

## 10 Tips for “Keeping the Books” at Church

*“I have volunteered to do the financial books for my church. Could you maybe address some tips or suggestions on the best way to do this?”*

First of all, God bless you – that’s a ministry unto itself! There will be challenges, but it’s a very necessary function that I’m certain your church appreciates you stepping up to handle.



There are certain aspects of ‘keeping the books’ that are common to any entity, and others that are unique to churches. From an [accounting](#) and [bookkeeping](#) standpoint, churches are in a category all their own.

How involved the work will be will depend largely on the size of the church and the degree of order the books have been kept in up to this point. Since bookkeeping is a certified ‘back office’ function in a church, their books and records aren’t usually the most orderly. I don’t know that this is the case at the church in question, but it’s best to be prepared for this possibility.

### ***1. Take a close look at how things have been done so far.***

The first order of business will be to observe and study how they have handled the books in the past. Ideally, what you want to do is to establish a continuation of the existing system. There will be time to make changes later.

If the church’s books are in poor condition, or if there are significant cash flows that are not being properly accounted for, you may have to improvise the existing system a bit. But otherwise, try to avoid any radical changes.

## ***2. Interview current and former staff members.***

You should interview anyone who is been connected with keeping the books at the church. If that person is still on staff, that will be a plus – they can help you to learn the system. But if that person has left, see if you can contact them and try to arrange a meeting or two to actually go over the books together.

## ***3. Determine who the decision makers are.***

Every organization – including churches – have a chain of command. One of the first orders of business will be to determine who the decision-makers are when it comes to all things financial.

In a small church, that might be the pastor or even the pastor's wife. In a larger church, that function may be handled by a minister, a manager, or even a combination of several people in the organization. What you want to do is to determine who you will be answering to with the bookkeeping, as well as who you can go to whenever you need input or questions answered. Make good friends with that person!

## ***4. Initially, stay with the system that is already in place.***

Whenever you pick up a set of books, it's always best to begin by using the existing system. Even if there are aspects of it that you do not understand or necessarily agree with, they may have been put in place because the church is trying to deal with a complication.

Before making any changes, you should first be sure that you fully understand the complexities of the church's books. You may find you have a better way to handle the situation, or you may determine that there is no alternative to the way it's been done in the past.

## ***5. Ask if there are any salaried employees.***

Employees can be a complication when you're handling bookkeeping for a church. It's actually an independent function, but it is often assigned to the person in charge of bookkeeping. A small church may not have any employees at all, but a large one can have many.

You are doing the bookkeeping on a voluntary basis, and if they have handled payroll manually in the past, you might want to try and implement an automated payroll system (ADP, Paychex and Intuit Online Payroll are some possible providers). They are precise and inexpensive, and can free up a lot of time particularly when it comes to quarterly and year-end payroll tax filing. In addition,

since payroll and payroll taxes involve complications all their own, ***it is a function best not handled by volunteer.***

## ***6. Start by performing the bank reconciliation.***

When you get familiar with the church's bookkeeping system, your first mechanical order of business should be performing a bank reconciliation on the most recent bank statement. Hopefully, this has been done consistently in the past but if not, it's best to start immediately. After that, plan on doing it monthly.

One of the biggest advantages of doing the bank reconciliation is that you will have at least one fixed number in the church's finances. This can be the starting point of creating order in the rest of the process. In addition, performing a bank reconciliation is an important control function that helps you to monitor the church's cash position.

Performing the bank reconciliation is a basic accounting function, but I'm emphasizing it here because church finances run the gamut. There's a very good possibility that it has not been done in the past. If not, you will be helping your own cause by adding the process now.

## ***7. Track revenue and expenses.***

Since churches are "nonprofit organizations," and usually staffed heavily by volunteers, tracking revenues and expenses can be more involved than it is in other organizations. You'll need to identify the sources of revenue (usually mostly contributions) as well as the flow of the money from the collection plate to the bank account. You probably will not be in charge of collections, but you will need a reliable accounting of how much is coming in.

On the expense side, if you are not the person who will be handling payments, you'll need to find out who is, and what the typical methods of payment are. Usually, expenses are run through a checkbook, but they may occasionally be made by credit card. It is even possible that some expenses will be paid in cash, and you'll need some method of accounting for these.

## ***8. Perform a monthly income and expense summary.***

Churches are not in the business of making a profit, but they do need to be solvent. The best way to track this is by performing a monthly income and expense summary. You'll want to match expenses against revenues, and determine if the church is operating in either a surplus or a deficit. Either situation should be reported to your superiors on a regular basis.

## ***9. Discuss any important issues with the decision makers.***

If you're turning up any significant issues, such as recurring monthly deficits, you'll need to discuss these with the decision-makers at the church, which will include the pastor. You should also discuss any changes that you think should be implemented and make sure the you get proper approval before proceeding.

## ***10. Develop a relationship with a CPA who specializes in churches.***

Church accounting is a discipline all its own, and there are some CPAs who do specialize here. It is possible that the church has a CPA who they work with, and if they do, that person should be a regular contact in your work at the church. If they don't have a CPA, you may want to try to develop an informal relationship with one who is a member of the church, or one who you know socially who might help you in a pinch. If nothing else, this will give you confidence to do the job better.

**One more recommendation:** Never disclose the details of your church's finances to the general public or even to non-authorized church members. Even though you are a volunteer, you are in a position of trust, and financial information should be considered absolutely confidential at all times.

This is not a soup-to-nuts job description for keeping the books for a church, but it should be enough for you to get in there and at least get started. Once you learn the "lay of the land," you will begin to understand the flow and how things work at the church. God bless as you as you enter this ministry!

Source: [christianpf.com](http://christianpf.com)