



ABC's of Church Management Newsletter

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This newsletter has been developed to provide compliance guidelines for local congregations concerning state and federal regulations. It is shared as a basic reference newsletter with the understanding that the publisher is not giving legal, financial, or other professional service/advice. The publisher acknowledges that the laws and regulations of each state may vary. If professional assistance is required, the services of a competent professional should be secured.

Keeping Your Church Safe from Embezzlement

Over the last 6 months there have been at least 3 cases of embezzlement against Church of God congregations. The values of these embezzlements range from a few thousand dollars to well over \$100,000. Though there is not a foolproof method to keep this from happening, there are several proactive steps that a church can take to reduce the risk.

1. Separation of Duties

When dealing with church finances, one person should never be responsible. When separate people are responsible for various steps, a check and balance system is created. This process can be more difficult in a smaller church but should still be implemented in a modified version. A sample of separation of duties could be:

- Head usher collects the offering. He/she and an assistant usher place offering in envelope or bank money bag and place is safe or lock cabinet until money can be placed in night deposit at bank or is counted and deposited.
- Counting team of two individuals (not related) count and record offering and contributions. This can be done at the church or at the bank. Money should **never** be taken home. If it is not in a safe at the church, it should be placed in the night deposit at the bank on Sunday.
- Treasurer is given the recorded deposit amount. If the treasurer is the one that writes the checks, they should not be the one that counts and deposits the money.
- Have **two** signatures on checks. The treasurer may or may not be one of these signatures. **Do not use rubber stamp signatures!** Stamped signatures can be used by anyone. **The pastor should NOT be one of the signatures.**
- If possible have a financial secretary or treasurer assistant that is responsible for creating all financial reports.

To reduce the risk:

1. Separate duties
2. Know how to read financial statement
3. Don't be afraid to ask questions
4. Do audits

2. Know how to read financial statements

An error that frequently occurs in church leadership is the assumption that everyone knows how to read the financial reports. Many do not wish to appear uneducated so they will sit and agree when they do not have a clue as to what is being presented to them. A fiduciary responsibility of church leaders is the duty of due care. This means that they must protect the church from actions and behaviors that can cause a detriment to the church. Time should be taken with current and new leadership to train them in the interpretation of all financial reports.

3. Don't be afraid to ask questions

"I can't question Sister's reporting she's been the treasurer for years." Ever heard that or thought that. In one of the embezzlement cases listed at the beginning of this article the treasurer had held her position for over 20 years and was able to walk away with a huge amount of money. **If you don't understand or if it doesn't add up, ask questions!** As a church leader you are responsible to be a good steward of the church's resources and people have placed you in a position of trust. Understand where the church's money is, how it is being used, is it being used responsibly, and is it being used effectively.

4. Do audits of the church's financial books

Most churches can not afford to have full audits of their finances by a CPA every year. The Church of God Board of Pensions and the ABC's of Church Management groups have guidelines that can help churches perform internal audits every year. A full audit should be done by a CPA at least every three to five years. Some CPA firms have modified audits they can perform for churches at a reduced cost. When seeking the aid of a CPA firm, make sure that they are well versed in the knowledge of nonprofits.

When policies and procedures are developed and followed in regards to finances, the risk of embezzlement can be reduced. Also such standards act as a protection for the treasurer, pastor, and church leadership from accusations of improper care of people's money. Keep in mind that if people don't feel their money is being cared for properly or being used effectively, they have a tendency to withhold it.

Playground Safety Tips

1. **Inspect equipment**
2. **Inspect shock-absorbing surface**
3. **Insure that equipment is spaced properly**
4. **Inspect for tripping hazards**
5. **Secure all guardrails**

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Child Protection Tips

Spring is finally arriving. The children of your church will be filled with energy on these sunny warm Sundays. They will be itching to play on the church's playground. Before you turn them loose, inspect the following:

1. Inspect equipment for sharp points or rough areas

Metal equipment should be checked for sharp points and edges. Check for loose screws. Make sure steps are secure on slides. If swing chains are rusty, replace them. If the equipment is wooden, check for splinters and rough edges.

2. Inspect shock-absorbing surface

The areas around playground equipment should be covered with materials that will absorb the shock should a child fall from the equipment. These shock-absorbing surfaces can be of mulch, wood chips, fine sand, or fine gravel. The average depth that should be used for any of these materials is 9 inches. These surfaces should be fluffed throughout the spring, summer, and fall to keep them from becoming packed with continuous use. Make sure to add more surface as necessary.

3. Check spacing between equipment

It is typical for children to run around and in-between equipment while playing. The Consumer Protection Safety Commission provides consumers with a free handbook describing the placement of playground equipment. Receive your free copy by going to

<http://www.cpsc.gov/CPSCPUB/PUBS/325.pdf>

4. Check for tripping hazards

Check surface to make sure there are no tripping hazards. These could be roots from trees, concrete footings, or large rocks.

5. Check all guardrails

Make sure all guardrails are secure and will support a child leaning against it. Make sure platform floors are secure. If boards have warped over the winter, change them.

Remember every year there are approximately 200,000 children treated at emergency rooms for injuries suffered on playgrounds. The majority of these accidents are from children falling from the equipment.