107 Bank Account And Petty Cash Regulations

107 BANK ACCOUNT AND PETTY CASH REGULATIONS

The following section explains regulations for use of bank accounts by parishes and schools.

107.1 One Checking Account Limit

Only one checking account shall be used to deposit income and pay expenses.

Procedures:

A) Each parish and school should have only one checking account into which every cash receipt is deposited and from which every cash disbursement is made.

B) A separate checking account used exclusively for capital campaigns is permitted.

C) Additional sets of books, bank reconciliations and the consolidation of the activity of the accounts are all complications of having more than one checking account.

D) Savings accounts and general ledger sub-accounts (i.e. Cash, IPLF) can be used when a parish or school wishes to separate certain funds.

E) Checking and Savings accounts should be held in a Federally Insured Bank and deposit balances should not exceed the FDIC limit of $250,000, unless required for payroll.

107.2 Savings Accounts:

There is no limit to the number of savings accounts that a parish or school can have.

Procedures:

A) Savings account balances should be recorded in the General Ledger and adequate documentation to support the current balances should be maintained.

B) Cash receipt deposits should never be made directly into savings accounts, and disbursements for expenses should never be made directly from savings accounts.

C) Activity in savings accounts should be entered as transfers to or from the regular checking account.

D) The interest on savings accounts should be recorded monthly.

E) All transfers should be approved by the Pastor/School President/Principal in writing prior to the transfer being executed.

107.3 Titling of Accounts:

All financial and investment accounts must be registered only in the name of the parish or school corporation and at its legal address.

Procedures:

A) For parishes, the Archbishop, the Vicar Bishop, Pastor/Administrator, the Associate Pastor and/or Corporators should be named as an authorized signer on all parish financial and investment accounts.

B) For parish schools, the Archbishop, the Vicar Bishop, Pastor/Administrator, Associate Pastor, School President/ Principal, Assistant Principal, and/or the school board president should be named as authorized signers on every school financial and investment account.

C) For incorporated schools, the Archbishop, the Vicar Bishop, School President/Principal, Assistant Principal, school board chair, and/or finance committee chair should be named as authorized signers on every school financial and investment account.

D) Facsimile signature stamps and electronic signatures CANNOT be used at Parishes or Schools.

E) Dual signatures should be required on checks over a predetermined amount. See Section 105.1(K).

F) The Authorized signers for the Parishes and the Schools should be reviewed and revised as changes occur at the Parishes and the Schools.

107.4 Reporting Bank Accounts:

All financial and investment accounts must be reported to the Archdiocese of Baltimore as part of the Annual Financial Report, which is due by August 15th of each year.

Procedures:

A) When reporting accounts as part of the Annual Financial Report, all parishes and schools must include the name of the financial institution, type of account, what the account is used for, the account number and the general ledger balance in the account at year-end.

B) If a parish, school or other organization desires to have investments in fixed income and equity funds outside of the options provided in the IPLF Investment Program, approval must be requested from the Executive Director of Management Services (as delegated by the Archbishop of Baltimore).

107.5 Bank Reconciliation:

Written bank reconciliations must be prepared through QuickBooks Online for the Parish/School's main checking account monthly. Written bank/investment account reconciliations for all other bank and investment

accounts should also be prepared monthly.

Procedure:

A) The bank/investment account balance at month-end must be reconciled to both the bank/investment statement balance and the general ledger balance on the same date.

B) Discrepancies should be investigated, documented and properly corrected in a timely manner.

C) A copy of the completed reconciliation, along with the outstanding check listing, the deposit in transit listing and any other reconciling items, should be maintained and should be dated and initialed by the person completing it. Additionally, a copy of the balance sheet should be attached as of the reconcilement date.

D) The completed reconciliation, signed and dated by the preparer, should then be forwarded to the Pastor/School President/Principal or other appropriate member of the parish or school (i.e., a Finance Committee member or Corporators) for their review.

E) The Pastor/School President/Principal should review all monthly bank reconciliations to ensure that they are prepared accurately and within 30 days of the bank statement date and that reconciling items are cleared timely. They should sign and date the reconciliation to evidence their review.

F) The parish or school should ensure that cancelled check images are received with all bank statements and cancelled check images should be maintained in accordance with the record retention policy, available here.

107.6 Petty Cash Fund:

A parish or school may use a petty cash fund for small purchases subject to the following procedures.

Procedure:

A) Only one person, the designated custodian, shall be responsible for and have sole access to the petty cash fund.

B) To establish the fund, a check payable to the custodian of the fund must be drawn in an amount adequate to maintain the fund. Petty Cash should not exceed $100.

C) An imprest system – whereby a set amount is maintained by replenishing only amounts spent – should be used for all petty cash funds.

D) Petty cash funds should be stored in a secure location, ideally a small lock box or locked cabinet or drawer.

E) As money is used, invoices/receipts are attached to a petty cash voucher slip which is completed in ink and signed by the person receiving the money. The voucher slip shall indicate the amount withdrawn, the date, the reason for the expenditure, and an account number.

F) All petty cash expenditures should be supported by invoices and vouchers.

G) At the end of the month, or sooner if the fund is low, the voucher slips are collected, reviewed, and expenditures are approved and totaled.

H) A check made payable to the custodian of the fund, equal to the total of all voucher slips, is drawn. The check is then cashed into bills and coins and the petty cash container is replenished.

I) At least quarterly, someone other than the Petty Cash Custodian should perform an inventory on Petty Cash (and receipts) and agree the total on hand to the balance per the general ledger. This inventory should be documented in writing and maintained in the Accounting records.