

# 105 Disbursements

## 105 DISBURSEMENTS

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### 105.1 Disbursements:

All expenditures should be made by check or secured payment transfer and should be recorded in the general ledger. If the Parish/School wants to pay bills electronically they must ensure that the on-line bill payment module that they use is set-up to require the Bookkeeper to initiate the disbursement under their userid/password and that the disbursement be approved and released under the Pastor/Principal's userid/password. See Section 105.4.

#### **Procedure:**

- A) All expenditures must be approved by the pastor or other authorized personnel prior to payment.
- B) All expenditures should indicate the date of the payment, to whom the payment was made, the purpose of the payment, and the check number.
- C) Checks should always be issued and posted in sequential order.
- D) Checks should be simultaneously posted to the general ledger through the check creation process.
- E) The Chart of Accounts for parishes and schools should be used for the proper classification of check disbursements. A copy of the uniform chart of accounts is available from the ADDITIONAL RESOURCES section to the right.
- F) For Parishes, the Pastor should be the primary check signer. A

Corporator would be a suitable back-up. For Schools, the President/Principal should be the primary check signer. The Vice-Principal and/or School Board Chair would be a suitable back-up.

G) The check signer should always be a different person than the check preparer. Pastors/School President/Principals should never sign checks payable to themselves. A Corporator should approve expenditures and sign checks payable to the Pastor and the School Board President to approve expenditures and sign checks payable to the School President/Principal.

H) Supporting documentation shall be maintained for every disbursement, including original receipts or invoices (items should only be paid after receipt of approved invoices).

I) Checks shall not be made payable to cash or signed in advance.

J) Parishes/Schools should establish a dual signature policy by evaluating their activity and setting a limit higher than the most recurring bill (excluding Archdiocese payments). Any checks above the dual signature policy should be signed by two individuals.

K) The Bookkeeper, or anyone with the ability to input entries into the general ledger, should not be a check signer, have use of the Parish/School's credit card(s), access to Petty Cash or mail/distribute vendor checks or payroll checks/advice.

M) A Parish/School may not provide a loan or advance money to an employee or anyone else. This includes allowing individuals to purchase personal items on the Parish/School's credit card, an advance on their pay or any other item that could appear as giving a loan. This could affect the Parish/School's tax-exempt status.

N) The Pastor/School President/Principal should review all bank statement activity and cancelled check images to ensure that all disbursements are via check and that they are signing all checks.

## **105.2 Invoices and Documentation:**

Invoices or other supporting documents shall be obtained for every expenditure, with the exception of salaries to employees, payroll tax payments, clergy fees, Cathedraticum payments, Diocesan Collections remitted, and school subsidies.

### **Procedure:**

A) Paid checks and credit card statements alone are not sufficient support for expenditures.

B) Receipts and/or invoices must be attached. The business purpose for an expenditure should be clearly indicated in the supporting documentation. A memo explaining the reason for the expenditure should be included if the reason for the expenditure is not provided in the other supporting documentation.

C) All invoices should be reviewed and approved by the Pastor/School President/Principal prior to payment. This approval should be indicated in writing.

D) Invoices and other supporting documents are part of the required records and must not be destroyed, but retained as support for the cash disbursements. These documents may only be destroyed in accordance with the Archdiocesan Record Retention Policy, available [here](#).

E) After payment, invoices should be marked to reflect the check number and date paid.

F) Invoices should be kept alphabetically in files by vendor for the fiscal year July 1 through June 30. Files should be kept separately for each fiscal year.

## **105.3 Credit Card Usage**

Parish/School credit cards are acceptable; however, the Parish/School should restrict the access/use of credit cards to key individuals (i.e. Pastor,

School President/Principal, etc.).

**Procedure:**

A) Debit cards are prohibited as they do not have the same controls as a credit card (i.e. transaction/credit limits, etc.)

B) The Parish/School needs to have written guidelines that are distributed to all credit card users, describing the cardholders' responsibilities (i.e., business purpose, supporting documentation, timeliness) for using the parish's credit cards. Each individual with access to the credit cards should sign the Credit Card Policy acknowledging the terms.

C) Credit card users must ensure that cards are used only for Parish/School business and that detailed receipts, including the specific business purposes, are attached to the statement for all credit card purchases and this support should be reviewed and approved by the Pastor/School President/Principal.

D) The Parish/School should establish reasonable credit limits for each card/individual based on their expected usage.

## **105.4 Electronic Disbursements**

If the Parish/School wants to pay bills electronically the Parish/School must ensure that the on-line bill payment module that they use ensures that separate users must initiate disbursements and approve disbursements.

**Procedure:**

A) The Bookkeeper should set-up the vendor and initiate the bill payment via their personal userid/password.

B) The Pastor/School President/ Principal should approve and release the bill payment under their personal userid/password.

C) The Parish/School should set-up the same dual authorization limits within the on-line payment module as they have under their Dual Signature

Policy.

D) Individuals who initiate and approve electronic disbursements must ensure that the transactions relate to Parish/School business and that detailed invoices/receipts, including the specific business purposes, are attached reviewed and approved by the Pastor/School President/Principal and maintained with the disbursement records.