

# Internal Controls Over Cash Receipts

## **Best Internal Cash Controls**

Best internal controls limit the amount of hands that touch the cash. Cash is always counted by two individuals. After cash is counted it should always be placed in a tamper evident bag with the deposit slip and sealed. If possible it should be deposited into the night drop, if not it should be secured in a safe overnight. Startup cash should not be locked in a drawer, it should be placed in a safe (which is bolted to the floor) each night. If startup cash is kept for long periods of time, two individuals from the parish office staff should randomly count the startup cash to determine it agrees with the amount stated on the balance sheet.

## **Concessions:**

1. The startup cash should be listed on the balance sheet and kept in a safe if not deposited.
2. A cash register should be used to record sales. At the end of each event the cash register total sales tape should be balanced to the cash less the startup cash.
3. A form should be filled out by the concession stand workers saying how much cash they are turning in, who counted and who rechecked the total cash. The form should be signed by both individuals counting the cash. This form should be attached to the cash register tape. A deposit ticket should be filled out for the amount of the cash, with the individual who verified the cash initialing the deposit ticket. One part of the deposit ticket should be attached to the form and cash register tape.
4. Cash should always be counted by two or more nonrelated individuals.
5. All funds should be placed in a tamper evident sealed bag with one part of the deposit ticket.
6. The funds should be deposited in night deposit or next day by parish office. If the tamper evident bag with the deposit is not deposited after the event, the bag should be secured overnight in a safe. The parish office staff should not be counting the cash or have access to the funds. The parish office staff can take the sealed bag to the bank.
7. The form, cash register tape, and one part of the deposit ticket should then be attached to the deposit form sent to the Parish Office.
8. The concession inventory should be checked against what was sold to see if income matches sales. This should be done each night, or at a minimum once a week. No one should receive discounted or free concessions.

## **Gate Fees:**

1. The startup cash should be listed on the balance sheet and kept in a safe if not deposited.

2. Tickets should be given to each person entering event when they pay the entrance fee. Different color tickets can be used for different entrance fees.
3. The entrance fees received should be checked to determine that they are in agreement with the number of admissions tickets sold. The beginning and ending numbers on the tickets should be documented on a form along with the cash collected.
4. Same as above concessions numbers 3-7.

### **Parish Office Cash**

When cash is accepted at the parish/school office the following are good internal controls to set into place to help make sure cash is being deposited.

- Always give a receipt to the individual paying cash. The receipt should have who paid the cash, the amount, the date, what the payment is for and who accepted the cash.
- The person accepting the cash at the office should log the cash into the cash log, noting the date they accepted the cash, the amount, the purpose and their initials. The cash receipt copy should be attached to the log. If the cash is given to someone else to prepare the deposit the person accepting the cash should sign the log.
- The cash log should periodically be reconciled to the bank deposit receipts to determine all the cash received at the parish/school is being deposited.
- The Mass Stipends books should be reconciled to PDS Ledger Mass Stipend income account to determine they are in agreement.

### **Cash Payments**

We have seen and had a few calls concerning cash payments made to athletic referees, gate workers and concession stand workers.

- No one should be paid with cash from gate, concession funds or other cash.
- All workers and referees (that aren't volunteers) should be paid by check from the general checking account or from an imprest account.
- A W-9 should be obtained prior to payment for each individual.
- A 1099 must be issued for any payments \$600 or greater to one individual.

If your parish is not following this, we ask you start immediately.

This is an Archdiocese policy and can be found in the Disbursement policy on page 23 of the Manual. The first line states: Normally, all expenditures should be paid by check. Only in extreme circumstances should cash be used to pay bills and documentation for such expenditures is a **must**.

## **Importance of Tamper Evident Bags**

Uncounted money equals high risk. To help control that risk, the Archdiocese of Louisville Policies and Procedures recommends the use of tamper evident bags for collections, fundraisers, concessions, athletic gates fees, and any other cash receipts. The loss of uncounted money is not covered under insurance.

Why use Tamper Evident Bags? Tamper evident bags should be used for the prudent management of donations to the parish/school and for the protection of all the individuals involved in the process.

Five steps to follow:

1. Preparation for bag use. A bag control log should be created for each weekend or event with the bag number, time of Mass or event, space for the two ushers/individuals to sign and date, space for the counters to sign and date, and a place to note if bag was tampered with. A copy should be kept in the parish office and one placed with the bags in church or at the event.
2. Collection process. The ushers who will be placing the collection in the bag should sign and date the bag and log. The collection should be placed and sealed in the tamper evident bag in full view of all the parishioners by two ushers during Mass. The tamper evident bag should then be placed in the basket and taken to altar during Mass. The receipt should be placed with the log. After Mass two ushers or the pastor and another individual should place the bag in the safe. If the collection is counted after Mass, two counters should take the bag to the secure counting room. This process should be completed for each Mass. The log should be placed in an envelope with the receipt after the last Mass and placed in the safe. For events, if the funds are not immediately counted, two individuals should place the funds in the bag and secure the bag in the safe with the log.
3. Counting. Two individuals should retrieve the bags from the safe and take them directly to the counters. The counters (two or more individuals) should receive the log. The log should be signed and dated by the counters opening the bag and checked for tampering. The number on the bag should be checked against the number listed on the log. The pastor and finance committee should be notified immediately of any discrepancies. The collection policy and procedure should be followed. Note: Counters should be rotated on a regular basis.
4. Deposit. After the counters complete the count, the collection or event funds should be placed into another tamper evident bag along with the initialed deposit ticket and sealed. A copy of the initialed deposit ticket should be attached to the count sheet along with the bag control log. The count sheet, copy of deposit ticket, log, and receipts should be given to the bookkeeper. If event funds were counted but not deposited, the bags should not be opened. They should be taken to the bank.
5. Monitoring. An individual from the parish office staff should check the log each week. The finance committee or audit committee should routinely check the process to determine all internal controls are being following and all individuals involved in the process are being protected.

The Archdiocese of Miami has a excellent video and guidelines to help prevent discrepancies and loss of uncounted money. The video is about 8 minutes long and worth the time to view. [http://www.miamiarch.org/ip.asp?op=Tamper\\_Evident\\_Bags](http://www.miamiarch.org/ip.asp?op=Tamper_Evident_Bags)