



Arkansas – Louisiana Conference of SDA

General Internal Control Policies for Local Groups

1. Introduction

Churches, unfortunately, are not immune to the actions of unscrupulous people, staff and volunteers. Indeed, because churches want to operate in an atmosphere of mutual trust, they can be especially vulnerable if they fail to establish sound Internal Control Policies. Internal Control Policies are a set of risk management tools, procedures and protocols designed to safeguard the church's assets, ensure accurate financial reporting and efficient and effective use of funds. In addition, internal controls serve to protect staff and volunteers from false allegations of embezzlement or misuse of funds.

This document describes several internal controls that have to be implemented by the local group boards.

2. Receipts

- The local group must establish a procedure to validate loose offerings. This process must be documented by at least two signatures of two non-related church members.
- All mail containing money must be opened and counted in dual custody in a secured area and sent to the mother church treasurer.
- The local group must not open a checking or savings account until the group is organized as a company.
- A person independent of the people performing the count must deposit the weekly offerings to the ***mother church's bank account***. If the mother church's bank is not available where the group is located, the group treasurer must send the funds to the mother church treasurer to be deposited.

The Counters must:

- Use a "count sheet" to record individual contributions, the purpose of the contribution, check number (or indicate cash) and tally totals. We recommend using a pen to fill out the count sheet to avoid alteration on the document.
- The signed count sheet for the weekly offerings must be given to the group's treasurer.
- Make sure the amount written on tithe envelopes matches the amount inside the envelope.
- Endorse all checks ***"for deposit only"***.
- Double-check each other's work.
- Ensure that the count sheet totals agree with the deposit slip.

The Group Treasurer must:

- Send the tithe envelopes, the offering count sheet and deposit slip to the mother church's treasurer. If funds were not deposited, the local group treasurer must

send the funds with the other required information to the mother church's treasurer.

The Mother Church Treasurer must:

- Receive a copy of the count sheet and deposit slip from the local group treasurer. If the local group was not able to make the deposit, receive the funds from the group treasurer and make the deposit on behalf of the group.
- Open new accounts on the financial statements that are different from the mother church's routine account to separate the group's local offerings and tithe.
- Post totals to General Ledger.
- Ensure that totals on the count sheet and deposit slip match totals posted to General Ledger.
- Post contributions to individual giving records.
- Retain count sheets, deposit slips, and tithe envelopes in a secure file.

3. Disbursements

The Group Treasurer must:

- Send the invoices for payments to the mother church treasurer.
- Send copies of the board minutes for non-routine expenses.

The Mother Church Treasurer must handle expenditures as follows:

- The group church board must approve all financial expenditures for non-routine payments, and note in the board minutes.
- No money must be given out to reimburse someone without a receipt for the files. All business payments must be made from an invoice.
- Any non-routine expenditure presented for payment must not be processed unless properly approved and supported by proper documentation.
- All service related or individual contractor vendors that are paid more than \$600 per year must receive a properly completed 1099 at the end of each year. The information must be sent to the Conference.
- The Treasurer must not give a blank check to any group member or pastor.
- Serial-numbered checks, rather than cash, must pay all reimbursements.
- All checks must be promptly posted to the General Ledger using a different account on the general ledger than the mother church is using in its current operations and must depict date, payee, amount, purpose, and check number.
- Include notation of the check number on the documentation.
- Documentation must be retained in a secure file.

4. Group Equipment

In order to safeguard the local group equipment, the local group board must set policies regarding the use of the equipment for social activities.

5. Financial Reporting

The group board needs to be informed of the financial situation of the church by the treasurer on a monthly basis. The mother church's treasurer will provide this information to the group treasurer.

The Group Board:

The group church board must review, make any necessary recommendations, and then approve the financial reports presented by the treasurer.

6. Contact Details

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