

What you need to know

Organizations are more and more often falling victim to embezzlement by their employees, their volunteers and others in their milieu. Some of these events take place over the course of several years, resulting in significant financial losses for the Church. In addition to the direct financial impact, embezzlement also results in an assortment of related risks, such as the risk to the Church's reputation.

The simple way to reduce the risk of fraud is to introduce efficient internal control measures. The administrative council must get involved and ensure that financial operations are in compliance.

The introduction or intensification of control measures in an organization are often perceived badly by employees and volunteers. They might think the changes are unnecessary or interpret the change as a lack of confidence from the organization. However, internal controls simply reflect sound financial management. They are also meant to protect employees or volunteers in the case of suspicion or mistakes. As such, in order to avoid any misunderstanding and to gain proper collaboration from those involved, it is important to communicate these changes properly.

The current document only presents some basic measures that can easily be implemented in order to deal with these issues. However, to develop a comprehensive internal control structure, you can consult a professional who can help you establish a structure that is adapted to your needs and your realities.

Basic precautions: some recommendations

Carefully choose the people who will manipulate your funds

- > Choose your employees and volunteers wisely and validate their competency;
- > Conduct a full investigation (including previous employers, credit, prior convictions or criminal history) for any new person, with periodic checks afterwards;
- > Check their references with previous employers.

Be sure to separate their duties

- > Deposit cash as quickly as possible;
- > Never give full responsibility for bookkeeping and manipulating funds to a single person;
- > Encourage donations by bank transfer.

Document your work procedures and internal controls

- > Develop a clear and precise policy for your safety procedures regarding the manipulation of money. This document serves as a means of clearly communicating the directives to those who are newly involved as well as serving as a reference to other volunteers;
- > Clearly inform each person involved that this document represents your work methods and that they must be respected.

Require that there always be two people, who are not related to each other, to manipulate money

- > Require the presence of two people at each step of counting cash (from a collection or a donation box);
- > Make sure that the two counters are not related to each other in order to diminish the risk of collusion;
- > Draw up a schedule that will allow you to make use of several teams;
- > Have each collection counted immediately after it is collected;
- > Enter the results of the counting in a control ledger where, at a minimum, the date of the collection, the amount collected, the names of the counters and their signatures are written in indelible ink;
- > Next, store the collection in a sealed envelope placed in a secure location, preferably in a safe, until you give it to the person responsible for making bank deposits;
- > Always have another person prepare the deposit.

Create a written trail for each transaction: a donation = a receipt

- > Always give a numbered receipt with a carbon copy for each donation received to the secretariat office;
- > Do a periodic verification that the numbered receipts are all in order;
- > Offer envelopes to the parishioners for their offerings at various celebrations so that they can write their donor number and the amount offered.

Restrain access to your funds

- > Limit access to the safe and avoid leaving it open and accessible without supervision;
- > Think about making a closed box under lock and key with a slot to deposit the proceeds from a collection. This will allow you to restrict access to the safe;
- > Don't hesitate to change the combinations or keys any time there is a security breach.

Proceed with periodic verifications

- > Proceed, with the council members, with minimal verifications;
- > Never sign a blank cheque for any reason whatsoever;
- > Have your cheques signed by two (2) authorized signatories;
- > Ensure that each collection is deposited in the bank and that the deposit amount corresponds with the official counting document. Furthermore, make sure the deposit was correctly recorded in the accounting ledgers;
- > Also ensure that each donation is deposited in the bank and that the amount of the deposit corresponds with the amounts on the issued receipts. Then make sure that the deposit was correctly recorded in the accounting ledgers;
- > Perform a monthly bank reconciliation (i.e. reconciliation between the amount of money in the bank and the amount in the accounting ledgers).

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