110 Fundraiser Controls

110 FUNDRAISER CONTROLS

Regardless of whether a fundraiser is held by a parish, school, or related organization, the following controls should be implemented.

110.1 General Control Procedures:

The same internal control procedures that are applicable to general parish/school operations apply to operation of a fundraiser.

Procedures:

A) Parishes and schools should consider creating a special events committee to oversee fundraisers. This committee should report to the pastor and principal on a routine basis.

B) Written policies/procedures should be provided to every volunteer/worker to explain the operations of the fundraiser.

C) To avoid conflicts of interest, individual employees/volunteers are not permitted to receive incentives from fundraiser vendors. Donations are acceptable from such vendors provided they benefit the parish or school as a whole, not certain individuals.

D) All financial records must be kept on parish or school premises.

E) From receipt to deposit, all monies, whether cash or checks, should be handled by two people. No one person should ever be left alone with funds collected. All funds should be deposited on at least a weekly basis. Except when making a deposit, fundraising monies must never be taken off-site or home by anyone. Funds collected must be placed in a tamper-evident bag and stored in the parish/school safe until deposit. Counting of funds should

never occur at someone's home. Drop safes should be considered to allow money to be placed into a safe, without the person having knowledge of the combination.

F) All funds received should be recorded according to their source and supported by accompanying documentation. Supporting documentation may vary by type of event and may include, for example, a log of ticket sales or a summary of amounts paid for individually identified auction items.

G) Documentation from fundraising events shall be retained in accordance with the Archdiocesan record retention policy.

H) Raffles, bingo, and other "gaming" events may be subject to Maryland laws regulating gaming and may require obtaining a permit from the local county or city government. For more information regarding county regulations for various fundraisers, parishes and schools should contact Archdiocesan Legal Counsel. See also Maryland annotated code, http://www.lawlib.state.md.us, Maryland Code – Criminal Law Article, titles 12 & 13.

110.2 Ticket Sales:

Tickets should be used for all cash events. The number of tickets sold should then be reconciled to the amount of cash received. Any tickets, etc. distributed without receiving payment must be carefully tracked to ensure money is received before the event.

110.3 Startup Cash:

Start-up cash should not be treated as an expense, but rather a receivable. Income and expenses should be recorded gross.

110.4 Specific Procedures for Auctions/Raffles:

The following procedures should be followed for any auction/raffle, in addition to the general control, cash receipt, and expense procedures for

fundraisers.

Procedure:

A) If tickets are used, the tickets should be inventoried according to the serial numbers on the tickets. The number of tickets sold should match the money collected.

B) Raffle winners that receive at least $600, but not more than $5,000, must complete a Form W-2G, if the prize is at least 300 times the amount of the wager, not reduced by the wager. (Example: If a raffle winner wins $4,000 and bought a $5 ticket, 300 x $5= $1,500, therefore, the winner should be issued a Form W-2G, since he/she won over $1,500. The winner must furnish the game operator proper identification, and their name, social security number, and address. If the winner does not provide this information, then the game operator must withhold tax at the rate of 31%.) A single prize, less the wager, exceeding $5,000 requires the completion of Form W-2G and regular gambling withholding of 28% of the net winnings as required by the IRS. A copy of the Form W-2G is available here.

C) Items made available for auction should be listed and identified individually so that they may be tracked to the winner.

D) Supporting documentation of the winning bidder shall be maintained for each auction item, including the name, address, and amount of the bid of the winning bidder.

E) Specific rules for silent auctions must be provided, including the opening and closing time of the auction, the minimum bid, etc. and strictly adhered to.

F) Payments for auction items should be received immediately and before the conclusion of the auction. In no event should an item be given to a bidder before the funds are received.

G) Winning raffle numbers must not be based on the Maryland lottery.

110.5 Specific Procedures for Bingo:

The following procedures should be followed for bingo games, in addition to the general control, cash receipt, and expense procedures for fundraisers.

Procedure:

A) Paper bingo cards and other game cards (tear offs) should be adequately secured and properly inventoried. The inventory form should also reflect the start-up cash for the bingo. A sample inventory form is available here.

B) Income and expense should be tracked gross- not net of each other.

C) No expenses of bingo to vendors should be paid in cash, except to the winners.

D) A “winning sheet” listing the games, winners, and amount of winnings should be maintained. A sample winnings sheet is available here. A blank winnings sheet reflecting the amount at stake in each game should be handed out to the bingo players at the beginning of the night. Players should understand the amount the winners will receive receiving at the start of the game. When winners are paid, they should initial the winnings sheet. The winnings should be clearly announced to winners for all games, including if a pot is split.

F) All funds should be deposited immediately and intact either at the bank or in the safe and should not be removed from parish/school grounds. A reconciliation should be done at the end of the night to verify income received. The reconciliation should include income received from kitchen sales. A sample reconciliation form is available here.

G) A final count of income earned and paid out for the various games played at bingo should be done and verified by two people. A sample final count form is available here. The outcome of each game should be tracked via a “Report of Games Played, Lost, or Destroyed.” Sample reports are available here.

H) An IRS Form W-2G must be issued to anyone paid $1,200 or more in bingo winnings, not reduced by the wager. A copy of the Form W-2G is available here.

110.6 Specific Procedures for Runs/Walks:

The following procedures should be followed for runs/walks, in addition to the general control, cash receipt, and expense procedures for fundraisers.

Procedures:

A) Participants must sign a waiver and release of liability that has been approved by the Division of Risk Management.

B) If a participant sponsorship system is used, participants should be provided with a detailed form explaining the sponsorship process and that allows them to track sponsors.

C) Checks should be submitted for all sponsorships. No cash should be turned in by participants for sponsorships. If a participant receives cash from a sponsor, the participant should cut a check for the amount to the parish/school.

D) The parish/school should provide each participant a certificate that verifies participation and the funds donated by the participant's sponsors. Participants should also be provided with a thank you letter to each sponsor, stating the amount donated.

E) A daily income receipt log should be kept and verified against the bank deposit slip.

110.7 Specific Procedures for Carnivals/Fairs:

The following procedures shall be followed for carnivals/fairs, in addition to the general control, cash receipt, and expense procedures for fundraisers.

Procedures:

A) Segregation of duties is essential for carnival/fair operations. For instance, the same person should not be responsible for tracking income and paying expenses.

B) Income should be tracked per event, per day and all ticket and food sales should be reconciled to the cash received (for all tickets, rides, games, and food sales).

C) Counting should occur at the close of each day and two people should always count income. Income should be deposited immediately, or placed in a tamper evident bag and put in the parish/school drop-safe until a deposit is made. Count logs should be forwarded to the parish/school bookkeeper for comparison to the validated deposit slip once returned from the bank and for entry in the accounting system.

D) All checks should be made out to the parish/school. Checks should not be made out to individuals.

E) Written rules and guidelines for carnival operation should be given to all volunteers.

F) A carnival budget should be created in advance to avoid losses.

G) No expenses to vendors/workers should be paid out of cash generated at the carnival. All payments should be made by check request with supporting documentation attached to the request. All transactions should be properly recorded gross. Payments to workers may require issuance of tax forms.

110.8 Specific Procedures for Scrip Sales:

Specific, detailed procedures have been developed for Scrip sales. These procedures, available here, should be followed in addition to the general control, cash receipt, and expense procedures for fundraisers.

110.9 Compliance with Local Gaming and Alcohol Laws,

Permitting, and Insurance:

The parish or school must comply with all local gaming and alcohol laws in holding a fundraising event and must obtain any necessary permits and insurance in accordance with the Office of Risk Management.

110.10 Staffing by Volunteers:

Fundraising events should be staffed by volunteers (not employees). Volunteers may not receive financial benefits in exchange for their efforts. For example, organizations should not offer a cash prize to the person selling the most tickets, or a tuition credit or
discount if a student's parents help with a raffle.