

**DIOCESE OF SIOUX CITY
SCRIP INTERNAL CONTROLS**

Scrip can be an excellent fundraiser if it is properly handled and safeguarded!

Funds raised in the operation of scrip programs are considered Unrelated Business Income (UBI) and subject to UBI tax unless “substantially all” of the work of the program is performed by volunteers. “Substantially all” is defined as at least 85% of the work of operating the program is completed by individuals without compensation. This work includes marketing and promoting the program, accepting and processing family orders, receiving and distributing scrip cards, making deposits and recording transactions.

Since Scrip is an alternative form of currency, it should be treated as cash. Accordingly, parishes and schools must implement control procedures for handling Scrip as follows:

- An employee of the parish or school should be assigned oversight responsibilities for the scrip program.
- **The financial activities of the program must be recorded on the parish or school books.**
- The scrip bank account must be reconciled by an individual without signature authority.
- **Scrip inventory must remain on church/school premises (not taken home with a volunteer or employee). Scrip certificates must be maintained in a locked location.**
- **The amount of Scrip inventory maintained on hand should be kept to a minimum. After all, scrip is cash. The more inventory that is on hand, the greater the risk of loss. This also decreases the amount of funds the school has available to meet their financial needs.**
- **Payments must be received prior to processing scrip orders. Under no circumstances should the scrip order be distributed prior to payment. The school is not a bank.**
- Perpetual inventory records must be maintained (for example: Scrip 2000 software)
- Physical inventory counts must be taken frequently (weekly at a minimum) and compared with perpetual inventory records. Lost scrip cards could significantly affect the profit margin.
- Two individuals must be present during inventory counts. Both counters should sign and date the inventory count sheet.
- Inventory adjustments should be fully documented in writing and signed by the volunteer(s) making the adjustment. All inventory adjustments should also be signed by the Scrip coordinator to document approval for the adjustment. (Example: Lost certificates)
- Pre-numbered cash receipt forms should be issued for cash payments. The original form should be given to the customer and the duplicate form should be retained by the scrip program.
- The deposit slip (or a supporting schedule) should contain the check amount, check number, payee and sales order number.
- It’s a good idea to pre-number the scrip sales order forms. Retain all sales orders chronologically and store in a separate location from the Scrip certificates.
- Purchase orders should be kept and stored in a separate location from the Scrip certificates.
- Scrip records should be audited/reviewed by the finance committee/board on an annual basis.
- The following monthly reports should be printed and retained. Copies of these reports should be submitted to the Scrip coordinator, bookkeeper/business manager and the finance committee:
 - Balance Sheet
 - Profit and Loss
 - Organization Profit Report
 - Family Profit Report
 - Check Register
 - Scrip Inventory Report as of the last day of the month
 - Summary of Inventory Adjustments