

DUTIES AND RESPONSIBILITIES OF THE LOCAL CHURCH TREASURER

“God takes men as they are, and educates them for His service, if they will yield themselves to Him. The Spirit of God, received into the soul will quicken all its faculties. Under the guidance of the Holy Spirit, the mind that is devoted unreservedly to God develops harmoniously, and is strengthened to comprehend and fulfill the requirements of God.—The Desire of Ages, p.251

1—The Church Treasurer

Attention is directed to the statement in the Church Manual under the captions, “The Church Treasurer” and the “Gospel Finances”. These include the official denominational statements of the responsibilities and duties of the treasurer of the local church, and are the basis for all material appearing hereinafter.

2—Non-Church Funds

It is not advisable for the church treasurer to become involved as the custodian of funds not properly a part of the authorized local church program. In no case should funds not belonging to the church or to church-sponsored organizations, appear on the records of the church treasurer.

Independent Ministries—Donors giving to other than denominational programs (i.e. 3ABN, Quiet Hour, etc.) should be advised to send their donations direct rather than through the church treasury. The reason being the independent ministries are not audited. The church must protect its tax exempt status.

3—Church Bank Account

a) **Name and Authorization**—All funds of the church are to be deposited promptly and kept on deposit in a bank account maintained in the name of the church (not in the name of the treasurer, pastor or elder). Designation of the bank shall be made by action of the church board, and authorization of signatures for withdrawal of funds is also by specific church board action.

b) **Designation of Signatories**—It is customary to authorize the use of either of two or three signatures on the church bank account: that of the church treasurer, and either the pastor, the first elder, or the chairman of the finance committee. It is understood that of the two individuals authorized to sign, only the treasurer will ordinarily sign checks, and the other individual will exercise his right only in case of emergencies, such as the absence of the treasurer, or the transition period between the release of one treasurer and the election of his successor. In no case would any other individual sign checks on the church bank account if the treasurer himself is available and performing his duties.

c) **Change in Signatories**—Signature authorizations are made by individual name, not by designation of position. When any of the authorized signatories leaves his position, or moves away, the church board should take prompt action to withdraw the authorization.

d) **Notification to Bank**—All actions of signature authorization, or withdrawal of authorization, shall be promptly communicated to the bank by the church clerk.

e) **Tax Number**—Most banks require a Tax Identification Number. Either application can be made to IRS for a number for the church or the number the Conference provides can be used. Do not use the treasurer's Social Security number.

4—The Treasurer, A Trustee

It cannot be too strongly emphasized that the church treasurer is acting in a position of sacred trust, both as to the church members whose contributions he receives, and as to the various church organizations for whose benefit these funds are administered. In discharging this responsibility, the following points should be kept in mind:

a) **Non-mingling of Funds**—No funds appearing on the records of the church should be mingled with personal funds of the treasurer, or with other non-church funds.

b) **Conference Funds**—All tithes and all funds for the world mission program, as well as special project funds administered by the local, union, or General Conference, are designated on the church treasurer's books as "Conference funds". Such funds are never to be used for local church needs, but are held in trust by the church treasurer, and are remitted in full to the local Conference treasurer by the 10th of each month. This remittance, together with the report detailing the designation of funds transmitted (see paragraph 10), is to be dispatched to the local Conference office.

c) **Local Church Funds**—This classification includes all funds received for local church expense, building and repair funds, local church missionary and poor funds, Sabbath School expense, and the specific funds of local church organizations such as the Community Services, Adventist Youth, etc. Such funds are disbursed by the church treasurer only on the authorization of the board or committee designated to control them in each case.

d) **Overdrafts**—It is evident that if any particular fund is permitted to become overdrawn, some other designated fund must have been used, without authority, to cover such overdraft. Such a situation constitutes a breach of trust by the church treasurer, in permitting funds in his care to be used for an unauthorized purpose; the conscientious church treasurer will not permit such overdrafts.

5—Payments by Church Members

a) **Envelopes**—All church members are to be urged to place their tithes and offerings in envelopes provided, listing on the outside of the envelope the application to various funds of the amount enclosed. Checks or money orders should be made payable to "_____ Seventh-day Adventist church". Most funds come to the treasurer through the weekly church collection but some members prefer to mail their tithes and offerings to the church or treasurer's home. In any case, if the offering is not enclosed in a tithe envelope, the treasurer should himself prepare an envelope showing the amount received, the application, and the name of the donor. No funds should be taken in custody by the treasurer without an envelope or similar memorandum to support them.

b) **Receipts (Manual System)**

1. **Basic Principles**—While various receipting systems have been authorized to meet the needs of local churches from the smallest to the largest, all are based on the principle that the

- church treasurer writes a receipt for all funds passing into his custody, whatever their source, immediately at the time he receives the money. Depending upon the system used, these receipts are prepared in duplicate, triplicate, or quadruplicate—never less than two copies are produced. One for the donor and a carbon copy for the treasurer’s record.
2. Break in Number Sequence—The system of issuance of blocks of numbered receipts by the Conference treasury to each local church will mean that, when one assignment of receipts to the church has been exhausted and a new block of receipts is issued, the numbers of the new ones will not necessarily immediately follow those of the old. This is not a matter of concern, however, the local church treasurer is responsible to see only that every number within the series assigned to him is properly accounted for.
 3. Separate Receipt for Each Envelope—A separate receipt is written for each tithe or offering envelope received by the church treasurer. (If an individual donor turns in two or more envelopes in one month, they may be combined in one receipt.) When a contribution is received in an envelope bearing no name, the treasurer will write a “No Name” receipt, as explained in paragraph 7. A receipt is also written for loose offerings from church, Sabbath School, or other collections. Thus the total of all receipts written for a given week’s contributions will in all cases agree exactly with the total of all envelopes, and with the total amount of cash deposited in the bank. This point is of prime importance; the treasurer must assure himself, as each week’s contributions are processed, that the three figures are in exact agreement: total envelopes, total of receipts, and total bank deposit.

6—Weekly Church Offerings

a) **Designation of Purpose of Offerings**—It is the usual plan in our churches to assign the offering taken at the church service to a specific purpose. Some of these purposes are designed by the General Conference or the North American Division, as the Annual Sacrifice Offering, the Voice of Prophecy Offering, etc. Others are designated by the local Conference, the monthly Texas Vision being an example. Still, others are decided upon by the local church itself, such as offerings for local Church Budget, for the church Poor Fund, etc. The Church Manual has this to say about such offerings:

“When any offering is taken for world mission work or for general or local enterprise, all money placed in the offering plate, unless otherwise indicated by the donor, shall be counted as part of that particular offering.” Church Manual, p.136

b) **Use of Offerings As Designated**—This is taken to mean that it is not proper, on the day when an offering is to be taken up for one of the designated purposes, for an announcement to be made that “all loose money in the offering plate will be used for church expense”. If the offering is scheduled for the Mission Extension Fund, any money not enclosed in envelopes designating it for some other purpose must be announced and recorded in accordance with the printed offering schedule of the Texas Conference.

7—Joint Custody of Offerings

a) **Loose Offerings**—In various places in these instructions, reference is made to “loose offerings”. This is a term which has come to be widely accepted among us and is understood to mean all those moneys not enclosed in the usual tithe envelopes or special offering envelopes, but taken up as a part of one of the offerings of the church, its organizations, or societies. Thus, money

dropped in the collection plate during church service, or money placed in the Sabbath School offering envelope, or the AY Society offering plate, and not enclosed in a tithe envelope with the donor's name and the purpose of the particular offering indicated, is considered to be a "loose offering".

b) Control of Funds—

1. **Joint Custody for Protection of Individuals—**For the protection of those individuals through whose hands the various loose offerings pass, it is highly important that a procedure be set up which will provide that such offerings be in the joint custody of at least two people at all times until they have been counted by the church treasurer. This process is called, the offering validation, and such form should be signed by at least two people. The procedure outlined below may, if not properly organized and arranged, seem to be cumbersome and inconvenient. It should be emphasized that it is absolutely essential, however, for the protection and proof of faithful stewardship, not only of the church treasurer, but all individuals who, in the course of their duties, have the custody of sacred funds.
2. **Sabbath School Offerings—**The Sabbath School Offerings should be gathered up from the classes and divisions by (usually) the Sabbath School secretary and an assistant. They should together count the offering immediately, and together turn it over to the church treasurer who will verify their count.
3. **Church Service Offering—**Similarly, the loose offering from the church service should be counted immediately by the church treasurer and another designated church officer (usually one of the deacons assigned to receive the offering from the congregation).
4. **Other Loose Offerings—**The same plan, in principle, will be followed in handling other loose offerings—Sabbath School expense, AY Society, special offerings called for from the congregation, and so on. The important point is that all such offerings should at all times be in joint custody of two individuals, until their amount has been determined and the church treasurer's receipt issued.
5. **Delay in Counting Offerings—**In some cases it seems necessary or desirable to delay the counting of the church offering until after the Sabbath. When this is done, the same principle of joint custody can be maintained by holding the offering in a double-lock bag or safe with each of the two custodians having a key to only one of the two locks; or by sealing the bag with the identifying mark of both custodians on the seal; or by placing the offering intact in a bank night depository, with return authorized only to the two custodians jointly.

c) Indicating Each of Offering—When loose offerings reach the church treasurer, he will indicate the account to which they are to be credited, by preparing a form or a memorandum of convenient size to file with the envelopes. He will detail the source of the offering and its amount. This is necessary in order that the total of envelopes may be kept in agreement with the total of receipt.

8—Bank Deposits

a) Safeguarding Cash—The church treasurer will of course process each week's contribution as soon as possible after the close of the Sabbath, usually on Saturday night or Sunday. Envelopes will be opened, amount enclosed compared to the amount indicated on the face of the envelope, and the bank deposit prepared. It is recommended that the church treasurer be provided with an adequate safe in which the money can be held until it is deposited in the bank.

b) **All Funds To Be Deposited**—It is highly inadmissible for the church treasurer to hold any of the church funds in cash in his personal possession. The exact total amount received should be deposited, and funds should be disbursed only by check. The weekly bank deposit should be made promptly; if the contributions are processed on Saturday night or Sunday, the deposit can be made regularly each Monday.

9—Disbursements

a) **Checks**—Inasmuch as all cash is deposited in the bank weekly, it follows that all disbursements of funds will be made by check. In all but the smallest churches, it is advisable that specially printed pre-numbered voucher checks be used. These are the familiar type of business document which provides the check itself and an additional detachable coupon, usually the same size as the check, on which is detailed a full explanation of the disbursement. When such checks are used, they should be prepared with a carbon copy or stub, to be retained by the treasurer and used as a medium of entry to the columnar report (or check disbursement entry) of receipts and disbursements which the treasurer files. The carbon copy or stub should indicate in each case which of the various church funds is to be charged for the disbursement.

b) **Supporting Vouchers**—A voucher or receipted invoice should be secured in support of each check written. The check copies with supporting vouchers are then filed numerically, and must be maintained in readiness for the annual examination by the conference auditor.

10—Monthly Remittance of Conference Funds

a) **Monthly Remittance Date**—As mentioned in paragraph 4, funds received by the treasurer are in two categories: local church funds, representing those amounts administered by the local church board and by various organizations of the local church; and conference funds, which includes all tithe, all offerings for the general mission program of the denomination, and such other special project funds (Conference Educational Fund, Conference Evangelism Fund, etc.) as are administered by the local, union, or General Conference. This second category, Conference Funds, is money held in trust by local church treasurer to be remitted in full to the conference by the Monday following the last Sabbath of the month, except in December. In this case the remittance will be made the first working day after December 31.

b) **Reporting Procedure**—In keeping the books manually, all receipts written by the church treasurer are listed numerically on a columnar ledger form (provided by the Conference) which provides for a distribution of the individual amounts received into various classifications of conference and local funds. The monthly totals of these columns will indicate the amount of conference funds to be remitted. A summary of the totals of the particular conference funds—tithe, Sabbath School, Ingathering, etc.—is prepared on a second printed form, Church Treasurer's Monthly Remittance Report. (The same format is seen in computerized accounting software.) The treasurer writes a check for the total amount, and mails it with a copy of the Remittance Report.

11—Determination of Balance

a) **Conference Funds**—Inasmuch as all Conference funds have been passed on, the amount received and the amount disbursed in this category will agree exactly, and there will be no end-of-month balance to be carried forward.

b) **Local Church Funds**—In the various local church fund accounts, there will have been a beginning balance brought forward from the previous month in each account, an amount representing the total received for each fund. The income amount for the month is added to the balance from the previous month, the amount disbursed is subtracted, and the resulting amount is the remaining fund.

12—Bank Statement

a) **Reconciliation Procedure**—The bank will provide a monthly statement of account, listing all deposits made and all checks paid against the account and showing the final balance on deposit. The cancelled checks or a copy of them, (depending on bank) will be returned with the statement. As some of the checks written in the latter part of the month may not have been presented to the bank for payment, this balance likely will not agree with that revealed by the treasurer's records. In order to adjust this difference, and to determine the accuracy of both the treasurer's and bank's records, it is necessary to make a bank reconciliation. The following steps are necessary:

1. **Comparing Deposits**—Compare deposits recorded by the bank with treasurer's record. Note any deposits not yet credited by the bank. (i.e. If the last Sabbath of the month was on the 29th, the bank may not have received that week's deposit in time to show it on the current statement.) Note interest credits posted under the deposit section.
 2. **Comparing Checks**—Compare the amounts of checks recorded on the bank statement with the cancelled checks themselves. Note the numbers and amounts of checks still outstanding.
 3. **Debited Items**—Make note of any items which appear on the debit section of the bank statement, such as bank service charges, analysis fees, check order fees, returned items from donors that had insufficient funds, returned item fees, interest credits, etc.
- b) **Reconciliation Form or Log**—With this information now at hand, it is possible to prepare the bank reconciliation. The form below may be used for manual book keeping. If using a computer program, enter any debited items such as bank charges that appear on the statement and post the voucher. Then go to the Bank Reconciliation section and enter the ending balance that appears on that months statement, go to deposits and cross out all deposits credited, all checks paid, and any other items debited you posted previously. Your balance should come out to 0.00.

Manual Bank Reconciliation

Church _____ Month _____ Year _____

Date _____

Bank Statement (Ending Balance) _____

Add Deposits
(Any for this month not on statement) _____

Total _____

Add Checks
(Any of the next months on statement) # _____

Total _____

Subtract Deposits
(Any of next months on statement) _____

Total _____

Subtract Outstanding Checks
(Any number missing up to last one posted for month)

| | |
|---------|---------|
| # _____ | # _____ |
| # _____ | # _____ |
| # _____ | # _____ |
| # _____ | # _____ |

Total _____

Adjusted Bank Balance _____

Ledger Balance (Church Record Book at end of month) _____

Subtract (Any bank charges not deducted on book) _____

Adjusted Ledger Balance _____
(Should be the same as adjusted bank balance)

Total _____

13—Monthly Financial Report

a) **Content and Distribution**—It is important that the treasurer produce a monthly report to his local church of all funds received and disbursed. This report should be ready for presentation at the first church board meeting each month. It is well to provide a copy for each member of the board; if that is not possible, copies should be provided at least the pastor, the first elder, and the church clerk (and the treasurer will of course retain a copy in his files.) The monthly report should be accepted by vote of the church board, and the clerk's minutes should so indicate.

b) **Presentation at Church Business Meetings**—The treasurer should also be asked to read the latest financial report at the regular church business meetings.

14—Budget

a) **Responsibility for Formulation of Budget**—The responsibility for the formulation of the annual budget of the church, as provided in the Church Manual, rests with the church board. Actually, the treasurer is expected to provide information based upon prior year comparisons, which will enable the board (or the Finance or Budget Committee) to prepare the budget. Proper preparation of monthly financial reports will make this task an easy one. Financial report should include a comparison of actual disbursements with the budget.

b) **Authorization of Disbursements**—Normally the treasurer will be authorized by the church board to care for normal recurring operating expenses without specific authorization—such items as monthly utility bills, monthly salary of custodian, etc. Any purchase of equipment, major repairs, or other non-routine expenses, should be specifically authorized by the church board.

15—Denominational Insurance

a) **Church Treasurer's Responsibility**—The church treasurer is in a strategic position to help the Conference Treasurer carry out his duties in seeing that the church properties are properly insured.

b) **Properties To Be Insured**—Insurance is an important denominational asset, for without it we have no assurance that the denomination will be properly reimbursed if and when our church properties are destroyed. It is important that all properties, such as the church building, the parsonage, and the church school buildings, are kept adequately covered by insurance. The Conference Treasurer is always ready to give advice on insurance matters, and secure policies through our own General Conference Insurance Service. Fire and Extended Coverage, in the proper amount, is of primary importance. Other types of insurance include public liability, theft, and accident insurance for voluntary workers. All policies should be written in the name of the conference legal association holding title to the church property.

16—Auditors in the Local Conference

“The Auditing system of the Seventh-day Adventist denomination comprises a systematic check of all financial records from the local church to the General Conference. The general plan places the responsibility for auditing church treasurer's accounts on the local conference treasurer; local conference and institutional records on the union conference auditor; union conference or division institutional accounts on the division auditor. The division treasurer's accounts are checked by the general conference auditors. It is the purpose that the accounts of all organizations be audited annually...” *Working Policy, pg.253*

“It is the duty of the local conference treasurer to audit the books of the local church at least once each year.”

“The conference treasurer is required to report to the conference committee at the time of the annual audit regarding this feature of his work, indicating whether or not each church has been audited during the year.”

“In years gone by, there existed a negative attitude toward the work of the auditor, not only in denominational circles but in the business world in general. Slowly, this attitude has changed; today it is generally understood that the auditor is not primarily interested in discovering and reporting irregularities, malfeasance, or dishonesty, but on the contrary is concerned with authenticating the work and the reports of those charged with financial responsibility and of giving them clearance before the church and the world for the faithful performance of their duties.”

“Thus the result of the annual audit of the records of a local church, elementary school, or intermediate school should result in a three-fold assurance; to the custodian of the funds, that his stewardship has been well and faithfully discharged; to his congregation or constituency, that the funds they have paid in, have been administered in accordance with their wishes; and to the conference organization, that the funds held in trust by the treasurer have been passed on or disbursed in accordance with denominational policy.”

“The work of the local conference auditor, when view in this light, is in every respect a constructive work. His task is not to dispute, but to confirm. The proper implementation of the auditing function on the local church level will result, as nothing else can quite the same way, in strengthening the confidence of the members in the whole financial program of the Seventh-day Adventist Church, and in encouraging their faithfulness in the payment of tithes, and their liberality in free-will offerings.” *Auditor’s Manual, paragraph 100:71.*