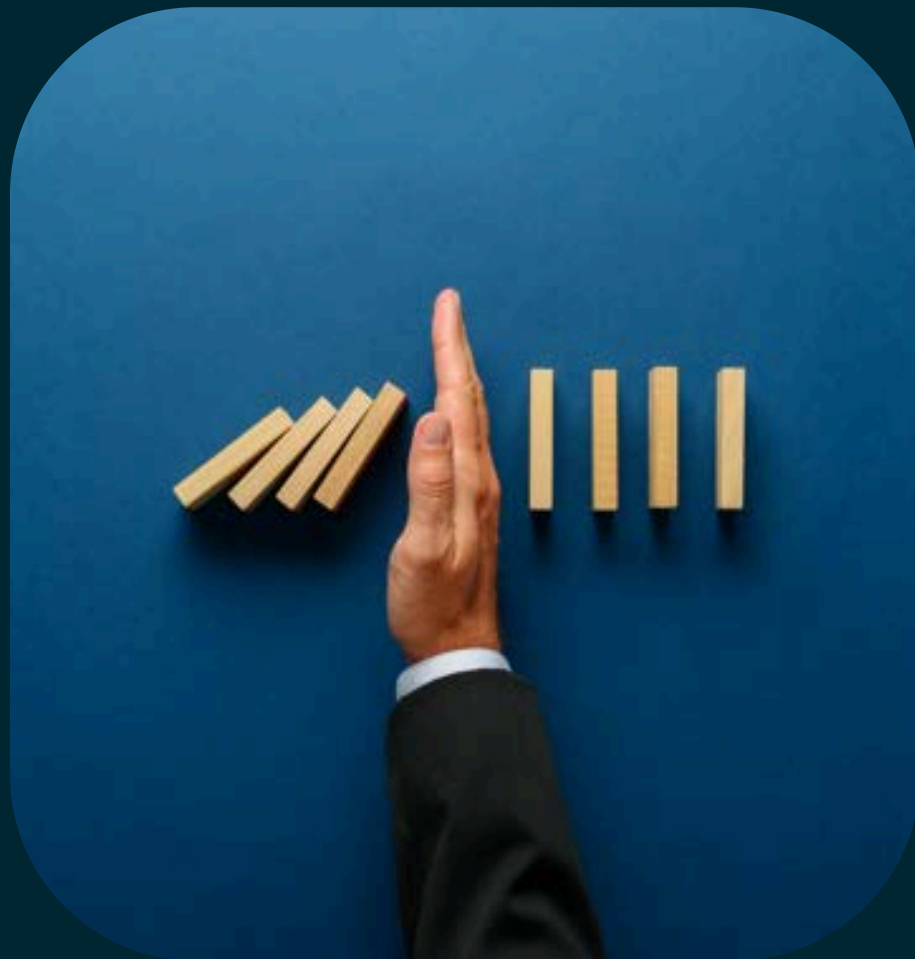
Residual Risks Heat Map

Impact						
Very High		Liquidity	Cyber Security			
High	New Tech Legal Risk		ABC/Data Privacy			
Medium						
Low						
Very Low						
	Very Unlikely	Unlikely	Possible	Likely	Very Likely	Likelihood

Preparation process

- Step 1: Plan: consider objectives; form preparation team; appoint risk owners; consult
 - Step 2: Risk Assessment and Controls: Identify via data, brainstorming and analyse against matrix, evaluate controls (eliminate, reduce, mitigate), document in risk register including what plans
 - Step 3: Evidence and Documentation: compile records; self assess; address gaps.
 - Step 4: Where required, select independent auditor (ensure qualified and preferably with NFP experience); brief staff for cooperation
 - Step 5: Monitor and follow up: review reports (internal and external) with board; consider a risk and audit compliance committee; implement recommendations; monitor any kpi's and annually review. Consider continuous improvement methodology.
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Crisis Preparedness & Business Continuity



- **Crisis Management Plan (CMP):**

- Crisis management team
- Pre-approved statements
- Crisis Fund
- Insurance
- Media training and pre-agreed comms lead
- Physical security
- Statutory notification requirements
- Evaluate responses and review

- **Ministry Continuity:**

- Develop key elements that are required to ensure ongoing ministry continuity
- Succession planning



Committed to Stewardship and Service

Let's work together to ensure your ministry's impact is strong and lasting.

THANK YOU



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