



Handling of Cash and Other Financial Donations Code of Fundraising Practice

- What other Codes may be relevant? (2.0, 5.2)
- Has a risk assessment been carried out? (3.1)
- Are the appropriate records and reconciliations occurring? (3.1)
- Are expenses and/or deductions following correct protocols? (3.1, 3.2)
- Are receipts being issued correctly? (3.2)
- Is float cash set at the right amount and kept separate from personal money? (3.3)
- When is money banked and by who? (3.4)
- Where is money kept until it is banked (3.4)
- Do any cheques have all the necessary information? (3.5)
- Do organisations promote vouchers, both internally and externally? (3.6)
- Are card transactions compliant with industry standards? (3.7)
- Is the Card Security Code (CSC) only taken when necessary? (3.7)
- Do organisations share their bank details with donors for direct transfers? (3.8)
- Do organisations comply with the Direct Debit Guarantee? (3.9)
- What responsibilities and protection are given to children collecting money? (3.10)
- Are organisations aware of different age restrictions on collection methods? (3.10)
- Is Tax-Effective Giving utilised and promoted? (3.11)
- How will ticket money be taken during and in advance of an event? (3.12)
- Is till training provided? (3.13)
- Are volunteers and donors provided adequate information as to where money goes and how it is handled? (4.0)

October 2011

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1.0 The Codes of Fundraising Practice Explained

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 bold indicates a requirement that is mandatory at law.

OUGHT in bold indicates a requirement that is mandatory for members and affiliated organisations of the Institute.

SHOULD in bold indicates a course of action that is recommended as best practice.

Organisations engaged in fundraising **SHOULD** join the Fundraising Standards Board and **SHOULD** follow their complaints procedure.

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*** in bold 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 stands at the date of publication throughout the UK.

Reviews of the law relating to fundraising and fundraising activities, governance and charitable status are ongoing in Scotland, England and Wales and Northern Ireland.

This **Code** will be revised to take into account any developments or changes in the law that may result from these initiatives.

2.0 Introduction

This Code is intended to outline best practice on the handling of donations for fundraising purposes. Fundraising organisations will be aware that it would be impossible to cover every eventuality in the Code. The Code is therefore designed to raise awareness of the areas that need to be considered and the types of controls that can be put in place.

- Organisations **OUGHT** to use these notes as a guide from which to produce their own procedures and requirements.

Donation 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; and
- to assure donors that their donations and gifts are used for the purpose for which they were given.

The need to handle donations, and particularly cash, arises throughout the fundraising sector and occurs in a number of areas, such as appeals, fundraising events, ticket sales, refreshment sales, programme sales, raffles and trading. These donations can be made in person, over the phone or online. The general guidance given here applies to the handling of donations in all situations.

- A number of other Codes of Fundraising Practice **SHOULD** also be read in conjunction with this Code, where appropriate. In particular, see:
 - Acceptance or Refusal of Donations;
 - Data Protection;
 - Fundraising in Schools;
 - House-to-House Collections;
 - Management of Static Collection Points; and
 - Telephone Recruitment of Collectors.

More information on other relevant guidance and how to access these Codes can be found at 5.2.

3.0 Preparation and Procedure

3.1 General

For the purposes of this Code and the law, collection envelopes and collection boxes are treated in the same way. The following guidance covers donations received personally and donations received through the post.

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- Organisers **SHOULD** carry out a risk assessment in relation to handling donations and have appropriate insurance in place.
- Cash received **OUGHT** to be collected, counted and recorded by two unrelated individuals, wherever possible.
- Cash **OUGHT** to be counted in a secure environment and held in a secure place until it is possible to bank it.
- At the point of counting, a record **SHOULD** be made of the amount received by denomination (e.g 5p, 20p, £1 coins) for reconciliation with banking details at a later date
- Records **MUST** be made of donations for specific purposes to ensure that the terms of donations are complied with
- Fundraising organisations **OUGHT** to have a procedure in place for authorising and monitoring volunteer expenses.
- Deductions **MUST NOT** be made from cash received if the fundraiser falls under the legal distinction of a 'professional fundraiser' or 'commercial participator'. Local Authorities often add additional rules about deductions for anybody and fundraisers **MUST** follow these.
- Expenses **MUST** be met (where previously agreed) by the charity after receipt of the donation.

3.2 Receipts

- Fundraising organisations **SHOULD** have a policy on issuing receipts.
- If an individual receives donations for a fundraising organisation, they **SHOULD** have access to a receipt system.
- For **house-to-house collections** where a sealed collecting receptacle is being used, donations **MUST** be placed inside. Otherwise, the collector **MUST** issue and sign a receipt for the donated amount.
- Under the model regulations for **street collections**, donations **MUST** be placed in sealed collecting receptacles. It is not necessary to give a receipt.
- Occasionally donors will hand representatives cash donations and will state the amount given, or donors may be unsure of the exact amount they are giving (for example, if they give pennies saved in a jar, or a home collection box). If the recipient is unable to count the money at that time, and the

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money has not been collected through house-to-house or street collections, they **SHOULD** still issue a receipt but mark the receipt as 'uncounted'.

3.3 Floats

- Where possible, float cash **SHOULD** be drawn on the day it is required and it **SHOULD** be reconciled against the total drawn from the bank.
- Sensible levels of float **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.

3.4 Banking

- All cash handlers **SHOULD** have suitable banking bags for counting and cashing up the money.
- Where cash is received in collection envelopes or collection boxes as part of a public charitable collection in Scotland, it **MUST*** be counted and banked in accordance with the Public Charitable Collections (Scotland) Regulations 1984, as amended.
- Cash **OUGHT** to be banked as soon as possible. The will generally be the next working day.
- Where substantial sums are being taken at an event, cash **SHOULD** be banked in stages and by two individuals.
- Cash not banked immediately **OUGHT** to be placed in a safe or other secure location, such as a bank's night safe.
- If cash cannot be banked immediately, handling procedures **OUGHT** to be agreed in advance.
- Counterfoils **OUGHT** to be retained by the charity or the individual banking on behalf of the charity.
- Cash **OUGHT** never to be left unattended or in an unattended environment.

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- 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.

3.5 Cheques as donations

- Any person accepting a cheque **SHOULD** check that:
 - the date is current (normally 6 months from the date of the cheque but this **SHOULD** be verified with the bank);
 - the cheque is made out to the correct payee;
 - the words describing the amount on “pay” lines matches the numbers in the “£” box; and
 - the cheque is not post-dated.

The use of the cheque guarantee scheme was phased out on June 2011 and so cheque guarantee cards can no longer be accepted.

- Cheques **OUGHT** to be banked promptly, ideally the next working day.

Further information about cheque procedures is available from the Cheque and Credit Clearing Company (see section 5.3).

See also Section 3.11.2 for cheques received at events or from trading activity.

3.6 Charity Vouchers/cheques

Charity voucher accounts enable donors to pay a lump sum or regular amounts into an account. The agency administering the account will claim and add Gift Aid to the donation. The donor is issued with a book of vouchers/cheque book to donate this money to their preferred charity/ies. On receiving the voucher, the beneficiary charity contacts the agency and arranges for the donation to be transferred.

- Charities **SHOULD** make it clear in fundraising communications that they accept vouchers.
- Charities **OUGHT** to ensure staff and anyone collecting money on their behalf (volunteers, participants in sponsored events) are aware of vouchers and what to do if they are presented with one.
- Vouchers **OUGHT** to be ‘banked’ promptly, ideally the next working day.
- Charities **MUST** not attempt to reclaim tax on the donation, as the Gift Aid was added before receipt.

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3.7 Card transactions

This section applies to transactions both where the donor is and isn't present.

The steps that need to be taken to ensure security will vary depending on the number of transactions that are made. Guidance is available from the Payment Card Industry Security Standards Council (see Section 5.3).

- Fundraising organisations **OUGHT** to comply with the Payment Card Industry Data Security Standards (PCI-DSS). Although this is not a legal requirement, fundraising organisations will be required by payment card companies to comply with the PCI-DSS, and could be fined if they do not.

PCI-DSS consists of 12 requirements that all organisations and businesses processing card payments have to meet.

- Fundraising organisations **SHOULD**:
 - ensure that third party card transaction processors are PCI-DSS compliant; and
 - ensure online donations are processed using a secure payment gateway which is PCI-DSS compliant.

In some cases, a fundraising organisation's bank may require the CSC (Card Security Code – the three digit security number on the back of the card or for AMEX, the four digit number on the front of the card), to provide additional security.

The CSC may need to be obtained for telephone donations/payments and if so, procedures will need to be in place to ensure the security of the card details during the transaction and after it has been processed.

It may not be appropriate to collect the CSC for postal donations/payments due to the potential security risks involved. It is advisable to check the latest position on acquiring the CSC with the acquiring bank.

- Additional security measures such as Verified by Visa and 3D Securecode **OUGHT** to be used for online transactions where possible.
- The CSC **MUST NOT** be stored.

3.8 Electronic transactions

- Many donors now prefer to transfer funds direct to a charity's bank account. If asked by a donor, fundraising organisations **SHOULD** provide donors with their bank account details (account name, number and sort-code), where they feel comfortable doing so.

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- If fundraising organisations have concerns about sharing their bank details, they **SHOULD** contact their bank for advice.
- Where charges are made for transferring payments, the total donation amount (i.e. before charges are deducted) **OUGHT** to be recorded as income, with a further record of expenditure to cover the charges.

Further information about PCI security is available from the PCI Security Standards Council (see Section 5.3). Also see the Data Protection Code of Fundraising Practice (see Section 5.2).

3.9 Direct Debits

The procedures and rules surrounding direct debits will vary dependent on the bank used by the charity. The Direct Debit Guarantee exists to provide unified standards and protection to customers and charities **MUST** ensure compliance with the guarantee.

Further information can be obtained from the charity's bank, or general information is available at:

<http://www.bacs.co.uk/Bacs/Businesses/DirectDebit/Collecting/Pages/GettingStarted.aspx>

3.10 Children

For the purposes of this code, a child is any person under 18 years of age.

- Where children are involved in handling donations, procedures **SHOULD** be in place to safeguard both the child and the donations.
- An adult **OUGHT** to hold overall responsibility for safeguarding of children and money collected.

The minimum age of collectors varies depending on the geographical area and the type of collection.

- Where children are collecting money, any local authority-imposed age restrictions **MUST** be adhered to.
- In Scotland, where a collection qualifies as a public charitable collection, children under 14 **MUST NOT*** be allowed to participate if it is a street collection, and children under 16 **MUST NOT*** be allowed to carry out house to house collections.
- In Northern Ireland, youth organisations may have collectors aged 12 years and over if the organisation is approved for the purpose of carrying out the collection by the Department for Social Development.

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- Children under 16 **MUST NOT** be left with overall responsible for money and/or responsible for counting collected money.

3.11 Tax-Effective Giving

- Fundraising organisations **SHOULD** encourage donations to be made tax-effectively, where possible.
- Organisations **MUST** ensure the tax-effective methods are only used on qualifying donations.
- When using tax-effective giving methods, organisations **OUGHT** to ensure staff, volunteer and donors are aware of any conditions and provide access or signposting to relevant materials.

Further information is available from the Tax-Effective Giving website (see Section 5.3).

3.12 Events

3.12.1 Planning

- To reduce the need for cash collection on the day of the event, organisers **SHOULD** consider selling all tickets and programmes in advance.
- All tickets and programmes for sale **SHOULD** be pre-numbered and sales and takings reconciled.
- One individual **SHOULD** be nominated with responsibility for overseeing cash handling, in accordance with this Code.
- Ways in which cash can be held securely **SHOULD** be considered, for example, through the use of money belts.

For information about sponsored events, see the Outdoor UK Challenges Code of Fundraising Practice.

3.12.2 At the Event

- Round quantities of tickets and programmes **SHOULD** be issued with sellers signing for the quantity received.
- Unsold tickets and programmes **SHOULD** be returned and reconciled with the record of money received from each seller.
- Material discrepancies **OUGHT** to be investigated without delay.

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- Fundraising organisations **SHOULD** either:
 - appoint individuals to collect money from sellers (and give sellers some means of identifying those individuals); or
 - designate places at the event where sellers can deposit money.
- Collections **SHOULD** be recorded on a summary with a signature from the sellers signifying the amount of money collected.
- In certain circumstances it may not be practical for money to be counted at interim stages during the course of an event, however, a record that a collection has been made **SHOULD** be evidenced by signatures from both collectors and sellers.
- All final amounts including floats **SHOULD** 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.

3.13 Trading

3.13.1 Tills

- A till which prints a till roll and gives receipts **SHOULD** be in operation.
- Staff **OUGHT** to be adequately trained on the use of the tills being used.
- All monies **OUGHT** to be put immediately into the till.
- Change **SHOULD** be given only from the till and never from personal money.
- Staff **SHOULD NOT** be allowed to carry their own money whilst working in a cash handling role.
- A prominent notice **SHOULD** be placed next to the till informing customers that till receipts will be given and the procedure of giving till receipts **SHOULD** always be followed.
- Care **SHOULD** be taken to check large denomination notes.
- The till receipt roll **SHOULD** be reconciled to the cash in the till at the end of every day.

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- Regular independent till spot checks **SHOULD** be made.
- All differences, either from daily cash reconciliation or from spot checks **SHOULD** be recorded along with an explanation from the cashier.
- Till drawers **SHOULD** always be emptied and kept open at night.
- The cash desk and till **SHOULD** be positioned prominently but sensibly to prevent theft.
- All cash refunds **SHOULD** be authorised by the relevant manager or person in charge and recorded in a refund book.

3.13.2 Cheques from trading

- No change **SHOULD** be given for cheques even where there is a minimum sale limit for cheque acceptance.
- All cash refunds on goods bought by cheque **SHOULD** be authorised by the relevant manager and recorded in a refund book.
- To avoid giving refunds on fraudulent cheques, refunds **OUGHT NOT** be available until the money is in your organisation's account. The cheque clearing process normally takes up to 7 working days. For more information, please see the Banking Code (see section 5.3)

See also Section 3.5 on cheques.

4.0 Relationships with Stakeholders

4.1 Relations with Donors

- Fundraising organisations **OUGHT** to ask donors to send cheques made out to the fundraising organisation and not named individuals.
- Donors **SHOULD** be discouraged from sending cash donations through the post.
- Organisations **SHOULD** ensure donations are sent to the designated charity's offices and not a fundraiser's home.

4.2 Relations with Volunteers

- Guidance on handling money **OUGHT** to be available for all volunteers.

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- Organisers **SHOULD** attempt to verify competence and integrity of volunteer cash handlers and, where appropriate, take up references. (Please refer to the Institute of Fundraising's Telephone Recruitment of Collectors and Volunteer Fundraising Codes of Fundraising Practice for further information – see Section 5.2.)

5.0 Appendices

5.1 Legislation in Force

England and Wales

- Charities Act 1992
- House to House Collections Act 1939
- House to House Collections Regulations 1947 & 1963
- Police, Factories, etc. (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

Scotland

- Civic Government (Scotland) Act 1982
- Public Charitable Collections (Scotland) Regulations 1984, as amended
- Public Charitable Collections (Scotland) Amendment Regulations 1988
- Charities and Benevolent Fundraising (Scotland) Regulations 2009

Northern Ireland

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

5.2 Other relevant Codes of Fundraising Practice and Guides

- Acceptance or Refusal of Donations
- Data Protection
- Fundraising in Schools
- House-to-House Collections
- Management of Static Collection Boxes
- Telephone Recruitment of Collectors
- Volunteer Fundraising

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- A Guide to the Charities and Benevolent Fundraising (Scotland) Regulations 2009

All of the Codes are available online at:

www.institute-of-fundraising.org.uk/codesdirectory

5.3 Useful contacts

- **Charity Technology Trust**
www.ctt.org
- **Payment Card Industry Security Standards Council**
www.pcisecuritystandards.org
- **Tax-Effective Giving**
www.tax-effectivegiving.org.uk
- **Cheque and Credit Card Clearance Company**
www.chequeandcredit.co.uk
- **The Banking Code**
www.bankingcode.org.uk/pdfdocs/PERSONAL_CODE_2008.PDF

5.4 Original Working Party

- Nick Brooks MInstF
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5.5 2010 Code revision Working Party

- David Cunningham, The ARCHIE Foundation (Chair)
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- Uell Kennedy, Diocese of Bradford
- Jackie Pontin, Diocese of Southwark
- Gemma Sherrington, Save the Children
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Institute of Fundraising Code Working Parties provide advice and make recommendations to the Institute's Standards Committee in the process of Code development.