

In this newsletter, the Internal Audit Department offers advice on how to reduce overall financial and administrative risk to your parish in regards to “Best Practices” regarding Fundraising Events.

Risks at Parish-Run Fundraising Events

Fundraising events (lawn fetes, dinners, auctions, raffles, 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 Diocese have experienced significant issues. These unfortunate incidents could have all been prevented, detected, or the chances of occurrences 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.

General 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 New York and where applicable - Federal (IRS) requirements.
- All fund-raising activity should be transacted through the parish operating account unless a separate account is required by law:
 - There are detailed regulations that apply to any Bingo or Games of Chance (bell jar, raffle, wheels, etc.) activity including the need for separate bank accounts. Please see the following link:
<http://gaming.ny.gov/charitablegaming/>
- The Parish should document procedures to be used at the fundraiser and, in particular, those to be used for the handling of currency (cash and checks). The Finance Council should review these procedures for best practices.
- The parish should take measures to ensure individuals involved in currency handling do not have the ability to easily remove cash from currency 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.

- 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, and donated items pertinent to the event should be kept on parish premises before, during and after the event. Licenses should be displayed as required.
- Parishes must obtain certificates of insurance from any service providers at fundraising events. If there are questions, please contact the Insurance Department, Diocese of Buffalo at 847-8396.
- Parishes should obtain a Form W-9 "Request for Taxpayer Identification Number" from all event vendors, such as security personnel, entertainment, etc. who will be providing services to the parish so Form 1099 Misc. can be issued.
- Parishes must obtain a Beer and Wine permit for events where alcohol will be sold. Also, the Insurance Services department should be notified in advance when alcohol will be served or sold for consumption at parish events.
 - Please note that alcohol is prohibited as a raffle prize.
- All contracts, solicitations, and thank you letters should be signed by the Pastor.
- It is recommended at least one member of the fundraising committee serve as a liaison to the Finance Council to ensure the Finance Council is fully informed of the progress, challenges, and results of the event. The Finance Council should review the fund raising reports (sample enclosed) related to the event showing revenues, expenses and net income.

Before the Event:

- Procedures should be in place to ensure any cash advance money for the event are tracked and unused funds are returned to the Parish; paid invoices should be obtained for all cash advance money spent.
- Procedures should be in place to ensure start-up funds or "seed" money for the event are tracked and returned to the Parish. Start-up checks should be made payable to an individual (not "cash") as custodian for the event, cashed by this individual, utilized at the event, and then separately accounted for so a review of supporting documentation shows

100% of the startup funds were re-deposited into a parish account. Un-deposited fundraiser receipts should not be used as start-up cash.

- Tickets may be sold at the parish prior to the event or at the event. Nevertheless, sold, unsold, and returned tickets should be tracked. For events with tickets sold at different price points (e.g. \$1 each or \$5 for a book of 6 tickets), the quantity sold at each price point should be tracked separately. The retention of certain tickets is mandated by law. Bell jar winning and unsold tickets. Raffle all winning tickets, unsold tickets and sold ticket stubs.
- While a ticket for a fundraising event can vary in appearance and content, tickets for raffles must contain certain information required by law. <http://gaming.ny.gov/charitablegaming/> Click on "Statutes and Rules". Scroll down to Chapter II, click on Subchapter B, go to §4620.22.
- A Xerox copy of one raffle ticket and stub should be made and retained with the fund raiser records.

We recommend you share this information with your trustees and Finance Council / committee and document, in a memorandum; your Parish run Fundraising Event procedures and communicate the relevant portions to your volunteers during a periodic training session.

Next topic will discuss items related to issues to consider during Fundraising events.

