

## **HANDLING CASH FUNDS**

A climate of personal trust is usually assumed in the congregational setting. This is healthy and proper. However, some systems of handling money place individuals in a position in which their honesty can be questioned or in which they may be tempted to sin. Prudent and consistent practices in handling money are needed to maintain this trustful climate. The incidence of embezzlement and mishandling of funds has grown steadily in the ELCA and it would be good to reverse this trend.

### **Cash Handling Principles**

Normal handling of funds in the congregation involves several steps.

Some general principles:

- a. No individual should be required or allowed to handle the congregation's cash alone at any point.
- b. No cash of substantive amounts should be stored in the church.
- c. It is preferable for several people to be involved on a rotating basis in handling cash.
- d. All cash transactions (receipts and disbursements) should be properly recorded and verifiable.

### **Suggested Steps in Handling Income**

- a. Immediately following the service, two persons carry the contents of the offering plates to a room for counting.
- b. The envelopes are immediately opened by at least two persons. Envelopes are marked as to intents and purpose if for other than undesignated offerings.
- c. Balances between envelope totals and cash totals are reconciled.
- d. A summary report is prepared and initialed by at least two persons.
- e. A deposit slip is prepared and at least two persons bring deposit directly to the right depository at the bank.
- f. A copy of the deposit slip and the summary report are given to the treasurer and to the financial secretary.
- g. Persons in the above steps should be rotated periodically. It is best if the treasurer and the financial secretary are not involved.
- h. Members should be encouraged to make their offering by check, not cash.

### **Suggested Steps in Handling Expenditures**

- a. Bills and obligations should be approved for payment. This approval should be indicated in writing by the person responsible. On larger congregations, a purchase/approval form may be used to approve payment and identify the account to be charged.

- b. Check is prepared.
- c. Check is signed by two authorized persons. The pastor preferable is not an authorized signer.
- d. Check number is written on invoice/support document to prevent duplicate payment, and check is mailed.
- e. At least three persons should be involved in the above four steps, even in a simple system.

### **Bank Reconciliations**

Bank reconciliations should be prepared by the treasurer. They should be reviewed and initialed by a person other than the treasurer.

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The above suggestions should not be interpreted as a lack of trust in the financial officers of a congregation. Rather, they offer protection for their reputations. No person with this kind of responsibility should be placed in a position where any suggestion of mishandling of funds must be defended by the word of one person against that of another. This system is intended to provide verification and support of sound practices at every step. This is important for the church as a trustee of "public" funds.

The above principles are applicable to the congregation's auxiliaries and organizations. The church council is constitutionally responsible for all funds of the congregation. It is preferable for all congregational funds to be in a single checking account and investment program, with each organization authorizing disbursement of funds through the church treasurer with a voucher system.

The financial reports to the church council and congregation should include all funds, accounts, and bank accounts of the congregation.

**SPECIAL NOTE:** "Dormant" bank accounts should be carefully monitored and preferably closed.

In some areas of its work and mission, the congregation does not follow the same practices as a business might. However in accounting and handling of cash funds, it is helpful to follow the same standards and safeguards that apply to a good business operation.