

**DIOCESE OF SIOUX CITY
PARISHES
CASH DISBURSEMENT PROCEDURES**

While it is important to safeguard all receipts for the parish, it is equally important to ensure that disbursements are made for legitimate parish purposes. To ensure there is an effective system of internal control over cash disbursements, the responsibility of authorizing disbursements should be segregated from the recordkeeping functions (processing the transactions in QuickBooks).

We recommend the parish implement the following procedures:

1. A purchase order system should be established and all disbursements should be supported by an approved purchase order form. This provides documentation of the pastor's pre-approval of the purchase as well as the terms, price, quantity, and account classification.
2. The pastor should review and initial the invoices to document his authorization for payment. In addition to a purchase order, an accounts payable voucher is also typically prepared to document the payment, account coding, and authorization. This enables the pastor to be aware of where parish funds are being expended.
3. The bookkeeper should carefully review all invoices for math accuracy and to apply credit for returned items. Also, the credit card and other statements should be reconciled with invoices and invoices should be reconciled with purchase orders.
4. The delivery of goods or services should be verified before an invoice is processed for payment. The person who verifies the receipt of goods should initial the packing slip to document that the verification has been performed.
5. After the bookkeeper has reviewed the supporting documentation, he or she should prepare the checks. Pre-numbered checks should always be used. Voided checks should be entered into Quick Books and the checks should be marked "void" to prevent their reuse.
6. The unsigned checks and supporting documentation should be forwarded to the pastor for his review. Payments should not be processed without the pastor's authorization.
7. The pastor then signs the checks. The bookkeeper should never sign the checks since he/she also prepares them. He/she should not be listed as a signer on the bank/investment accounts.
8. Rubber signature stamps should never be used
9. A lay director or finance committee member should be added to the checking account to sign checks when the pastor is absent.
10. Checks should never be signed in advance or signed without proper documentation.

11. Once paid, all invoices, store receipts, and other supporting documentation should be marked paid, write the date and check number on the invoice to ensure it is not paid twice. Maintain this documentation in an orderly filing system.
12. The parish bookkeeper should complete a timely reconciliation of each bank and investment account to the monthly statements in QuickBooks. Since the pastor signs the checks, he should not complete this reconciliation. Print and retain the bank reconciliations.
13. Diocesan policy requires the pastor to be a signer on all parish accounts, including parish sponsored organization/society accounts. Since these accounts use the parish tax identification number, the parish is responsible for the activity.
14. Each parish should complete an annual corporate resolution documenting the parish's authorized signers. This should be signed by each of the authorized signers. Two copies should be sent to the Chancery office in Sioux City to obtain the Bishop's signature as he must also be a signer.
15. The following should be generated from QuickBooks (unfiltered) and submitted to the parish finance council every time they meet (quarterly at a minimum) for review and approval:
 - Comparative Balance Sheet
 - Comparative Profit & Loss Statement
 - Budget vs. Actual Profit & Loss Statement
 - Listing of Paid Bills (check register). The invoices should be available upon request.
16. A Profit and Loss Statement should be submitted to the parishioners at least once a year.
17. The cash disbursement procedures should be tailored to meet the needs of your parish without compromising the intended controls. These written procedures should be presented to the parish council for formal approval. Subsequent amendments should also be approved.