



Financial Safeguards

Consider these stories from recent newspaper articles:

- A pastor was accused, along with the bookkeeper and her husband, of stealing \$494,000.
- A volunteer financial secretary was sentenced to 18 months in prison for taking \$140,000 from her church.
- A former bookkeeper at a church was charged with stealing more than \$38,000.
- A business manager for a religious school stole \$332,000.
- A church's day-care director embezzled \$235,000.

Are these all evil people who wanted to harm the ministry and the church? Do you think each sets out to betray the trust of the local congregation and community from the start? It's doubtful. Most of them are probably fairly normal people who got caught up in something that got way out of hand, and they got caught. According to most experts, the majority do not get caught.

According to insurance company records, the incidents of embezzlement and theft in religious organizations are on the rise. Not only are there more cases, but the amounts of money being taken is often significant.

What can church leaders do to protect the finances that the people of God have entrusted to their care? Frankly, there are many simple, common sense safeguards that are possible.

The first has to do with attitude. We must recognize that theft and embezzlement does happen in faithful congregations and it could happen in your church. This is one of those crimes where it is seldom obvious and often hard to detect, even when you are looking. Therefore, a series of safeguards that will protect all church funds should be a part of your overall policies

and procedures. They should include the following areas:

LOOSE AND PETTY CASH

Simply stated, money should not be left lying around. Collections, loose offerings, and petty cash should always be locked up. Petty cash should also be reconciled regularly. Also, when there is a large event, plan on methods to safely remove and secure large amounts of money until it can be counted. And never allow any funds to go home with a person.

TWO-UNRELATED ADULTS

Two unrelated adults should be with the money from the time it is collected until the time it is deposited. Even when it is simply being locked up, two ushers should be present. Counters, which should be rotated regularly, should work in twos and threes. Even the deposit should be handled by two adults.

PUT IT IN WRITING

Counters should always complete and sign a counter's sheet. One copy should stay with the cash for the deposit and the other placed elsewhere. Further, the treasurer and the financial secretary should make sure records are kept at the church and that all records are reconciled and reported.

DIVISION OF FUNCTIONS

There should be clear lines of division between those who collect, count, deposit, write checks, and file reports. The more division there is, the less of a chance for misconduct to occur. Further, rotating these positions regularly will also reduce the possibility of theft.

ACCOUNTABILITY, AUDITS, AND INVOICES

Employees and volunteers should make a full accounting of the funds they spend. The best practice is the use of vouchers. To uncover irregularities, an internal audit should take place regularly with an external audit being recommended every couple of years. Just knowing that an audit will happen will reduce the possibility of people thinking they can get away with theft. Further, employees and volunteers spending funds should be required to use an invoice or voucher system to receive funds.

SEPARATE ACCOUNTS

Groups within the church will often have separate accounts. This is not a recommended practice. At minimum there should be a central person or committee that conducts audits of all accounts. With little or no oversight, these smaller accounts are a prime target for abuse.

CHECKS AND CREDIT CARDS

Again, a system should be set up that verifies all checks and credit card account expenditures. No signed, blank checks should be issued. In addition, multiple signatures should be required on checks for larger amounts. Also, specific guidelines should be in place as to credit card procedures, limits, accounting, etc.

BONDING, BACKGROUND CHECKS, AND INSURANCE

For those who regularly handle funds and do the books, it is wise to have them bonded. The church will benefit from conducting a background screen, to include a credit history, on those who regularly handle funds. There may be something in their history that will alert you to potential concerns. It is also a good practice to check with your program administrator or annual conference office, as to limits and restrictions within the coverage, that you may have in regards to loss of finances.

PAY ATTENTION

Finally, keep your eyes open for violations. If you are paying a financial secretary \$30,000 a year and she is buying a new car every two years and taking expensive trips regularly, then a closer look may be warranted. It may be completely justifiable. Or it may be theft. Also listen for those who regularly comment on their poor finances, bill collectors, or who may be distraught over financial concerns.

CONCLUSION

Most employees, treasurers, counters, financial secretaries, and ushers are good and honest people. They serve God and are above reproach. But embezzlement and theft are a sickness. It seldom will go away or get better on its own. Most of the time the sickness will get worse until the person is caught.

As church leaders, we are entrusted with funds to carry out God's work in the church, community and world. Seldom is there far more than we need. Therefore, by taking these steps to take care of the funds you have, you will have a better chance to continue ministry and carry out your church's mission.

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