

Parish Internal Control Assessments

Rev Sept 2014

Fundraising and Gaming

<p>1) Obtain a list of all gaming activities held during the year under audit.</p> <p>a. Verify all activities are included in the Indiana Gaming Commission Authorized activities:</p> <ul style="list-style-type: none"><li>(1) A bingo event.</li><li>(2) A charity game night.</li><li>(3) A raffle event.</li><li>(4) A door prize event.</li><li>(5) A festival.</li><li>(6) The sale of pull tabs, punchboards, and tip boards.</li><li>(7) Any other gambling event approved by the commission (review approval)</li></ul>	
<p>2) Select a sample from the list of each type of gaming activity based on the frequency of the activities for testwork and perform the following procedures:</p> <p>a. Obtain the gaming license for each activity selected and review noting the license is complete and accurate and was filed on time.</p> <p>b. Ensure charity gaming activities are not conducted more than 3 days per week.</p>	
<p>3) For the sample selected in Step 2, obtain information regarding prizes through reviewing printed evidence or interviewing operators.</p> <p>a. Determine that the total value of door prizes does not exceed \$5,000 (if a door prize only event) or does not exceed \$1,500 if at another gaming event.</p> <p>b. Determine that the selling price for a pull tab, punchboard, or tip board is not more than \$1.00.</p> <p>c. Determine that the winning ticket in a pull tab, punchboard, or tip board game is not more than \$300.</p> <p>d. Determine that the total prizes awarded for a pull tab, punchboard, or tip board game do not exceed \$2,000.</p> <p>e. If a raffle is being held in connection with another allowable event, determine that the total prizes for the raffle do not exceed \$5,000.</p>	

- 4) For the sample of bingo events selected obtain information regarding bingo prizes through printed evidence or interview operators for information.
- a. Determine that the prize limitation of any one bingo game does not exceed \$1,000.
  - b. Determine that prizes for all bingo games played at one event do not total more than \$6,000 (unless the Indiana Gaming Commission has given written authorization that the total prizes may not exceed \$10,000)
  - c. Determine that door prizes at a single bingo event do not exceed \$1,500.
  - d. If a raffle is being held simultaneously with a bingo event, verify that the prize on the raffle drawing does not exceed \$5,000 or that special permission has been granted.
  - e. If special permission has been granted, obtain a copy of permission. Determine that the prize drawing does not exceed \$25,000.
  - f. Determine that only one organization is holding an allowable event per site per day.
- 5) For bingo operations selected in #4 above, obtain a copy of the bingo license application and ask the Bingo Administrator for information regarding the operators and workers of the bingo operation.
- a. Note that all operators and workers are at least 18 years old.
  - b. Note that all operators have been members in good standing of the sponsoring organization for at least one year and workers for 30 days.
  - c. Note that a “No Tipping” sign is posted at every bingo event.
  - d. Determine that operators do not manage bingo games for any other organizations in the same calendar month as the auditee.
  - e. Determine that operators and workers do not receive any compensation for managing the bingo games.
  - f. Determine that operators and workers do not participate in the games in any manner on the same day they are managing them.
  - g. Inquire of the head operator that no operators or workers are employees of the Indiana Gaming Commission or are living in the same household with an employee of the Indiana Gaming Commission.

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|    | <p>h. Determine that complete organization membership records are available for IDR inspection.</p>   |
| 6) | <p>Obtain inventory lists, paid invoices, and canceled checks for the past year.</p> <ul style="list-style-type: none"><li>a. Select a random sample canceled checks within the scope of the audit period. Vouch those checks to supporting invoices. Note any exceptions.</li><li>b. Determine that gaming supplies, devices, and equipment including pull tabs, punch boards, and tip boards purchased are from manufacturers or distributors that are licensed by the Indiana Gaming Commission by selecting a sample of invoices and verifying their origin.</li><li>c. Determine that records are kept of purchases of all charity gaming materials, including vendors, quantities, and costs.</li></ul>   |
| 7) | <p>Obtain information about publicity of the events selected for test work.</p> <ul style="list-style-type: none"><li>a. Determine that no advertising was done before the organization obtained a gaming license.</li><li>b. Obtain samples of advertisements. Determine that they contain the name and license number of the organization in bold print.</li></ul>  |
| 8) | <p>Obtain accounting records and Indiana Gaming Commission reports on file at the parish or from the Indiana Gaming Commission relating to the gaming operations.</p> <ul style="list-style-type: none"><li>a. Determine that a separate charity gaming bank account is used for gaming receipts and disbursements.</li><li>b. Determine that the separate general ledger account is used to record all proceeds from the gaming event as well as expenses incurred for that event.</li><li>c. Determine that the separate bank account is properly reconciled at least quarterly.</li><li>d. Determine that expenses paid were allowed based on the Indiana Gaming Commission list of Allowable Expenses.</li><li>e. Determine that an annual bingo financial report was filed within thirty days of the expiration of the license.</li><li>f. Determine that an event report is filed within ten days of the allowable event unless an extension of time has been received.</li></ul> |

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|     | <ul style="list-style-type: none"><li>g. Test disbursements in accordance with the disbursement audit program.</li><li>h. Verify that proper segregation of duties exists between check preparation, check signing, and posting to the general ledger.</li></ul>   |
| 9)  | Obtain information on concession sales. If the bingo takes place more than thirty times per year: <ul style="list-style-type: none"><li>a. Determine that sales tax is paid on all “tangible personal property” sold during the event (includes food).</li><li>b. Determine that the vendor is a registered retail merchant with the Indiana Department of Revenue. Obtain photocopies of such registration.</li><li>c. Determine the remittance of sales tax payments to the IDR through canceled checks, remittance worksheets, and remittance forms.</li></ul>  |
| 10) | Obtain information regarding rental expenses related to bingo operations. <ul style="list-style-type: none"><li>a. Determine that not more than \$200 is spent on site and janitorial service per bingo event.</li><li>b. Determine that not more than \$50 is spent on rental of equipment per bingo event.</li></ul>   |
| 11) | For all other fundraising events, obtain supporting records (bank statements, deposit tickets and money count sheets, checkbook, canceled checks, and invoices) for each fundraising event held. <ul style="list-style-type: none"><li>a. Determine that at least two individuals are in control of and are responsible for collecting, counting, and depositing moneys.</li><li>b. Determine that at least two individuals performed the actual cash count of the fundraising moneys collected by observing the money count sheets (which should be signed by all counters).</li><li>c. Determine that moneys are collected, counted, and deposited frequently.</li><li>d. Determine whether a secure, fireproof vault exists and is utilized for securing moneys until a deposit can be made.</li><li>e. Determine that deposits are properly posted to the checkbook and/or general ledger by the bookkeeper or the related organizations financial statements as fundraising income.</li><li>f. Observe that all wagering is used via imitation money.</li></ul> |

- g. Determine if a “chit” system is currently used where patrons purchase tickets from a central location and these tickets are used to “purchase” rides, games and refreshments. If material, comment on the need for the implementation of such a system for cash control purposes.
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12) For any fundraising events selected in Step 2, determine if fundraising events involve inventory items (trash bags, sweatshirts, etc.), if so perform the following:

- a. Determine that items for sale are inventoried and that detailed reconciliations of inventory on hand, inventory in process, inventory sold, and sales proceeds received are maintained.
  - b. Determine that inventory is properly reflected on the organization’s balance sheet and that sales revenue and cost of sales is properly reflected on the organization’s income statement.
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