

HANDLING OF CASH DONATIONS

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The Institute of Fundraising's Codes of Fundraising Practice

The Institute of Fundraising's Codes of Fundraising Practice are structured in order to highlight what is mandatory at law, what the Institute regards as a mandatory requirement for its members and what constitutes advice on best practice.

In this Code a phrase where the word 'must' is in red indicates a requirement that is mandatory at law, 'ought' indicates a requirement that is mandatory for members and affiliated organisations of the Institute and 'should' indicates a course of action that is recommended as best practice.

This Code of Fundraising Practice is intended to address fundraising activity throughout the UK. Legal requirements can vary between different jurisdictions (England & Wales; Northern Ireland; Scotland). In this Code, 'must*' indicates a legal requirement within one jurisdiction but not in others. The Institute recommends that organisations adhere to the most rigorous interpretation of the law applicable to an activity.

Users should be aware that this Code addresses the law as it stood at June 2002 throughout the UK. Reviews of the law relating to fundraising and fundraising activities, governance and charitable status are ongoing in Scotland, England and Wales. This Code will be revised to take into account any developments or changes in the law that may result from these initiatives.

Downloadable Codes of Fundraising Practice can be found at www.institute-of-fundraising.org.uk. Alternatively, contact:

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1.0 Introduction

This Code is intended to outline good practice on the handling of cash by charitable organisations. It is not intended to cover every single aspect of cash handling, but to raise awareness of the areas that need to be considered and the types of controls that should be put in place. Organisations should use these notes as a guide from which to produce their own procedures and requirements.

Cash handling guidance is important for three main reasons:

- to protect the organisation from fraud, theft or embezzlement
- to protect staff or volunteers from accusations of dishonesty or the temptation to commit fraud
- to assure donors that their donations and gifts are used for the purpose for which they were given.

The need to handle cash arises throughout the charity fundraising sector and occurs in such areas as appeals, fundraising events, ticket sales, refreshment sales, programme sales, raffles and shop trading. The general guidance applies to all cash handling situations; guidance covering events and shop trading is dealt with under specific headings.

2.0 Preparation and Procedure

2.1

General

- Cash received **ought** to be collected, counted and recorded by two individuals, wherever possible.
- Income summaries **ought** to be made at the point of counting for reconciliation with banking details at a later date. Where appropriate, records **must** be made of donations for specific purposes to ensure donors' wishes are met.
- A policy decision **should** be in place as to the level of donations above which an acknowledgement to the donor is sent.
- Cash **ought** to be counted in a secure environment and held in a secure place until it is possible to bank it.
- Deductions **must not** be made from cash received. Expenses **must** be met (where previously agreed) by the charity after receipt of the cash.

2.2

Banking

2.2.1

General

- Cash received **ought** to be collected, counted and recorded by two unrelated individuals. Wherever possible, cash **ought** to be banked immediately using bank paying-in slips. Where substantial sums are involved, cash should be banked in stages during an event and, preferably, by two individuals. Night safe facilities **ought** to be considered for large amounts banked outside working hours. Counterfoils **ought** to be retained for the charity and the individual responsible for banking.
- Cash not banked immediately **must** be placed in a sealed container in a secure place. If cash cannot be banked immediately, handling procedures **ought** to be agreed in advance. Cash **ought** never to be left unattended or in an unattended environment. Consideration **should** be made for temporary insurance cover in these circumstances. Money **ought** to be banked the following day.
- All cash handlers **should** have suitable banking bags for counting and cashing up the money.

- At the earliest possible date a reconciliation **ought** to be made between cash banked and income summaries. Where practical, this **ought** to be undertaken by a person independent of the counting and cashing up of the money.

2.2.2

Floats

- Where a float is to be used on an ongoing basis, it is advisable to operate an 'imprest' system. Where possible, draw float cash on the day it is required and ensure it can be reconciled to the total drawn from the bank.
- Issue sensible levels of floats that **ought** to be signed for by a nominated individual. Where petty cash expenditure is paid from the float, this **ought** to be recorded separately and receipts kept.
- Floats and any sale monies received **ought** to be kept separate from the cash handler's personal money.
- No float **ought** to be left unattended or in view at any time.

2.3

Events

2.3.1

Planning

- Endeavour to sell all tickets beforehand to reduce the need for cash collection on the day of an event.
- Make pricing of tickets or goods for sale sensible (for example, 50p or £1) in order to minimise cash handling. All tickets for sale **ought** to be pre-numbered and sales and takings reconciled.
- Nominate one individual with responsibility for cash handling.
- Consider ways in which cash can be held securely, for example, through the use of money belts.

2.3.2

At the Event

- Issue round quantities of programmes with sellers signing for the quantity received.
- Unsold tickets or programmes **ought** to be returned and reconciled with the record of cash received from each seller. Discrepancies **ought** to be investigated without delay.

- Pre-designated collectors **ought** to collect cash or alternatively, cash-receiving locations should be notified to sellers.
- Collections **ought** to be recorded on a summary with a signature from the sellers signifying the amount of cash collected. In certain circumstances it may not be practical for cash to be counted at interim stages during the course of an event, however, a record that a collection has been made **ought** to be evidenced by signatures from both collectors and sellers.
- All final amounts including floats **ought** to be collected and recorded from all locations at the end of an event.

Note

It is recognised that variations in the above guidelines will be needed depending on the size of event and the resources available.

2.4 Shops

2.4.1 Tills

- A cash register which prints a till roll **ought** to be in operation.
- Staff **ought** to be adequately trained on the use of cash registers.
- All monies **must** be put immediately into the till.
- Change **ought** to be given only from the till and never from personal money.

- Staff **should not** be allowed to carry their own money whilst on the shop floor or dealing with cash elsewhere in the shop.
- A prominent notice **ought** to be placed next to the till informing customers that till receipts will be given. The procedure of giving till receipts **ought** always be followed.
- Care **ought** to be taken to check large denomination notes.
- The till receipt roll **ought** to be reconciled to the cash in the till at the end of every day.
- Regular independent till spot checks **ought** to be made.
- All differences, either from daily cash reconciliation or from spot checks **ought** to be recorded along with an explanation from the cashier.
- Till drawers **should** always be kept open at night.
- The cash desk and till **should** be positioned in a prominent part of the shop preferably away from the door to avoid 'smash and grab' attacks.
- No change **ought** to be given for cheques even where there is a minimum sale limit for cheque acceptance.

2.4.2 Cheques

- Cheques **ought** only to be accepted with a cheque card for the amount guaranteed and only a member of staff **should** write the cheque card number on the reverse of the cheque.
- All cash refunds **should** be authorised by the shop manager and recorded in a refund book. All items for sale **should** have a price tag which cashiers must adhere to.

3.0 Relations with Stakeholders

3.1

Relations with Donors

- Donors **ought** to be encouraged to send cheques made payable to the charity, not to a named individual. Donors **ought** to be discouraged from sending cash donations through the post.
- Ensure that it is clear that donations **ought** to be sent to the charity's offices and not the fundraiser's home.

3.2

Relations with Volunteers

- It is essential that all volunteer cash handlers **ought** to be given clear instructions from which to work.

- Try to verify competence and integrity of volunteer cash handlers, where possible take up references. (Please refer to the Institute of Fundraising's Code on Telephone Recruitment of Collectors for further information).
- Instructions relating to children collecting money (for example, sponsorship swims) **ought** to state that they should be accompanied at all times by an adult, and the relevant documentation in regard to pledged monies should be available for inspection by the sponsors. (Please refer to the Institute of Fundraising's Code on Fundraising in Schools for further information).
- Ensure that there is adequate insurance cover and that cash handlers understand and follow the conditions of that cover.

4.0 Appendices

4.1

Legislation in Force

4.1.1

England & Wales:

- House to House Collections Act 1939
- House to House Collections Regulations 1947 & 1963
- Police, Factories, &c. (Miscellaneous Provisions) Act 1916
- Metropolitan and City Police Districts Regulations 1979 & (Amendment) Regulations 1986
- The Charitable Collections (Transitional Provisions) Order 1974. As Amended in Council, 1992 Model Regulations

4.1.2

Scotland:

- Civic Government (Scotland) Act 1982
- Public Charitable Collections (Scotland) Regulations 1984
- Public Charitable Collections (Scotland) Amendment Regulations 1988

4.1.3

Northern Ireland:

- House to House Charitable Collections Act (NI) 1952
- Police, Factories etc. (Miscellaneous Provisions) Act 1916

4.2

Working Party

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