

## Disbursements

Normally, all expenditures should be paid by check. Only in extreme circumstances should cash be used to pay bills and receipts for such expenditures are a must.

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

Please refer to the form entitled “*Request for Expenditure over \$10000*” for the approval process for extraordinary expenditures. [LINK](#)

### Check Signers

- The Pastor, the Associate Pastor, or a finance committee member should be the only authorized check signers. The business manager or bookkeeper with access to the accounting system should not have signature authority.
- Checks over \$10,000 that are for an extraordinary expenditure require the written approval of the Bishop. Please see form *Request for Expenditure over \$10000* [LINK](#)
- Under no circumstances should blank checks be signed for future payments.
- A rubber stamped signature should not be utilized.

### Petty Cash

- It is encouraged that all parish expenditures be paid with a check.
- A petty cash fund is discouraged but can be set up with a \$100.00 limit to be used for small dollar purchases.
- The petty cash fund should only be used for situations where an immediate payment is essential.
- Petty cash is set up by writing a check to the custodian of the fund, with a note on the check indicating petty cash.
- Petty cash is a balance sheet item.
- The petty cash is an impress fund, which means the petty cash balance plus the receipts are always the same amount.
- One person should be in charge of petty cash. It should always be locked in a secure location.
- Petty cash receipts should always reflect an approval signature and the reason for expenditure.
- Replenishment of petty cash should be supported with proper receipts and reconciliation. The check written should be coded to the appropriate expense accounts.
- Periodically the petty cash should be reviewed by the Pastor or finance committee member.
- Stipends or any type of compensation should not be paid through petty cash.

- All purchases must be properly approved; there must be evidence of a receipt and an original invoice must support the payment.

### Accounts Payable Checks

- All invoices shall be reviewed for accuracy and proper approval. If applicable a packing slip should be attached to the invoice indicating a good has been received.
- The business manager or bookkeeper should assign a general ledger account number to the invoice before posting the invoice in the accounting system.
- It is recommended that the parish use a computer generated check for disbursements. If possible a parish should use a three part check.
- Once a check is written the original invoice should be stamped paid with the check # identified or a check stub should be attached to the original invoice if using a three part check.
- The Pastor should review and initial invoices at the time that the checks are signed. There should be careful examination of the supporting documentation by the check signer. Supporting documentation includes a proper original invoice, evidence the good or services were received and evidence that the purchase transaction was properly authorized.
- The Pastor, the Associate Pastor, or a finance committee member should be the only authorized check signers.
- Checks should never be written to cash.
- If there is a mistake on the check, it should be marked void and the voided check should be retained and filed in a voided check file. Voided checks should not be destroyed.
- The stack of unused checks should be safeguarded in a locked safe or file cabinet.
- All checks should be properly and timely mailed directly to the payee.
- It is recommended that the invoice and all supporting documentation be filed by check order # by month or by vendor.
- If checks are needed immediately there should be a process in place to insure that the disbursement is recorded accurately and timely into the accounting system.

### Credit Cards

- The preferred payment method is through vendor invoices and parish checks. This method allows for budget compliance and insures that the parish gets certain discounts and does not pay sales tax. However, in some cases, this is not feasible for a variety of reasons.
- The number of credit cards maintained at a parish should be kept to a minimum.
- A parish credit card should not be used for personal use.
- For internet purchases, care should be taken to purchase only from secure and reputable sites.
- For every credit card transaction, a receipt must be obtained. The receipt must contain a detailed breakdown of what items were purchased. The signed receipt must include a written description of the purpose and the appropriate general ledger account number (if known). The receipts must be returned to the bookkeeper, business manager or Pastor. If

the receipt is not detailed, a check request form should be completed and attached to the receipt.

- Cardholders should make every effort to ensure that purchases do not include sales tax. Tax-exempt certificates are available via the parish business Manager or bookkeeper. Sales tax may be paid for minimal expenditures from one-time vendors who refuse the exemption, but sales tax should not be paid where purchases are for more substantial expenditures or are repetitively incurred.
- A log should be maintained to record when the credit card is removed from the storage location. Each log entry should indicate the date the card is checked out, the name of the person checking out the card, the initials of the person checking out the card, the initials of the person who released the card to be checked out, the date the card was returned and the initials of the person receiving the card when returned. A log should be maintained for each individual credit card along with the original receipt for the purchase.
- Credit cards at each site should be stored in a secure location, such as a lockable cabinet. Access to this storage location should be limited. The business manager, bookkeeper or the Pastor should be the only individuals with access to the credit card storage location.
- All receipts from credit cards should be reconciled and attached to the monthly credit card statement.

SCRIP Cards

- SCRIP card purchases and activity should be logged. (see illustration below)
- Each SCRIP card log should show the SCRIP card purchased and list any purchases used against the SCRIP card. All receipts should be attached to the log.

SCRIP Vendor :				
Date Purchased:				
Face Value:				
Date	Description	Account	Amount	Balance

Employee Expense Reimbursements

- In general all purchases should be paid directly from the operating cash account.
- All payments are to be submitted and processed in the fiscal year incurred.
- Purchases made by individuals must be pre-approved prior to the purchase and a check request form should be completed.
- The original invoice or the written receipt for the purchases with proper approval must be presented for payment. The receipt must contain the purpose for the expenditure.

- Payments to individuals for the business use of their automobile must be documented. Reimbursement must be made at the IRS established rate. The individual is required to submit supporting documentation noting the date, purpose, destination and total business miles. The Diocese of Owensboro Travel Voucher form can be completed to show the documentation.
- The payment must be written to the individual making the purchase.

Fundraising Activities

- Fundraising events generate a significant amount of additional funds needed by the parish to meet financial needs. It is important that each parish take special care to insure the adequate safeguarding and monitoring of these funds.
- Certain fundraising events may require prior approval of licensing with a state or local agency and in addition certain events may require the submission of activity reports with state or local agencies.
- The financial activity for special fundraising events should be monitored separately but included in the parish accounting records. All purchases and expenses for fundraising activities should be paid for by check. Cash generated from the fundraiser should not be used to pay for fund raising expenses.
- All money received should be handled in a safe manner. This includes money from bingo, church picnics, fish fry, scrip, etc.
- Cash should never be left unattended.
- Proceeds from the fundraiser accompanied by a fundraiser tracking sheet should be submitted to the business manager or bookkeeper at the conclusion of the fundraiser. The worksheet should detail the income and expense generated by the fundraiser (see illustration below).
- Deposits should be made as soon as feasible.
- Sales generated by a fundraiser including food sales are subject to Kentucky sales tax which can be included in the price of an item or added at the completion of the sale. Forms for remitting sales tax can be obtained from the Kentucky Revenue Cabinet.
- Keeping accurate records of income and expenses generated by a fundraiser will provide valuable information for future fundraisers as well as insure the Pastor and the parish that the event was handled in responsible manner. All fundraising tracking sheets should be presented to the finance committee or the parish council for review.

**Fund Raising Tracking Sheet (Illustration)**

**Event** \_\_\_\_\_

**Event Date** \_\_\_\_\_

**Funds being raised**

**for** \_\_\_\_\_

**Fund Raiser**

**Chairperson** \_\_\_\_\_

**Chairperson phone # and email address** \_\_\_\_\_

**Event Income and Expense Financial Tracking**

***Income***

<b>Date</b>	<b>Event</b>	<b>Deposit Amount</b>

***Total Income***      \_\_\_\_\_

***Expenses***

<b>Date</b>	<b>Expense Purpose</b>	<b>Amount</b>

***Total Expenses***      \_\_\_\_\_  
***Net***      \_\_\_\_\_