

DISHONESTY

The church is a unique entity organized under the leadership/authority of our Lord Jesus Christ, and should, above all other organizations, develop and maintain a system of internal control in the handling of funds that is **above reproach**. It should be noted, however, that no system could be "perfect" in design. Therefore it is imperative that the nominating committee select, and the church elect, persons of high integrity and moral standards, best described as "good stewards" to serve in positions of handling church resources. **Good stewards** are persons who:

- Allow Christ to be Lord of their life.
- Pray and seek God's purpose for material possessions.
- Acknowledge that God is the owner of all things and we are His trusted servants in charge of His material possessions.
- See the local church as the vehicle for stewardship.

It is imperative to develop procedures and safeguards (internal control) around the handling of church funds, i.e., collection, counting, depositing, recording and reporting. The very heart of internal control is the separation and definition of duties (establishing the organization) involving those persons handling church resources. The purpose of internal control is to protect and safeguard church funds. Procedures should limit the opportunity and temptation for anyone to divert church resources for personal use. In addition, the system must protect and safeguard the many volunteers engaged in handling church funds from unwarranted suspicions that may arise. It is important, therefore, to separate the responsibilities of counting, depositing and recording the receipts.

The organization begins with the **stewardship committee** being responsible for the receiving, counting, depositing, recording and reporting of all receipts. In essence, the stewardship committee must understand and oversee the entire financial function of the church and is entirely responsible for the counters/tellers, treasurer and financial secretary.

The **counting/teller committee** should consist of enough persons so that no less than three (3) persons can be available to count and the same team of three (3) will not count together more than five/six times per year. The committee is responsible for preparing the deposit and reporting receipts to the treasurer and financial secretary.

The **treasurer** is responsible for paying all bills, signing all checks (along with co-signature), keeping the church records and preparing the monthly reports. The treasurer should never be involved in the counting process.

The **financial secretary** is responsible for recording "individual records of contributions," issuing quarterly records for each member and for providing year-end tax records. The financial secretary should never be involved in the counting process.

The church **should have insurance** providing "employee dishonesty/blanket treasury bond" coverage. This will provide reimbursement to the church in the event of loss due to dishonest acts. (See "Insurance Protection for the Church: Additional Property Coverage – Employee Dishonesty/Treasury Bond.")