

## Dealing with Misappropriation of Funds

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Misappropriation of funds is a sticky thing that can unnerve a congregation the most and undercut years of trust. How do we deal with it to minimize the damage?

What do you do if, for example, you suspect someone is misusing church funds? What if someone may be keeping part of the offering or shifting funds from a church account to a personal account? In the rare instances when this has happened to us, this is our approach:



First, with the board's approval, I have the church books audited. If an annual audit has already been performed but has failed to check the suspected problem, we will create a system that will check it. If we think a staff member is using petty cash for personal expenses, for example, we might begin insisting that receipts be kept for even small purchases.

In such a case, I go to the suspected person and remind him of the trust he holds in handling the church's money. I suggest such a position requires there be not the least suggestion that funds are being mismanaged. To affirm publicly his integrity and that of the church, I tell him we will be starting this new policy. All along I ask him if he too doesn't think this a good procedure to protect everyone concerned.

When I have had to do this, the person usually goes along with me up to this point. But some will balk when I suggest specific procedures and dates to get the system working. However, I find if I work through the principles first, they are less likely to become defensive. If they do get defensive or evasive, this opens the way to a frank discussion of the alleged problems. Even then, to begin with principles directs their anger away from me. I'm not confronting them; the principles are.

Let's say, however, that through the special or regular audit we discover, in fact, that money has been mishandled. In that case, I call a board member in whom I have great confidence. I explain what I have discovered, and together we make an appointment with the guilty party.

When we all get together, I say to the guilty party, "Our last audit showed some problems. For example, can you explain this?" By this time the person is feeling the pressure. When it's obvious to everyone that the person is guilty, I'll approach him pastorally and say, "I don't know why you did this. Maybe you're having a problem, and you thought this was the way out. Want to tell us about it?" As pastor, one of my jobs is to point the person toward help.

At the same time, I am still the church's administrator. So I have to be firm and tell him what he already knows: that he no longer can hold his job. I ask the person for the church books and freeze any appropriate accounts. We also discuss with the person how he is going to behave in the future and whether or not restitution will be made. If the person is repentant, he will seek ways to compensate the church. If not, often there's nothing we can do but let him go. It is our policy not to prosecute in such a case. That seems to us to be the clear teaching of the Bible. We don't take a brother to court, because we are to handle these things in the household of God.

So, I respond to misappropriation both as the person's pastor and the church's administrator. I try to redeem the person and care for the institution.

Some may wonder if that combination is possible, or if two different people should perform these two different functions. I say it's vital that I do both. It's a situation in which I can model Christ's love—a love that cares enough to hold people accountable and that shows concern for another's situation. Furthermore, I demonstrate what I've been preaching for years: how such love is to be practiced in the marketplace.

One of the best things I can do for the repentant person is to call him some time later and ask him to do something for me. I, as the one who has confronted him, can show him that I also forgive him and want to start over with him. When I've done that, it's amazing the way people come back to life. When I terminate people, they naturally think I am angry with them. When I offer them a responsibility later, they discover I'm not, and they can hardly believe it. It helps them see the power of the gospel at work. And some of these people have returned to work with me in special capacities.

You can see that from beginning to end I am concerned about trust. Yes, there are many techniques and practices that every church can employ to insure efficient and proper use of funds. But in most cases they also happen to be techniques that engender trust. And that is why they encourage good stewardship and nurture a financially healthy church.