

# Sample Financial Controls For Churches

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Waco Regional Baptist Association

# Usage of Material

As with all policies and procedures, these are intended to be used as samples by your church to develop your own policies and procedures. You may change them, delete or add to them, personalize them as you need. These should be developed to assist your congregation in the handling of church funds.

# Suggested Financial Controls

- Church funds should always have dual controls in place.
  - Two people to collect, handle, count, process and deposit.
  - Dual counting, dual paperwork and dual verification.
- Church funds **DO NOT** go home.
- Large amounts should not be hand carried. Patterns should not be observable when transporting money.
- Document all money counts on official forms or an official log.
- Money bags should be concealed. Different routes should be taken to the bank and two vehicles should be used for bank deposits (one for the deposit, one for safety)

# Suggested Financial Controls Cont.

- Audits should be performed monthly, quarterly and annually. The monthly and quarterly audits may be performed by someone with the necessary skills from within the congregation and should review receipts, deposits, checks written and vendors invoices to see that things are in order.
- Criminal checks and credit checks should be performed on all money counters, depositors and anyone who has check signing authority.
- Insist on exact and detailed information on financial reports including counts.
- **DO NOT** allow incomplete paperwork.

# Suggested Financial Controls Cont.

- Have good access control and procedures in place for all cash and checks.
- Audits must be performed by someone other than the person who normally keeps track of the records. This is a good place to use a trusted business person from your congregation.
- Compare all receipts and payments. Look out for refunds (particularly from over payments). Periodically check with vendors and verify all payments for the past year.
- Pay special attention to armored car transactions if you use this kind of service.
- Set term limits for financial volunteers.

# Suggested Financial Controls Cont.

- Have a third party, preferably a CPA, perform a financial audit every two years; and on all special accounts annually.
- Dual control – one person is responsible for the record keeping and another person is responsible for the banking. A third person then serves to make sure the two are reconciled.
- Require two signatures on all checks and on withdrawals.
- Use professional software packages to track financial transactions. There are a number of very good software packages available for all sizes of churches.

# Suggested Financial Controls Cont.

- Follow all written procedures for church financial transactions. **DO NOT** allow shortcuts by anyone.
- Have someone other than the pastor be responsible for church funds. For the safety of the pastor and the church, the pastor should **NEVER** handle the church offerings and funds. Have auditors report all findings to the responsible party (Trustees, Finance Committee) and the pastor.
- Establish a system to report discrepancies or issues.
- Annual financial review of all church finances. This should be provided to the church in an annual business conference.

# Suggested Financial Controls Cont.

- Report “all” finance records to the congregation annually.
- Ask the hard questions.
- Dual control! Dual control! Dual control!
- Two signatures on all checks.
- Use sealed bank security bags for offerings. Bank can provide.
- Rotate those who have responsibility for church finances on a regular basis.

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