



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 absolutely required.

The parish checks/checkbooks should be stored in a locked safe or secure file cabinet only accessible to employees responsible for the preparation of the checks.

Please refer to the policy entitled “Extraordinary Expenditures” for the definition and policies surrounding the process for extraordinary expenditures.

### **Signatures**

The original, hand signature of the pastor or parochial vicar is required on every check drawn on parish accounts except as indicated below:

- It is suggested that checks over \$5,000 should have two signatures, one being the pastor or the parochial vicar. The parish business manager, bookkeeper, or the person responsible for the preparation of the checks can never be an authorized signer or countersigner on checks.
- The pastor may appoint an individual to sign in his absence. The parish business manager, bookkeeper, or the person responsible for the preparation of the checks can never be an authorized signer or countersigner on checks.
- Signature stamps are not to be used.
- Some parishes that use PDS Ledger may have setup the check signature feature to automatically sign checks. If this is the case, PDS must be configured such that only the Pastor’s login credentials have the signature function authorized. As the ‘administrator’ login credentials has access to all PDS functions, this means that the pastor must also be setup to be the one, and only, administrator in the PDS system.
- Blank checks are never to be signed in advance of preparation.

### **Purchase/Payment Procedures**

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

1. The parish should consider the use of purchase orders for purchases other than normal monthly expenses such as utilities. For example, the parish may want to set certain restrictions on what purchases require an advance purchase order prior to payment. These may include items that were not in the budget, over a certain dollar limit, or for a special project. The purchase of these goods or services would not be permitted without following these procedures:
  - Preparation of a purchase order which would include the quantity and price for the materials or services ordered, purpose of expenditure, approximate date of delivery, and signature of the person requesting the purchase.
  - The purchase order is forwarded to the business manager or bookkeeper for review and presented to the pastor (or his designee) for approval signature. Consideration should be given to:
    - necessity for the purchase.
    - quantity reasonableness.
    - reasonableness of price quotes.
    - possible need to obtain several price quotes.
    - budget status.



2. Regardless of whether the parish requires the submission of purchase orders, the person(s) responsible for receiving materials or services should verify the accuracy of the delivery and forward the packing slips to the parish business manager or bookkeeper.
3. Invoices should be date stamped when the mail is opened. An authorized check request form should be attached to the invoice and both should be given to the business manager or bookkeeper within three days of receiving the invoice. If a parish prefers not to use a check request form, an ink stamp should be purchased that contains fields to be completed of the same information on the check request form. The invoice should be stamped and information should be completed by the purchaser then forwarded to the business manager or bookkeeper. The check request form or ink stamp must identify 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 or initials of person authorizing payment
4. The business manager or 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 (or signed the invoice requesting payment) **prior** to payment.
5. In order to prevent duplicate payments the bookkeeper should note the following on each check request and/or invoice:
  - date of payment
  - check number
  - initials of person preparing check.
6. Checks payable to cash are *highly* discouraged. In the event that such a check must be written, all Purchase/Payment procedures from above must be followed. All documentation must be kept on file and available for inspection at the next parish audit.
7. Checks made payable to any signer on the account should, whenever possible, be signed by a different signer on the account. All such checks must follow all Purchase/Payment procedures from above. All documentation must be kept on file and available for inspection at the next parish audit.

#### **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 for audit inspection if needed.



### **Electronic/Online Payments**

Many banks now offer electronic check payment services for little to no cost. While these processes may be efficient and convenient, all of the above procedures must be adhered to regardless of the method of payment. In the case of electronic/online payments, the pastor (or parochial vicar) must still review, and sign off as approved, all purchases. This can usually be accomplished by simply printing out the bank report that shows the disbursement(s) being made and attaching all applicable invoices/supporting documentation to the report. Just because the payment is made electronically does not negate the need to follow proper internal control procedures.