

North American Division Edition

NAD Retirement Issues

A presentation on retirement plan issues was given at the 5th Annual NAD Human Resources Conference. The following information is a summary of that presentation.

[Seventh-day Adventist Retirement Plan \(frozen Defined Benefit Plan\)](#)

Retired employees are prohibited from working full time for a denominational employer while receiving retirement plan benefits. However, retirees can work up to 75% of a full time position while receiving retirement plan benefits. Please note that retirees are allowed to work full time with non-denominational employers with no effect on their eligibility to receive retirement plan benefits.

[Adventist Retirement Plan \(Defined Contribution Plan\)](#)

Contributions to the Adventist Retirement Plan (ARP) are moving towards 11% in the year 2011. Currently, contribution is 10.10%. The employer

contributes a base contribution of 5% of the employee remuneration. A maximum matching contribution of 2.10% will be made by the employer if the employee contributes 3% or more of their remuneration.

Statistics provided by the NAD Retirement Office indicate that around 30% of denominational employees do



not make a voluntary contribution to the ARP. Furthermore, around 40% of denominational employees do not contribute enough to receive the full matching contribution. How do the employees within your organization compare to these statistics?

Employers need to be mindful that ARP contributions (employer and employee portions) are required to be remitted to the ARP within seven

days of payroll. Please note that NAD Core Working Policy #6 (see NADWP S 71 17 #3) requires organizations to comply with this element of the ARP.

For more information on either of these plans, please visit the NAD Retirement Plan web site:

<http://www.nadadventist.org/ret/>

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Bank Deposits- Government Insurance Limits

The United States Congress has temporarily increased the insurance provided by the Federal Deposit Insurance Corporation from \$100,000 to \$250,000. For more information, please view their web site:

<http://www.fdic.gov/deposit/index.html>

Canada Insurance Deposit Corporation provides up to \$100,000 (in Canadian Dollars) of depository insurance for most, but not all, bank accounts. For more information, please view their web site:

<http://www.cdic.ca>

Endowment Funds

The 4th quarter 2008 Client Connection included an article on endowment funds and the Uniform Prudent Management of Institutional Funds Act (UPMIFA). That article indicated that as of June 9, 2008, there were 25 states that have enacted laws based on UPMIFA. As of summer 2009, there were 41 states that have enacted laws based on UPMIFA.

As an administrator, treasurer, or accountant of a denominational entity, it is your responsibility to determine if your organization is complying with the laws and regulations of that jurisdiction. To see if your state has an UPMIFA law, please click on the following web link:

<http://www.upmifa.org/DesktopDefault.aspx?tabindex=5&tabid=68>

Online Survey



GCAS is introducing a new method for us to receive feedback from you, our valued clients. At the end of the audit, management will receive a letter that will accompany a draft copy of the audit reports which will include the following paragraph:

Were you Satisfied? Your input is important to us! We would like you to take a moment and tell us how you thought we did by completing a Client Satisfaction Survey on our web site which is located at <http://www.gcasconnect.org/SatisfactionSurvey.htm>. The online survey allows you to, with a few key strokes, register your feedback to us. By clicking on the send via email button your survey will be emailed directly to the associate director responsible for monitoring your satisfaction. Please fill it out with honesty and candor so that we can promptly address your concerns. Your response will assist us in meeting your audit needs

and improving your overall level of satisfaction.

Retirement Fund Donations to Charity

In 2008, U.S. President George W. Bush signed into law a \$700 billion economic bailout bill (H.R. 1424, The Financial Rescue Package). This bill included a two-year extension of the individual retirement account (IRA) rollover provision allowing special tax treatment for donations to charity from an IRA. The provision was made retroactive to January 1, 2008 and is available through December 31, 2009.

Certain requirements need to be met in order for a donor to make a charitable gift directly from an IRA without incurring federal income taxes. The following limitations apply:

- The donor must be age 70 ½ or older
- The cap on annual IRA rollovers is \$100,000
- The contribution must be a direct gift to charity (no planned gifts)

According to the Council on Foundations, IRA contributions to charities in 2006 and 2007 amounted to \$130 million. With an extension in place to allow IRA contributions through 2009, is your organization promoting this giving option?

Five Ways Your Small Business Can Prevent Fraud Losses



U.S. organizations lose an estimated 7 percent of annual revenues to fraud. That's \$994 billion based on the estimated U.S. Gross Domestic Product for 2008.

And the news is even worse for small businesses.

The Association of Certified Fraud Examiners (ACFE), in its 2008 Report to the Nation on Occupational Fraud and Abuse, found that small companies suffer disproportionate fraud losses.

The median loss by organizations with fewer than 100 employees was \$200,000 per incident, notes ACFE's biennial study. That's higher than the median fraud-induced loss in even the largest organizations.

Small businesses face another challenge when it comes to dealing with fraud. Since smaller companies must keep a close eye on the bottom line, they are the most likely to do without an internal audit department. ACFE's 2008 Report found that less than 10 percent of small organizations had anonymous fraud reporting systems; less than 20 percent had internal audit departments.

There are, however, some simple steps a small business can take to

identify upfront and effectively manage potentially costly fraud losses.

1. Be proactive.

Establish some method of internal controls. Adopt a code of ethics for your management and employees. Set a tone at the top that your company will not tolerate any unethical behavior.

When that guidance is in place, create a fraud policy, which might include, for example, a general requirement that all

employees comply with all laws and regulations, as well as explicit guidance regarding such issues as holding pricing discussions with competitors and maintaining accurate books and records.

2. Establish hiring procedures.

Every company, regardless of size, can benefit from formal employment guidelines. When hiring staff, conduct thorough background investigations. Check educational and employment history, as well as references. After someone joins your staff, incorporate evaluation of the employee's compliance with company ethics and antifraud programs into regular performance reviews.

3. Train your employees in fraud prevention.

Once your carefully-screened

employees are on the job, make sure they are trained in fraud prevention. Your staff serves as your company's eyes and ears. ACFE research has repeatedly found that employee information is a prime way that companies discover and halt fraud. Do your workers know warning signs of credit card fraud, such as a customer pulling a card from a

pocket instead of a wallet? What about general retail fraud red flags, such as a buyer making random item purchases or asking about the floor limit?

By ensuring that your staff knows at least some basic fraud prevention techniques, you'll establish a first line antifraud defense.

4. Conduct regular audits.

High risk areas, such as your financial or inventory departments, are obvious targets for routine audits. But also conduct surprise audits of those and all parts of your business. By searching out potential fraud, you can find any incidents early or, even better, prevent them completely. A good starting point in identifying your fraud risks and establishing a strategy to prevent such losses is ACFE's Fraud Prevention Check-up (http://www.acfe.com/documents/Fraud_Prev_Checkup_IA.pdf)



5. Call in an expert.

As a small business owner, you depend on your strengths to ensure your company is successful. For most firms, fraud examination is not a core business component. That's why if you find or suspect fraud, it's imperative to enlist the anti-fraud expertise of a Certified Fraud Examiner (CFE). GCAS has a team of CFE's that can provide advice to determine an appropriate plan of action regarding suspected fraud.

The CFE credential is recognized by businesses and governments

worldwide as the standard for fraud prevention and detection. CFEs on six continents have investigated more than one million suspected cases of civil and criminal fraud.

You can find additional anti-fraud tips and strategies on the ACFE web site www.ACFE.com. ACFE also offers a free CD ROM, Fraud Prevention Resources, that details valuable fraud prevention techniques. Available at ACFE's online bookstore (a \$7 shipping/handling fee applies to U.S. and Canadian requests), the

multimedia resource includes, in part, a video for today's business leaders, a look at ways to stop employee theft, a sample fraud policy and a discussion on the need for internal controls.

ACFE's 2008 Report to the Nation on Occupational Fraud and Abuse is available online at <http://www.acfe.com/RTTN>

Editor's Note: The preceding article was adopted from material found on the ACFE web site and used with permission.

Physical Inventory of Fixed Assets



Fixed assets, including land, buildings and equipment, typically represent significant assets of the

organization. Detailed accounting records are kept to support the net balances recorded in the financial statements. Since equipment can consist of hundreds, if not thousands, of items, it is necessary for an organization to perform a routine inventory of their fixed assets. The SDA Accounting Manual recommends that a fixed asset inventory be performed every three years. This can be

accomplished by a complete count every three years or counting one-third of the total each year. Once the physical inventory is performed, the results need to be compared with the accounting records. Adjustments are often needed to record equipment items that were previously sold, abandoned or destroyed and not previously updated in the accounting records.

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Please send any comments, questions, suggestions, or contributions (or articles, not money) to:

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This newsletter is intended to provide general information about a variety of topics. Before acting upon any information provided in this newsletter, we suggest that you study further and seek counsel to clarify your understanding before taking action. This is a complicated world, please be careful.