Internal Controls for Nonprofits

Donors and grantors trust you with their money. These controls help churches and nonprofits protect that trust, even with a small staff and volunteer team.

GIVING AND RECEIPTS

	YES	PARTLY	NO	N/A
Offerings and cash gifts are counted by two unrelated people and the count is signed.	☐	☐	☐	☐
Deposits are made promptly and compared to the count sheet by someone else.	☐	☐	☐	☐
Donor acknowledgments are sent for gifts as required by IRS rules.	☐	☐	☐	☐
Restricted gifts are recorded separately and spent only as restricted.	☐	☐	☐	☐

SPENDING

	YES	PARTLY	NO	N/A
Every payment has an approved invoice; no one approves their own reimbursement.	☐	☐	☐	☐
Checks and electronic payments need two people: one to prepare, one to approve.	☐	☐	☐	☐
Benevolence or assistance funds have written criteria and two approvers.	☐	☐	☐	☐
Credit cards have limits and are reviewed monthly with receipts.	☐	☐	☐	☐

PAYROLL AND PEOPLE

	YES	PARTLY	NO	N/A
Pay rate changes and new hires are approved in writing.	☐	☐	☐	☐
Someone outside payroll compares the payroll register to the staff list.	☐	☐	☐	☐

BOARD OVERSIGHT

	YES	PARTLY	NO	N/A
A board member who can't sign checks reviews bank statements each month.	☐	☐	☐	☐
The board or finance committee receives financial reports at least quarterly.	☐	☐	☐	☐
Form 990 (if required) is reviewed by the board before filing.	☐	☐	☐	☐

RED FLAGS TO WATCH

- One volunteer counts and deposits
- Treasurer serving many years with no review
- Reimbursements without receipts
- Restricted funds used to cover payroll

BEST PRACTICES

- Rotate counters and treasurer duties
- Reconcile giving records to deposits monthly
- Get an outside review when leaders change

Need a hand putting this into action?

IAG's Protecting the Mission program is built for churches and faith-based organizations.

Talk with an advisor: integrityadvisorygroup.org/contact

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