

**DIOCESE OF SIOUX CITY  
SCHOOLS  
CASH RECEIPT PROCEDURES**

The area of revenue and cash receipts is extremely important for parishes and schools. Parishes and schools must generate sufficient revenue to support activities year in and year out. Because of the difficulty in raising funds, it is imperative that the parish/school properly receive, deposit, process, and records its revenue. The accounting process helps to ensure that funds earned by the parish/school are indeed made available for the organizations' activities and for the purposes intended by the donors.

Numerous internal control objectives are required for the implementation of effective internal control over revenue and cash receipts. Of those, three broad objectives are essential to the overall effectiveness of the accounting system. The three control objectives are to:

- 1) Provide information to accurately report the parish/school activities
- 2) Prevent loss or theft
- 3) Minimize the opportunity for employees or volunteers to steal

We recommend implementing the following procedures:

- 1) All receipts (cash and checks) should be remitted directly to the school's business office. This includes activity funds, athletics, and development. A written policy should be established and all departments and activity advisors should be notified of this policy.
- 2) All receipts should be locked in a safe or cabinet in the business office until deposited.
- 3) A pre-numbered, written receipt should be issued for all receipts, including fines, fees, and activity funds. The duplicate copy should be retained by the business office. Receipts should be written even if the person declines the original copy.
- 4) The business manager should be responsible for maintaining all bank accounts of the school. While the efforts of the volunteers are an essential component to school's operations, controls are significantly enhanced if the business manager maintains all school bank accounts. A policy should be established authorizing only the business manager to maintain bank accounts using the school's taxpayer identification number (TIN). The policy should also:
  - a) Limit the number of bank accounts held by the school. This will improve efficiency and control. The school board and administration should be cognitive of all opportunities to consolidate bank accounts.
  - b) Require authorization by the school board to open any new bank accounts.
    - i) Inform area banks that only administrative staff are authorized to open new bank accounts under the school's TIN. Rather than open accounts for each activity, use sub-accounts in to segregate the transactions for each activity.
  - c) Require bank reconciliations be completed in the accounting system on each account.
  - d) Establish financial reporting requirements. The business manager must provide a written accounting of the transaction activity for activity funds on a monthly basis. Submit detailed financial reports to the officers of these groups on a monthly basis.Bank accounts maintained by other employees, parents, and volunteers should be turned over to the business manager.

- 5) All investments must have advance approval by the school board and this authorization should be documented in the minutes. In addition, diocesan policy requires that diocesan resolutions be adopted for all investments of school and parish funds, other than traditional investments in federally insured accounts such as CDs and savings accounts.
- 6) Capital campaigns require numerous additional controls. Please contact the diocese for assistance developing procedures and controls specific to your campaign.
- 7) Whenever possible, segregate the responsibility of initially receiving funds within the business office from the responsibility of recording the funds in the accounting system. For instance, a secretary or volunteer can be assigned the responsibility of initially receiving the funds. He/she would prepare and sign a daily cash sheet and then forward the receipts and the sheet to the business manager for deposit and posting to the accounting records. Preferably someone independent of the cash receipts process would compare the daily cash sheet to the bank deposit.
- 8) All checks should be restrictively endorsed (stamped) when received. The stamp should include the following:
  - For Deposit Only
  - School Name & City
  - Bank Name & Account Number
- 9) All cash receipts should be deposited to the bank weekly (daily for large deposits).
- 10) Establish a policy for acknowledging donor contributions, including non-cash contributions.
- 11) Complaints from donors should be resolved by an employee independent of the cash receipt process.

Refer to the Tuition Statement and Extra Curricular/Student Activity Account Procedures for cash receipt procedures in that regard.