



Tips on Properly Handling Money

Time and time again we read of churches and charitable organizations becoming victims of theft and embezzlement. Why are we such easy targets? The simple answer is trust. While we are in a trusting business, sometimes we become blind to the possibility that someone we know and love would actually steal from us.

With this way of thinking, we seldom put measures in place to protect the assets that have been entrusted to us by our congregation. While we should be shocked people would want to harm the ministry and the congregation, the fact remains that rather normal people get caught up in something that gets out of hand.

Incidents of embezzlement and theft within religious organizations are on the rise. Not only are there more cases, but the amounts of money being taken is significant. We must recognize that this problem can and does exist in faithful congregations and your church could be the next target.

This problem is seldom obvious and hard to detect, even when you are looking. Therefore, a series of safeguards to protect church funds should be part of your overall policies and procedures. Here are a few very simple guidelines that when applied, can save your church from financial mishaps.

COLLECTIONS

From the time the collection is received until it is deposited, it should never be left with just one person. Two unrelated people should always be present with the funds. Unlike the days when we left the collection on the altar throughout the service, the standard practice today is to take up the collection, and immediately lock up the money.

KEEPING FUNDS SAFE

All collections and other funds should be locked in a safe. If a safe is not available, then the “two-lock” concept should be practiced, meaning the collections are in a locked cabinet or closet, within a locked office. While some churches count the funds immediately after services, others may wait until the following day. Regardless, two unrelated adults should be with the funds from the time they are collected, until they are secured, and ultimately until they are deposited. No one should ever be alone with the funds or be allowed to take the funds home.

COUNTING

Churches count their funds in a variety of ways. However, it is unwise to advertise where the money is counted or how it is counted. Teams of three or more should be in a secure room when they count. All counting should be verified and documented. Ideally, one signed counter’s sheet should be kept with the money and another placed in a file. The only time the funds should be removed is when at least two people are present. It’s also a good practice to alternate the counters and their responsibilities on a regular basis, as this is yet another form of checks and balances to prevent theft.

DEPOSITING

Regardless of when the deposit is made, two people should take it to the bank. It is recommended that the bank bag not be exposed and that alternate routes to the bank are taken. The idea is to keep others from knowing who is holding onto the bank deposit and being able to determine your patterns week after week.

INTERNAL CONTROLS

There should be clear lines of separation among those who collect, count and make the deposit; one person should never be responsible for all of the steps involved. It is not that they are not to be trusted, but by giving each individual an individual task, you provide a more solid defense should an accusation ever be made. Often in the case of embezzlement, it is found that the person in charge of all aspects of the finances is the one in the best position to cover their tracks and remain undetected.

SPECIAL EVENT FUNDS AND PETTY CASH PURCHASES

These funds come from events such as concerts, meals, craft shows, etc. Secure the money; have at least two people count and verify the figures, and make the deposit using at least two people. Again, these funds should not be taken home.

Sometimes these events, as well as other activities, require purchasing of small items. Cash should never be handed out to cover these costs, persons should be required to complete the purchase and complete a reimbursement voucher. This will allow for a paper trail when reconciling petty cash accounts.

AUDITS

Some churches conduct their own internal audits; however, The Book of Discipline mandates an annual audit by an outside firm. This will raise the accountability level and keep potential illegal activity from going on over an extended period of time.

DETECTING PROBLEMS AND RESPONDING TO SUSPICION

We all hope theft and embezzlement does not happen within our congregation, but it does. More times than not, it is done by a person least suspected. Review your financial records, look for unusual behavioral patterns and instill these simple guidelines to protect the assets of your congregation.

If there is a suspected incident, quickly have your books audited by an outside firm; keep leadership informed, and like all incidents that happen within the church, consider both the victim and the offender. Seek to balance compassion and justice. If possible, seek restoration and get help for the people who need it.

Remember, no one in the church is perfect, but providing sound practices and procedures will protect your assets and keep those who may be tempted from robbing your congregation of your finances and church members' faith.

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