

Guidelines for Cash Internal Control for Non-Profit Organizations 2014

T. Robert Carolan, Department Judge Advocate

Control your cash and you control your Post. But these common sense Guidelines also cover Districts, Councils, Areas and Department. They protect BOTH the Post on the one hand and the volunteers/employees who handle monies in the Post on the other hand. They cover all sizes of Posts and are really “no brainers”.

To begin Internal Control over your Post I will designate certain officers to perform a particular task, but remember the officers can be substituted if it presents any particular burden on the Post. But the tasks assigned are very simple.

Bank Accounts General

1. The Executive Committee ONLY must establish all bank accounts and credit card and debit card accounts.
2. Designated volunteers/employees must be authorized ONLY by the Executive Committee to handle monies including check handling and deposits.
3. Designated volunteers/employees must be authorized ONLY by the Executive Committee to sign checks and/or have the use of credit cards.

Check Preparation

1. The Finance Officer, or non- financial designee, prepares the checks.
2. The Commander signs the checks. This is ideal and better than multiple check signers. Another member can sign for the Commander but must have NO other financial duty.
3. Do NOT prepare a check without backup paperwork and review it for payment authorization. If it is not a budgeted item, where is the authority for payment?
4. The Finance Officer keeps the checks locked up under control. The Commander (check signer) must NOT have access to the checks.
5. Bank reconciliations MUST be performed currently but not by the Commander or Finance Officer; a Board member would suffice.

Bank Deposits

The Finance Officer, or non-financial designee, prepares and delivers all deposits for the bank including cash and checks.

Cash Collected

Two volunteers/employees MUST be available at all events where money is involved. Both should count the money collected and sign a Form with their totals in agreement BEFORE they transfer the money to the Finance Officer. These Forms must be kept in a safe place for later reconciliation.

Donations

All money donations received MUST be listed in a numbered Receipt Journal and a letter from the Commander, listing the donation, must be sent as a “Thank You.” These letters also must be kept in a safe place.

Volunteers/employees

Do NOT allow any volunteers/ employees, who are related or close associates, together to handle ANY financial functions. Tailor your Internal Control to best suit your needs. But remember; keep a SEPARATION of duties to protect both the volunteer/ employee and your Post.