

Seaside Village is a retirement community, and many residents work together on a local charitable auction to raise money to support community endeavors. Basically, volunteers solicit residents and local merchants to donate items for the auction. The night of the auction, volunteers bring their donated items for display on tables placed around the floor of the town's school gymnasium. Virtually the whole town turns out to bid on items that are up for sale. The lucky purchaser makes payment at a collection booth that is staffed by two of the volunteers. At the end of the evening, the buyers collect their items. A volunteer takes the money home to count. The money is deposited to the charity's bank account on the following day.

Following last year's auction, many complaints were heard. One merchant complained that he had donated an expensive LCD television, but it was not offered for sale at the auction. One of the buyers complained that the item she paid for was not to be found at the end of the evening. Another donor complained that he needed a receipt for tax purposes, and another person complained that some people were making up receipts for donations that were never made.

The charity's board is considering expanded controls for next year's event, and is considering ten specific proposals received from various volunteers. Which five of these proposals are the most valid strengthening of the control structure?

1. Donors will be sent a thank you letter, which will include a paragraph asking them to confirm that their donated item was present at the auction.
2. Proceeds should be counted and recorded by two or more people immediately following the auction, and taken directly to the bank for deposit in the night depository.
3. The person taking the money to the bank will be required to perform a bank reconciliation at the end of the month to verify the deposit's posting.
4. All volunteers should be emailed a blank receipt form. Volunteers are encouraged to reprint a generous supply and be sure to issue one to each donor.
5. Prenumbered receipt books (with carbon copy film) should be used for donated items, and a log should be maintained of who received a receipt book. The receipts should be reconciled to donated items.
6. A paid receipt prepared by collection booth volunteers must be presented by a purchaser before being allowed to leave the gym with an item of merchandise.
7. An advertisement will be run in the local paper asking for support of the upcoming auction. The advertisement will include instructions to donors reminding them to always ask for a receipt for their gift, and encouraging them to call in to a special phone number to register to be eligible for a special prize drawing for donors!
8. Only one person at a time will be allowed in the collection booth. Each collection booth volunteer will be limited to a one-hour shift. No volunteer is to remove funds from the booth.
9. The charity's president will be required to perform an audit of the books and records related to the annual event. The president must issue a written audit report.
10. Donated items must be taken to a local storage facility upon receipt. A warehouse custodian volunteer will log the items, and another volunteer will be authorized to lock and unlock the warehouse.