Volunteers National Organization for Development and Humanities Services
منظمة المتطوعين الوطنية للتنمية والخدمات الإنسانية

(VOLUNTEERS)

Volunteers Organization Internal Control Procedures

Definition:

Internal controls are a process that helps ensure an Organization system is secure, reliable and compliant with relevant regulations. Though controls like requiring a username and password or putting purchasing limits on Organization bank account may seem simple, the stakes are high.

Therefore, Internal controls are essential for any Organization to ensure that their systems are secure. Controls have different components and are usually rooted in an organization's systems. Employees may engage with a control structure

But whether employees know it or not, these controls prevent breaches, fight back against fraud and ensure that only authorized users can access sensitive systems and information.

The most effective controls are:

- Limit cash access to only designated employees.
- Document all transactions, including receipts and refunds
- Review and validate the documentation within 24 hours
- Have one employee collect and deposit cash and have a second employee reconcile accounts
- Maintain a thorough log of cash receipts

What are internal controls for cash?

- Internal controls for cash are procedures designed to safeguard cash. Controls are imperative for any financial activity, but cash is especially vulnerable to fraud because its security is directly tied to the person handling it. There are no digital breadcrumbs to follow. That makes even the most basic internal controls for cash a critical financial security measure. Organizations may limit the amount of cash on hand, double-check cash counts, or even separate who collects and counts it, all of which are vital ways to make cash handling more secure.

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Transaction authorization: A preventative control

Volunteers like the Most organizations that have employees who will make purchases on the organization's behalf. A common preventative control for this situation is to have a process for authorizing that transaction.

For example, Volunteers Organization has recently hired three new Programme staff, The Programme manager needs to purchase a laptop and monitor for each Employee. To do that, they'll have to follow several controls. The process might look like this:

1. The manager submits a purchase Request to the budget holder for approval
2. The budget holder cheek the availability of active budget line and approve the PR.
3. The Procurement department will dispatch the approves purchase order to the supplies to by the items.
4. The procurement Department gives a full document to the accounting department for review and process the payment to supplies.

Reconciliation: A detective control

In the above scenario, the organization likely has multiple departments making various monthly purchases.

At the end of the month, an accountant or accounting department should reconcile all those transactions — an important internal control to detect transactions that are either fraudulent or do not comply with business policies or industry regulations.

A reconciliation internal control might require the accounting team to:

- Issue approvals for certain transactions
- Collect receipts or expense reports for all spending or both
- Check transactions against those receipts
- Report to senior leadership if any transactions don't match receipts

types of internal controls used by Volunteers Organization:

There are many different internal controls, but they typically fall into three different categories. Volunteers organizations aim to have controls that align with these internal control types:

1. *Preventative controls:* This control group encompasses any internal control that prevents risky actions from occurring, such as application controls.
2. *Corrective controls:* These are the controls that come into play after the system detects an issue or error.

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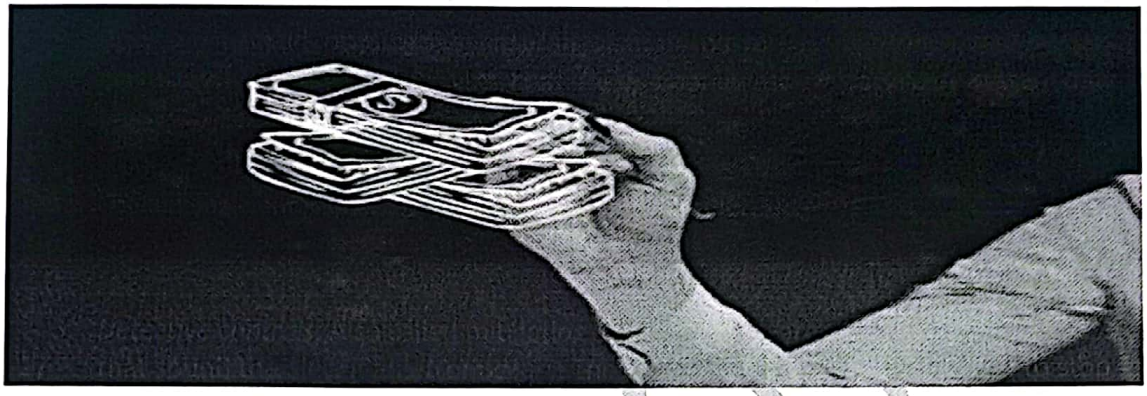
3. *Detective controls:* Also called mitigating controls, these are the actions and processes that sound the alert if an error occurs. These controls are an important way to stop breaches before they lead to costlier damage.

Cash Handling Procedures and Rules to Reduce Losses



Unlike credit and even check payments, you have no proof of the cash you have on hand and no way to replace it: once its gone, its gone! Because cash is irreplaceable, good cash handling procedures can reduce the risk of loss — both accidental and malicious.

Here are the six rules that Volunteers Organization are used to safeguard and streamline itis cash handling procedures.

1. *Make daily bank deposits mandatory* — **and predictable.** Daily trips to the bank are inconvenient and easy to postpone, but the longer you delay making cash deposits, the more you expose your business to the risk of loss, robbery, and employee embezzlement. To reduce this risk, create a written accounting process manual, emphasizing all of the mandatory cash handling procedures that all employees are to follow. Specify when cash is to be deposited at the bank, the maximum amount of cash you'll keep on hand and who is authorized to remove cash from the store.
2. *Minimize cash on hand.* How much cash you need to keep on hand depends on the volume of your activities daily cash transactions. Use your monthly cash projection volume history as a guide in determining the adequate amount of cash you need to make payment with customers and support any petty cash needs for your Activities. Once you arrive at an amount (probably between $200 and $1,000), include the specific figures in your accounting process manual and enforce periodic counts to confirm the balance.
3. *Limit the amount of change you provide.* Place signage at the point of sale stating the denominations of bills you can accept from customers and how much cash (if any) will be issued for returns and price adjustments. Such cash management policies can also encourage customers to use forms of payment other than cash, and can protect you from counterfeit bills.
4. *Know the people you hire.* Before you hire any employee, conduct a thorough background check (and perhaps a credit check) so that you are aware of any history of financial misconduct. Contact employees' former employers to discuss whether they had exposure to tasks that required a degree of trust, including access to sensitive data, cash or similar business assets, and how they handled them.

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5. ***Use tools to act as your eyes and ears, and for safekeeping.*** Video surveillance equipment installed outside of your office and around the office can act as a powerful deterrent against theft. It also ensures you have visual proof to support police reports, and enables you to more easily document cash-related theft for insurance claims if a crime occurs. Tools such as in-store and portable fireproof cash boxes also can increase the accuracy of cash counts, with specific amounts verified and placed in the box until the daily deposit is made. A lockable cash box also helps ensure safe transport to the bank.
6. ***Encourage teamwork.*** Just as you don't want to lose cash, your employees don't want to be held accountable for issues related to it for which they aren't at fault. Design your cash handling procedures with the "buddy system" in mind: Require that at least two employees verify accuracy when they count cash in point-of-sale drawers, and record cash-on-hand amounts once business closes for the day, and before it opens the next morning. If there are discrepancies about the amount of cash on hand, specify the minimum variance allowed (for example, $25) before employees must immediately report the issue to management for investigation.

Strong cash handling procedures are a minimum requirement for running any consumer-facing business. And while it may require some additional time to ensure you have effective cash management processes in place, it's worth the effort to protect your business from unnecessary financial loss

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