

# Financial Safeguards for Congregations

## Guidelines to Prevent Financial Misconduct

Listed below are some steps to help congregations avoid creating an opportunity for financial misconduct. No single item can prevent misconduct but creating a system of checks and balances can help congregations maintain good financial management and protect all involved.

### **Transparency**

Create a climate of transparency in communication about congregational finances to help congregational members know how their financial gifts are being directed and that the congregation is being a good steward of its resources.

### **Openness to Constructive Feedback**

Those working with congregational finances should be receptive to constructive suggestions regarding the management of church finances from others. It is probable that the congregation has members who have spiritual gifts, education, or employment experience in financial matters.

### **Trust**

Every church needs to cultivate trust but congregations should also create avenues of accountability to help maintain that trust and protect all who work with parish finances. Procedures can be developed for offering counters, the financial secretary and the treasurer, and check authorization.

### **Term Limits**

While it can be tempting to have the same knowledgeable leader serve for many years in the same role, it can unwittingly create a climate for misconduct through complacency. Term limits provide for checks and balances and allows others to share their gifts for financial management on behalf of the congregation.

### **Financial Awareness for Leaders**

All those who serve in congregational leadership should become educated regarding the congregational budget and balance statements or seek an outside resource to help them understand those reports so they can make informed decisions about the ministry of the church. Financial records should be maintained in good order and maintained in a publically accessible location and format that is easy to understand.

### **Shared Leadership**

Those working with financial matters should come from a cross section of the congregation and should not be from the same family to avoid the appearance of impropriety.

### **Annual Audit**

Congregational records should be audited by an outside auditor on an annual basis to make sure good accounting practices are being followed and that the records are accurate.

### **Simplify Bank Accounts**

Since multiple bank accounts can mask misappropriation of funds, funds should be maintained in one or two accounts and designated funds tracked on monthly reports so that the totals can be balanced with the bank statement.

### **Financial Policies and Procedures**

To support smooth transitions in financial leadership, financial policies and procedures should be described in writing and reviewed periodically by the congregation council.

### **Recruitment of Leaders**

All those serving in congregational leadership should be vetted in appropriate ways including background and credit checks for those handling money before beginning any work with parish finances. Those who have suitable giftedness, education, or work experience should be sought to work with parish finances.