

## DISBURSEMENTS

Normally, all expenditures should be paid by check. Only in extreme circumstances should cash be used to pay bills and documentation for such expenditures is **required**.

The parish or school checks/checkbooks should be stored on parish or school property in a locked safe or secure file cabinet.

Please refer to the policy entitled "Extraordinary Expenditures" for the approval process for extraordinary expenditures.

The PDS Ledger software should be used to track vendors, input invoices and print checks.

### **Signatures**

The original hand signature of the pastor, pastoral administrator, associate pastor, or school administrator is required on every check drawn on parish or school accounts except as indicated below:

- Checks over \$5,000 must have two signatures, one being the pastor, pastoral administrator, associate pastor, or school administrator. **The parish or school bookkeeper should not be authorized to sign or countersign checks.**
- Checks written from imprest checking accounts do not require the pastor, pastoral administrator, or school administrator's signature. However, the reimbursement check does require the pastor, pastoral administrator, or school administrator's signature. The pastor, pastoral administrator or school administrator should be one of the signers on the account. Please refer to the policy entitled Imprest Accounts for further instructions.
- The pastor, pastoral administrator, or school administrator may appoint two individuals to sign jointly in his or her absence.
- **Signature stamps or other check signing devices may not be used without the approval of the Archdiocesan Chief Financial Officer. Requests must be made in writing.**
- Blank checks **should never** be signed in advance of preparation.
- Checks should never be made payable to "CASH". Issue checks to be converted to coin or currency payable to the issuing bank or the individual cashing the check at the bank, i.e. John Doe, Cashier.
- Checks should never be signed by the person it is made payable to.

Exceptions to the above must be approved by the Chief Financial Officer. Requests for exceptions must be made in writing.

## **Purchase/Payment Procedures**

Following are suggested procedures to be used for making purchases and paying invoices/vouchers.

- A Form W-9 Request for Taxpayer Identification Number and Certification should be obtained on every vendor/individual. This form is not needed for reimbursements to individuals.
- Purchases by the parish or school should be made using the tax exempt certificate.
- Invoices should be date stamped when the mail is opened. An authorized **Check Request Form (See sample in Appendix – Accounting Sample Forms/Reports)** should be attached to the invoice and both should be given to the bookkeeper within three days of receiving the invoice. The Check Request Form must identify the following or the invoice must be stamped with the following:
  - amount to be paid
  - payee and address
  - date check needs to be paid (note any discount)
  - ledger account name/number to be debited
  - signature of person requesting payment
  - signature of person authorizing payment
- The bookkeeper should match the check request/purchase order and the invoice to the packing slips, if applicable. Any discrepancy should be resolved with the person who signed the check request form.
- In order to prevent duplicate payments the bookkeeper should note the following on each check request -- date of payment, check number, and initials of person preparing check and/or attach a copy of the check. PDS Ledgers will notify you if the same invoice number has been previously entered.
- Purchase limits follow the guidelines of check requests and extraordinary expenditures.

NOTE: Check request forms should also be used to request reimbursement of imprest accounts and petty cash accounts. It should include the same information as above, including all receipts or cancelled checks to verify expenditures. It should also include a reconciliation showing the checkbook balance, the amount of reimbursement and the total of the two. The total should agree with the amount stated on the balance sheet.

## **Voided Checks**

Voided checks should **NOT** be destroyed. All voided checks should be clearly marked "VOID" and filed in numerical order with the canceled checks or bank statements. If voiding a check in a month other than the current month, a journal entry in the current month should be used to clear the check. This ensures the previous financial records stay accurate.

## **IRS and State Filing**

An IRS Form 1099-MISC must be issued prior to January 31<sup>st</sup> each year for disbursements made during the previous calendar year (January 1<sup>st</sup> – December 31<sup>st</sup>) for \$600 or more. This information is required to be submitted to the IRS, state and some local governments and the individual/vendor. Please read the IRS Form 1099-MISC and Form 1096 Instructions for specific requirements. Also, read the instructions for state and local governments submission requirements.

Imprest account disbursements need to be included when determining the \$600 or more per individuals/vendors.

This payment information can be tracked in the PDS Ledgers software under the Vendor Tax Information tab.

## **Credit Cards/Charge Accounts**

We encourage parishes/schools to use charge accounts and discourage the use of credit cards. Credit cards should only be used minimally and when no other option is available.

Credit cards and charge accounts may be used to facilitate business purchases. It is imperative that adequate controls governing access, signatures, and documentation of type and business purpose be monitored. Finance charges should be avoided and balances should be paid at the end of the billing cycle. Statements must be mailed to the parish office and reviewed by the pastor, pastoral administrator or school administrator. To avoid risk of loss, credit limits should be maintained at a reasonable dollar amount.

All original receipts must be submitted by the individual in a timely fashion with a check request for payment. These receipts must be attached to the vendor billing statement.

Each individual purchase transaction reflected on the monthly credit card statement must be reconciled to the corresponding original purchase receipt.

No personal purchases can be charged to the parish/school credit card.

A list of the cardholders and authorized charge account signers should be maintained and kept in a secure location. The list should list the name of the cardholder, the account number, credit limit and expiration date. Credit cards must be returned when employees leave their job or position. Name of the employee leaving must be removed as an authorized signer on all charge accounts.

Each parish/school may develop internal policies that are more stringent if desired.

## **Electronic Fund Transfers (EFT)**

EFT can be used for recurring expenses if an adequate paper trail is maintained. The vendor invoice must still be received for supporting documentation. Approval for the expense should be obtained similar to the check request approval.

Each parish/school may develop internal policies that are more stringent if desired.