

Parish Review and Advisory Services Update

March 2010

Contact Information

Mac Bryant,
Internal Audit
Director, 303-715-3174

Parish Reviews Focus on:

Compliance with the Pastoral Handbook

Cash Receipt Controls (offertory, tuition, and other)

Cash Disbursement Controls (expense review and approval procedures, account signers, check supply)

Accounting Controls (reconciliations, recording transactions, financial statement completeness and accuracy)

Controls over Fundraising Activities

Payroll & Taxes

Personnel Files

Finance Committee Meeting Minutes

In this newsletter to the Pastors of the Archdiocese of Denver, the Office of Parish Review and Advisory Services (PRAS) offers advice on how to reduce overall financial and administrative risk to your parish in regards to Fundraising Events. We strongly recommend that the Pastor distribute this newsletter to the business managers and fundraising coordinator(s).

Risks at Fundraising Events

Fundraising events (bazaars, carnivals, dinners, auctions, etc.) are vital to many parishes. Above and beyond the administrative burdens associated with planning, organizing, and executing these events, there are often "hidden" risks involved that, if not addressed, have serious consequences to the parish including its community, employees, and even the Pastor.

Unfortunately, due to a lack of proper internal control procedures, several parishes within the territory of the Archdiocese of Denver have experienced significant issues. These unfortunate incidents could have all been prevented, detected, or the chances of occurrence significantly reduced, had these parishes followed some specific procedures. Therefore, we recommend the implementation of the following procedures for your parish fundraising events, to minimize your risk of loss.

Recommendations

- Ensure that the Parish Finance Council and fundraising committee, if different, understand that all activities must comply with the laws of the State of Colorado. Specifically, charitable events are not exempt from state gambling laws. Please see the following internet link for further detail: http://www.aarpelderwatch.org/public/alerts/illegal_gambling.html
- There are detailed regulations that apply to any bingo or raffle activities. Please see the following link: http://www.sos.state.co.us/pubs/bingo_raffles/
- The Parish should document procedures to be used at the fundraiser and, in particular, those to be used for the handling of cash (hereafter "cash" includes checks). The Finance Council should review these procedures for adequacy.
- It is recommended that at least one member of the fundraising committee serve as a liaison to the Finance Council to ensure that the Finance Council is fully informed of the progress, challenges, and results of the event. The Finance Council should review the financial reports related to the event showing revenues, expenses, and net income.
- Procedures should be in place to ensure that start-up funds or "seed" money for events is tracked and returned to the Parish. Checks should not be written to cash, rather the checks should be made payable to an individual as custodian for the event, cashed by this individual, utilized at the event, and then separately accounted for so that a review of supporting documentation shows that 100% of the startup funds were re-deposited into a parish account.
- For parish bazaars, carnivals, and similar events, we strongly recommend that a parish utilize tickets rather than accepting cash at any number of booths at the event. Fundraisers that accept cash at any booth versus those which exchange cash for tickets at 1-3 controlled booths assume a higher risk of loss of funds.
- Tickets may be sold at the parish prior to the event or at the event. Nevertheless, sold, unsold, and returned tickets should be tracked. The retention of certain tickets, including those of winning tickets for raffles, are mandated by law. While a ticket for a fundraising event can vary in appearance and content, tickets for raffles must contain certain information required by law.

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- Generally, it is not a good idea to cash personal checks at these events.
- Two unrelated individuals should be present with the cash at all times—collection, counting, and deposit.
- The parish should take measures to ensure that persons involved in cash handling do not have the ability to easily remove cash from cash handling areas. For example, persons should not be permitted to bring large purses, backpacks and tote bags into the count room or cash handling area.
- Cash from fundraising events should be immediately secured following the event into tamper-evident bags, which, as soon as possible, should be placed into a drop safe. Cash should never be taken to a volunteer's home or another location where one individual may be alone with the cash.
- The supply of tamper-evident collection bags should be controlled, distributed and tracked by an individual who is not involved with the cash collection process or has access to the safe containing the cash and checks.
- A count team of at least 3 unrelated individuals should be responsible for counting the funds. The procedures followed by the count team should generally be the same as the internal control procedures utilized for the offertory count and deposit processes, as described in the September 2006 Parish Management Bulletin and the Offertory Guidelines both located on the website at <http://www.archden.org/index.cfm/ID/150/Parish-Resource-Information/>
- The fundraising event coordinators should develop and maintain lists of event participants, amounts of cash received from specific participants, lists of fundraising expenses supported by invoices and receipts, registration forms, etc., as well as all other pertinent records related to the events.
- All lists, records, receipts, licenses, etc. pertinent to the event should be kept at the Parish Office.
- The Parish business manager should reconcile receipts and records from the fundraising event to the deposits per the bank statements. Generally, this will include reconciling the number of tickets sold to the deposit at the bank, agreeing the deposit amounts from the count sheets, deposit slips, and deposit per the bank statement. If there are material amounts that cannot be reconciled, we recommend the matter be discussed immediately with the Pastor. The longer material unreconciled differences remain unresolved, generally, the greater the loss to the parish. Therefore, we encourage you to contact PRAS for assistance as soon as possible.
- All contracts, solicitations, and thank you letters should be signed by the Pastor.
- Tax contribution letters should comply with IRS regulations, in that any benefit received by the donor must be deducted from the total contribution to arrive at the tax deductible portion.
- Generally, parishes must obtain certificates of insurance from any service providers at fundraising events evidencing that they have at least \$1,000,000 in general liability coverage naming both the parish and the Archdiocese of Denver as additional insured. If there are questions, please contact the Risk Management Office, Archdiocese of Denver Management Corporation.

For any questions, please do not hesitate to contact Mac Bryant.