

# MPM

## Financial Stewardship

# Protecting Church Contributions

### Safeguarding Church Funds

Proper handling of money given to local churches is a critical responsibility. Since money is more often given in the form of cash or checks, it is subject to theft or misappropriation. Collection of most local church funds via the Sunday offering presents unique problems for ensuring the proper and secure handling of these funds. Collection plate offerings, frequently processed by volunteers, contain checks, currency and loose coins. They are collected outside of banking hours and generally are counted and secured during or following a Sunday morning or holiday service and stored until they can be deposited.

The existence of large amounts of cash may tempt persons facing financial difficulties, to “borrow” some of this money. Embezzlement or theft of local church funds can create a crisis of confidence in the ability of the local church to ensure that funds donated to and through it are used for the purposes intended.

Most of the “rules” for avoiding mishandling of local church funds are based on common sense.

- ★ Two unrelated people should always handle the collected offering. Their relationship should be devoid of any potential conflicts of interest or incentives for collusion.
- ★ Staff and volunteers handling church funds should be bonded. Churches can purchase a blanket fidelity bond, similar to the one GCFA maintained for annual conference treasurers and certain other conference officers. Such bonds are standard in the PACT program.

- ★ Receipt and disbursement functions should be handled separately and assigned to different individuals.
- ★ Church funds should not be taken to anyone’s private home. Checks should be stamped “For Deposit Only” before they leave the church. Funds should be counted, verified and placed in secured bags for bank deposit, or placed in the church safe for deposit as soon as possible.
- ★ Financial statements should be audited on an annual basis and detailed monthly reports should be kept and reviewed. At least three unrelated individuals should be responsible for the separate functions of check writing, monthly bank statement reconciliation and the yearly audit.

A large number of dishonesty cases involve the misuse of checks or long-term deposits. The annual audit should include a review of every check issued during the year, a comparison of each check to the check stub, bookkeeping entry and, if possible, the bill being paid. Processes should be established to make such an annual audit easy to accomplish. Bank statements should be audited with a comparison of both the checks written and the deposit slips, to be certain they balance. Long-term deposit accounts should be audited to note withdrawals and deposits and to ascertain the reasons for such activity.

These guidelines can be utilized for developing detailed instructions for those persons assigned the responsibility of collecting, counting, and depositing the local church offering and for disbursing local church funds.

### Ministry Protection Memo

“MPM” is a series on various topics relative to Church and safety. Send your comments and interests to PACT’s Director of Ministry Protection, at [umcpact@ajg.com](mailto:umcpact@ajg.com).

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## Comparison of Procedures

Churches may wish to compare their guidelines for handling church collections with the following:

- ❑ Immediately after the collection has been completed, two unrelated persons should take the offering to the church office. There, the unopened offering envelopes and different monies should be placed in a money bag by the church secretary and treasurer and carried by them to be locked in the church safe.
- Counting should take place in the church office, never at home.
- ❑ Two unrelated persons should always be present.
  - ❑ Remove any notes or letters intended for the pastor and deliver them accordingly.
  - ❑ One person should count while the other observes, and then the observer should recount while the original counter observes.
  - ❑ The offering totals should be recorded in ink on a cashbook sheet and initialed and dated by both counters.
  - ❑ Sort the envelopes numerically and break by hundreds (or fifties in smaller churches). Each envelope should be opened separately, the amount counted and written on it. Loose checks should be put in an envelope, which indicates the contributor's name and amount given. Each group of envelopes should be proved by the double-count method. After this, the proved section may be merged with the loose-plate cash.
  - ❑ Deposit slips should be made out in duplicate following the bank's instructions. Both individuals should make the deposit. Both should reconcile the cash and checks to the deposit slip and initial the copy of the deposit slip and the duplicate tape of checks.

The Monday following church services, the financial secretary should complete the records of contributions and reconcile them with the entries in the cashbook.

Mail containing cash or checks, should be counted by the financial secretary and an

assistant. The totals should be entered in ink in the cashbook, checked and initialed by both parties.

A pre-numbered duplicate receipt book should be kept in the church office to be used for monies turned in or delivered there by individuals. A receipt should be completed for each transaction and the original given to the person delivering the money. The duplicate should remain in the receipt book and be available for audit.

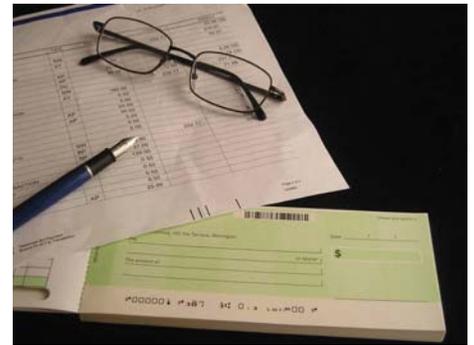
Those persons involved in the local church collection and accounting process must be instructed on the importance of keeping any financial information confidential. The counting committee should be made aware of their sensitive role in maintaining confidentiality with regard to the giving levels of various members.

In smaller churches, the treasurer is generally responsible for preparing and signing checks. In these cases, the monthly financial report should include each check, the amount, and to whom and for what purpose it was written. Each church should review its process regarding how many persons must sign checks on behalf of the church.

In larger churches, a financial secretary will prepare the checks and a treasurer will sign them, or both will be required to sign checks prior to issuance. Blank checks should never be pre-signed. A process for approval of bill payments should also be established, generally involving designation of an authorized person to review and approve payment of bills for church expenses.

## Conclusion

Careful and competent handling of church funds is critical in maintaining confidence among church members that their donations will be used as intended for the ministries of their congregation. The establishment of appropriate safeguards and procedures for handling church funds will assist persons responsible for those funds and also protect the work of the local church in general.



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