

## INTERNAL CONTROL OF CHURCH FINANCES

Below is a list of recommended policies and procedures to help ensure adequate control over church financial assets.

1. The church treasurer, financial secretary, and finance committee chairpersons should not be the same person nor from the same family or household.
2. The church should have a budget. Financial results should be compared to the budget on a monthly basis at finance committee meetings. Inquiry should be made of variances from budget.
3. All operating checking and savings accounts should be under control of the treasurer. Separate checking accounts for church activities should be discouraged. Investment accounts should be accounted for by the treasurer and activity reported monthly to the finance committee.
4. At least two people should count the weekly church offerings and prepare the deposit slip. The deposit slip and deposit should be placed in a bank deposit bag and locked. A copy of the deposit slip should be given to the treasurer for recording and comparison to the bank statement.
5. Annually the Administrative Board/Council should approve the signatories on all church accounts.
6. Bank account reconciliations should be performed monthly and should be reviewed by the finance chairperson at least quarterly. This review should include an examination of checks issued to ensure proper church purpose. Many banks are discouraging the return of canceled checks. Obtain canceled checks if possible; otherwise, obtain copies of the images of all canceled checks.
7. Quarterly, the finance chairperson should inquire of the treasurer at a meeting as to whether or not all payroll taxes have been timely paid to state and federal authorities.
8. The Administrative Board/Council should require and review an annual audit of church finances by a person other than the treasurer, financial secretary, or finance chairperson.
9. All financial records should be retained in accordance with an appropriate, approved record retention policy.

### Resources:

- The 2017-2020 Finance Guidelines: handling God's Money in the Church (ISBN 978-1-5018-2966-6) can be obtained from Cokesbury for \$3.99.
- The Local Church Audit Guide, developed by the General Council on Finance and Administration, can be obtained at the following website:  
[https://www.gcfa.org/media/1342/local\\_church\\_audit\\_guide\\_-10-14-16-\\_revaug2017.pdf](https://www.gcfa.org/media/1342/local_church_audit_guide_-10-14-16-_revaug2017.pdf)
- Suggested record retention schedules can be obtained at the following website:  
[http://s3.amazonaws.com/gcah.org/Resources/Guidelines\\_Publications/ConfRetSched.2013.pdf](http://s3.amazonaws.com/gcah.org/Resources/Guidelines_Publications/ConfRetSched.2013.pdf)