

## Guidelines for Internal Control in a Small Organization

An entity's organizational structure depends, in part, on its size and the nature of its activities. Often inadequate segregation of duties exist due to a limited number of personnel available. This lack of internal control may be offset by the following means:

1. The establishment of a recognizable pattern of procedures.
2. Supervisory control where the supervisor will periodically review receipts and payment procedures. This review includes:
  - a. The visual review of adequate documentation during check signing.
  - b. Periodic reconciliation of receipts to deposit slips.
  - c. Review of bank reconciliations.

Some common control procedures. (Not all inclusive):

1. Purchases and Expenses
  - a. Requisitions used to authorize purchases.
  - b. Quotations and written bids obtained as required.
  - c. Requisitions approved by person other than the person making the request.
  - d. Person receiving goods different from person authorizing the requisition.
  - e. Goods received checked against the delivery packing slip; person receiving signs and dates packing slip as correct or notes exceptions.
  - f. Delivery packing slip checked against supplier's invoice and purchase order.
  - g. Person checking invoice for correctness signs to accept responsibility.
  - h. Approved packing slip attached to invoice for payment.
  - i. Check signer reviews documentation before issuing check. (Purchase was properly approved, goods were received as ordered, invoice amount agrees with approved order, etc.)
  - j. Signature and countersignature required on check.
2. Receipts and Banking
  - a. Official receipt issued immediately for all cash and checks received.
  - b. Receipts entered in receipt number order.
  - c. Cancelled receipts accounted for.
  - d. Money collected by others turned in daily to the Treasurer.
  - e. Money kept safe with controlled access.
  - f. All money deposited intact daily by a person other than the one collecting it.
  - g. List of receipts agreed to daily deposit total.
  - h. Bank deposit slip prepared in duplicate and signed by depositor.
  - i. Cash reconciled to the bank monthly.
  - j. Bank reconciliations and statements reviewed monthly by person other than the one preparing the reconciliation.
  - k. List of receipts reconciled to deposit slips monthly.
  - l. Cancelled checks recorded and accounted for.