

DUE DILIGENCE TO PREVENT MISUSE OF FUNDS

Every organization is concerned about the possibility that at some time, someone may misappropriate its funds. As a volunteer organization, you are not structured with permanent full-time employees, who have structured accountability. So what do you do to insure that no one abuses a position of fiscal responsibility? We have come up with a simple checklist that you might want to use. The purpose of the checklist is to segregate financial transaction responsibilities as much as possible.

1. Have an officer other than the check writer review and approve invoices for payment or have these approved formally by the Board of Directors.
2. Require two signatures on checks, at least for checks over a predetermined minimum amount.
3. Do not use signature stamps.
4. Minimize the practice of pre-signing checks.
5. Have bank statements with cancelled checks mailed to an officer other than the check writer or the person making deposits.
6. Have the bank reconciliation performed by someone other than the check writer.
7. Have deposit tickets prepared by handled by someone other than the person receiving the funds.
8. Minimize cash payments
9. Provide a receipt (pre-numbered) to donors giving cash donations of more than a defined minimum amount.
10. Establish a purchase order system and subject it to the same approval process as the approval of invoices for payment.
11. Establish safeguards and accountability on fund raising and small games of chance (SGOC) activities.
 - o Create activity reconciliation spreadsheet forms and require their completion.
 - o Use vendor provided net income information to reconcile sales
 - o Rotate SGOC machine fillers and/or collectors of cash
12. Appoint an audit committee to review information and report to the Board of Directors.
13. Get Computerized to produce financial statements with comparisons to the prior year and possibly budgets.

If this checklist seems somewhat complicated, remember that we can help you implement these procedures!

Did you Know?

Having a hard time getting volunteers to work Bingo games? Bingo is subject to a special exemption which allows you to compensate bingo workers. Just don't extend this compensation to persons selling small games of chance tickets, like lottery, raffle, or door prize tickets.

Using the correct sales tax exemption on number on those sales tax exemption certificates? Remember, items purchased for fund raising activities and small games of chance are exempt from sales tax.

Review relationships with casual laborers providing services to the organization. For payments of \$600 or more you must provide forms 1099 to the recipients by January 31, 1999.

Have you solicited at or exceeding \$75 that are in part payment for goods or services and in part a contribution? Your fund raising literature or information must state the estimated value of the goods or services, so that the benefactor can claim the difference as a charitable contribution.