

Seventh-day Adventist Church
Operating Policy Framework



How we work together!

New Treasurers' Orientation Seminar
General Conference of SDA, North American Division
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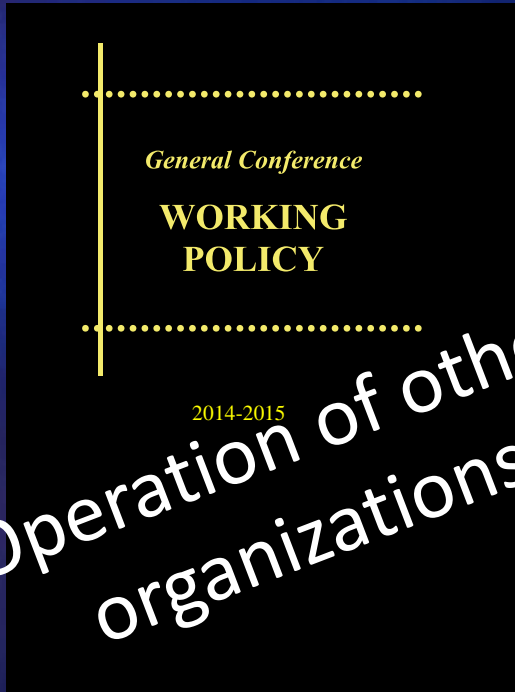
Objectives:

- Know key principles of denominational organization and how to apply them.
- Understand purpose for governance documents in the life of the church.
- Increase knowledge of GC *Working Policy* and its relevance to leadership issues.

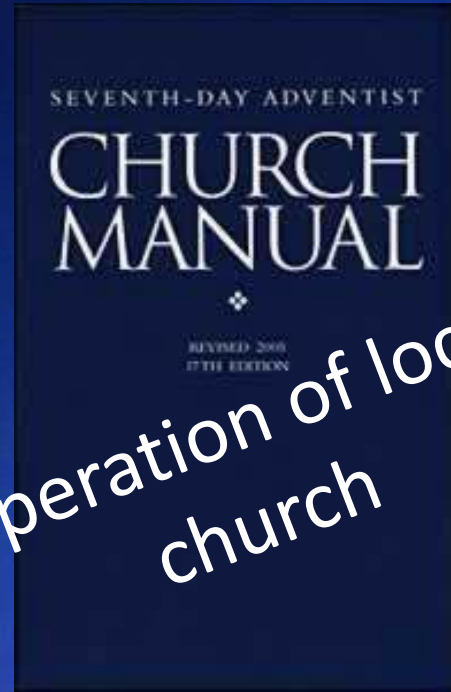


SDA Church governance documents:

1. Statement of Fundamental Beliefs
2. General Conference *Working Policy* or the local Division *Working Policy*
3. The *Church Manual*
4. Constitution and Bylaws: for conferences and institutions
5. Operating Policy: for units with 'mission' status
6. The local legal environment (external codes)



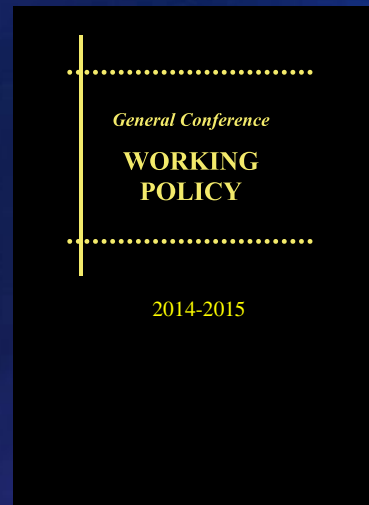
Operation of other organizations



Operation of local church

General Conference *Working Policy*

Global leadership decisions regarding how entities live and work together. The 'family code of conduct.'



Rule or Guideline?

Presents “agreed-upon” practices.

Dynamic—policies can be changed!



Policy's purpose:

1. To create/preserve organizational culture

It can be argued that the only thing of real importance that leaders do is to create and manage culture; that the unique talent of leaders is their ability to understand and work within culture; and that it is an ultimate act of leadership to destroy culture when it is viewed as dysfunctional.

—Edgar H Shein, *Organizational Culture and Leadership*

The bottom line for leaders is that if they do not become conscious of the cultures in which they are embedded, those cultures will manage them. Cultural understanding is desirable for all of us, but it is essential to leaders if they are to lead.

—Edgar H Shein, *Organizational Culture and Leadership*

Policy's purpose:

1. To create/preserve organizational culture
2. To standardize global operations
3. To protect the organization from:
 - individuals (autocratic, Lone Ranger types)
 - merely reactive decision-making
 - widely differing patterns of action

Eight key organizational concepts:

1. Membership basis of organization
2. Conferred status
3. Representative and constituency-based
4. Group-based authority under God
5. Shared administration, not presidential
6. Unity of entities (mission, purpose, belief)
7. Resource sharing (tithes, offerings, personnel)
8. Separate but not independent entities



General Conference Working Policy

...”the accumulated policies adopted by General Conference Sessions and Annual Councils of the General Conference Executive Committee. It is, therefore, the authoritative voice of the Church in all matters pertaining to the mission and to the administration of the work of the Seventh-day Adventist denomination in all parts of the world.” (GCWP B 15 05)

No departure from these policies shall be made without prior approval from the General Conference Executive Committee...
(GCWP B 15 10)

Officers and administrators are expected to work in harmony with the General Conference *Working Policy*. Those who show inability or unwillingness to administer their work in harmony with policy should not be continued in executive leadership by their respective constituencies or governing boards/committees. (GCWP B 15 15)

Policy: The Big Picture

Organizational Structure

Operating Principles

Procedures and Practices

Core administrative policy concepts:

1. Authority resides in the exec committee
2. Organizational boundaries respected
3. Compliance (law/policy/government)
4. Conflicts of interest will be declared
5. Officers: separate roles/teamwork
6. Nondiscrimination in employment
7. Operate within resources available
8. Transparency/timeliness in fin. reporting
9. Adequacy of internal controls
10. Regular audits

Core SDA Operating Policies

- Relationships among organizations (B 50 05)
- Formation of legal organizations (BA 25 10)
- Protection of trademarks (BA 40)
- Authority of institutional boards (BA 55 15)
- Compliance with bylaws/operating policy
- Interdivision travel (BA 65 10, 15, 20)
- Employment practices (BA 60 10)
- Capital projects (S 15 10, V 14-30)

Core SDA Operating Policies

- Borrowing from Church members (S 45 05)
- Investments (S 85)
- Budget approved by Exec Comm (S 09 10)
- Recovery from operating losses (S 09 20)
- Financial reports to Exec Comm (S 19 05)
- Appointment of Audit Comm (S 34 05)
- Conflict of Interest declarations (E 85 20)
- Working capital (S 24 10)

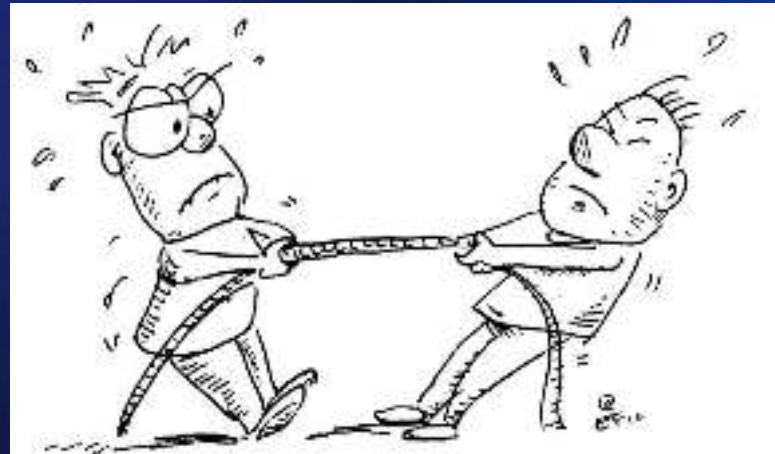
Core SDA Operating Policies

- Gift annuities >\$100,000 (S 40 10)
- Annuity rates (S 40 10)
- Authorization of trust agreements (S 40 15)
- Recording of distributions...(S 40 25)
- No fees for employee as executor... (S 40 30)
- Accounting for gift annuities (S 40 10)
- Borrowing (S 14)

Core SDA Operating Policies

- Tithe remittances (V 09)
- Use of tithe (V 14 05, V 15 20)
- Mission offerings (W 05 05)
- Employee salary/service (Y 05, E 70 20)
- Employee expense accounts (Y 10 05)
- Settlement—discontin. employees (E 70 30)
- Contributions for retirement plan (Z 10 35)
- Insurance coverage (S 60 05)

Growth in any organization will tend towards fragmentation.



“Together we can do more!”

Settlement of differences/appeals:

When differences arise in organizations on matters not already addressed in the Constitution and Bylaws, in GCWP, or in GCExec Comm acts at an Annual Council, opportunity is given to appeal to the next higher organization not directly involved in the matter. The decision of the organization to which the matter is appealed is considered final unless that organization itself chooses to refer the matter to a higher level.

Policy is the result of unity,
not the cause of it!



The Bottom Line:

Compliance with *Working Policy* is a standard of conduct for Seventh-day Adventist leaders.

Conflict of Interest



Independent director

A structural matter
Director's positional
relationship to the
organization

Conflict of interest

An episodic matter
Director's potential for bias
in a specific decision

GC Working Policy E 85 05

Because of the common objectives embraced by the various organizational units and institutions of the Seventh-day Adventist Church, membership held concurrently on more than one denominational committee or board does not of itself constitute a conflict of interest provided that all the other requirements of the policy are met.

However, an officer, trustee, or director serving on an organization's board is expected to act in the best interest of that organization and its role in denominational structure.

NAD Working Policy

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NAD Working Policy

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NAD Working Policy

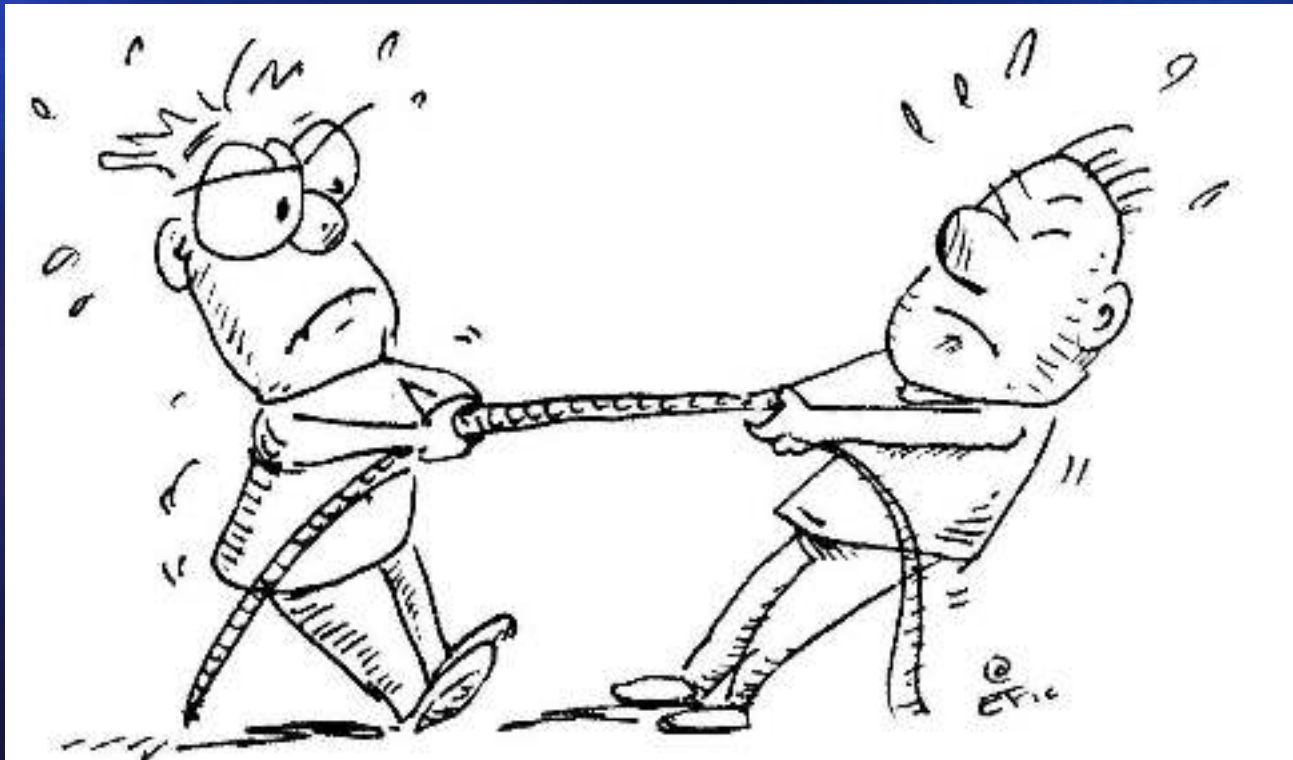
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Policies relevant to local conference:

Policies relevant to unions:

Organizational tension

Centralization vs decentralization



SDA Concept of Organization

GC Working Policy D 05

“...The fruitage of that concept is a representative and constituency-based system. Its authority is rooted in God and distributed to the whole people of God. It recognizes the committee system. It provides for shared administration (president, secretary, treasurer) rather than a presidential system.

SDA Concept of Organization

It recognizes a unity of entities (church, conference, union, General Conference) based on mission, purpose, and belief that binds the believers together in a universal fellowship. While the integrity of each entity is recognized (church, conference, union), each is seen to be a part of a sisterhood which cannot act without reference to the whole.”