

There is an old story about a village, a fence and an ambulance that I would like you to watch. If you have not seen it already, please do it now, before you read further. It is *video #5.1 "What are Internal Controls?"* on the GCC Treasurer Training Videos page. <https://www.gccsda.com/auditing/10963>

Did you hear that figure? By 2025 (which is now!) it is estimated that churches (all denominations) will lose sixty billion dollars to theft and embezzlement. And yes, it happens in Adventist churches too.

Preventing fraud is not about trust or mistrust. In fact, it has been proven over and over that trust is not an adequate barrier against fraud. People who are known and trusted have betrayed their church family, some continuing for years until the theft was uncovered.

Those who study church financial fraud say there are three conditions that contribute to or enable theft or embezzlement.

1. Opportunity - "I could get away with this"
2. Financial Need - "I need this."
3. Rationalization - "I deserve this."

Fortunately, there are a number of things that you, as your church's treasurer, can do to lessen your church's chances of being affected by financial fraud. These suggestions are mostly in the area of decreasing opportunities, which is where your church has the most control.

1) Promote and lead out in transparency and accountability. If you, as treasurer, are grumpy and complain about having to count with two people or follow other guidelines, that attitude will affect others, and careless attitudes will result in opportunities for theft.

2) Follow the money. Learn about the journey that your offerings take - all the steps from donor wallet to bank deposit. Are there any places where theft could easily occur? Encourage and lead out in better practices in those areas. Use the available *Cash Count Sheet (#1040)* and *Tithe Envelope Verification Form (#1130)* to dual count and document all offerings. (*Tutorial #5540*)

3) Maintain timely and accurate reporting. Deposit the offerings by Tuesday at the latest every week. Don't leave unattended offerings sitting around in public or even private places, where it can be a temptation.

4) If your bank offers them, ask that bank statements include check images, even if there is a monthly fee.

5) Encourage the use of Adventist Giving among your donors. Teach potential donors how to download and use the app. With Adventist Giving, the route from donor to bank is completely secure. (*Tutorials in section #3000*)

6) If your church has credit or debit cards, evaluate them for weaknesses and opportunities for fraud. If you have concerns about how they are being used, talk to an auditor. (*Tutorials in section #4500*)

All holders of Debit or Credit cards should be required to read and sign the "Debit/Credit Card User Agreement" (*Tutorial #4520*) before receiving their card. If this is required and there is follow up on what they agreed to, users will have less leeway to claim ignorance or privilege.

7) Close each month soon after the month ends, reconciling all bank accounts before you close. (*Tutorials in section #3500*) If there is a fraudulent withdrawal and you don't catch it until after 90 days, your bank probably won't refund it. And if the fraudulent activity is on a Debit or Credit Card account, reporting it as soon as possible will stop any further fraudulent charges.

8) If a statement or invoice comes through the mail that you don't recognize (such as a fee for yellow pages or a charge for your church website,) don't pay it until the board authorizes it or you ask an auditor if it is legitimate.

9) Remember that the government will not call or text you about your church owing money, and your bank will not contact you to ask for your password. Don't give information to someone just because they call and ask for it.

10) Supply the board with up-to-date, clear and accurate Jewel monthly reports. Learn how to present the reports to the church board in such a way that they understand them. Simple, clear and to the point. (*Tutorial #2140*)

11) Ask the board to appoint someone to compare the bank statement with the Jewel reports at the board meeting. This is the very best way to prove that the reports are accurate. Train this person so they know what they are looking for. Ask an auditor if you do not know how this is done. (*Tutorial #5520*)

Corresponding videos: 7.1 – 8 Reasons to Use Adventist Giving. Find at <https://www.gccsda.com/auditing/10963>

7.2 – How to Promote Adventist Giving to Your Members.

5.2 – Dual Counting of Tithes and Offerings Illustrated.

5.3 – Bank Rec Comparison Steps Illustrated

5.1 – What are Internal Controls

3.2 – Passwords, Online and Computer

Five Steps to Fraud-Proof your Church <https://www.youtube.com/watch?v=bTubvCUOlbU>

For more tutorials on FRAUD PREVENTION FOR CHURCHES, see section 5500 on the gccsda.org auditor webpage.

*This information has been brought to you by the Georgia-Cumberland Conference Audit Team
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