

# DIOCESE OF BUFFALO INTERNAL AUDIT NEWSLETTER

Cash Disbursements - General Procedures

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## INTERNAL AUDIT TEAM

### Contact Us

Beth Pericozzi (716) 847-5584

BPericozzi@buffalodiocese.org

Zachary Kinnaird (716) 847-5578

ZKinnaird@buffalodiocese.org

Timothy Redinger (716) 847-8745

TRedinger@buffalodiocese.org

Shijia Zhang (716) 847-5586

SZhang@buffalodiocese.org

Tracy Groth (716) 847-5572

TGroth@buffalodiocese.org



## WHERE DO THE INTERNAL CONTROLS BEGIN?

Proper internal control begins with the incoming Mail:

- All incoming financial mail **must** be opened and reviewed by the pastor or his designated representative. This designated representative **cannot** be involved with the check printing, bookkeeping or bank account reconciliations process. Invoices, vendor statements, credit card statements, and bank account statements must be reviewed to determine if the charges and/or activity appear reasonable and appropriate. Consideration should be given to appointing an alternative representative in case of both the pastor and his designated representative are not available.

- All parish, school, society, and organization bank accounts **MUST** include digital images of the cleared checks. This is an important piece of documentation regarding cash disbursements. This is the bookkeepers/business managers "proof" the payees in PDS Ledger are accurate. Review of digital images must include payee, amount, and authorized signer.

- Once the review is completed, all items **must** be initialed, indicating the review has been completed. The items can then be distributed to the appropriate person or office.

- If the vendor statement or invoice is for items ordered and received, the person or department who ordered the items should have the order confirmation and or delivery/packing slip. The information on the order & packing slip must be compared to ensure the item(s) description, quantity, and price match the vendor statement or invoice. Once reviewed, and items agree, the individual must sign the vendor statement or invoice indicating "okay to pay" and attaching all documentation.

- The reviewed documents are then given to accounts payable who will enter the invoices into PDS Ledger and print the check payments.

- Printed checks, vendor statements, or invoices and all supporting documentation must be presented to the account's authorized signer.

- The authorized signer **must** review all documentation provided, agreeing the payee, amount, service, or delivery address and memo section of the check. Once reviewed without exceptions or questions, the check should be authorized.

★ *Check disbursements to an authorized signer MUST be signed by a different authorized signer. This is for All bank accounts, including Mass offerings.*

- Ideally, the signed checks and supporting documentation should be given to someone other than the check writer for mailing to the vendor. They should retain the parish/school stub and attach it to the invoice or vendor statement to provide the payment information.

- The paid invoices/vendor statements should be filed in alphabetical order by payee.

## Online Payments

- Online payments are allowable but must only be made **AFTER** the authorized signer has approved the documentation for payment. The authorized signer must sign the invoice or vendor statement authorizing the online payment.

## Automatic Monthly Payments (i.e., utility bill)

- The vendor statement **must** be given to an authorized signer to review and sign.

- If the statement is received via email, the statement must be printed, signed by the authorized signer.

- Once signed, all documentation (invoice, vender statement, check stub, etc.) should be filed alphabetically by vendor name.

For a sample Check Request form, sample Credit Card log, past newsletters, and the Business Administration Parish Best Practices - Cash Disbursements (section 5-6) visit the Internal Audit Department webpage:

<https://www.buffalodiocese.org/internal-audit/>

Please contact the audit team if you have any questions 716.847.5572

## When should a Check Request used?

- Check requests must be used for reimbursements, or for when documentation does not exist for the disbursement (i.e., Extra Clergy payments).
- Forms must be signed by the requestor and individual approving the reimbursement.
- All receipts or other documentation must be attached. Additional information such as dates, purpose, event should be written on the check request form.

## Credit and Debit Cards

Parish and schools can elect to use credit (bank and store) and in extremely limited instances, debit cards. It is imperative adequate control governing access, signoff, and documentation of type and purpose of all purchases be monitored.

- **All credit card statements MUST be opened and reviewed by the Pastor or his designated representative, this designated representative must be someone other than a credit card holder, such as a trustee or Finance Council member.** (Consideration should be given to appointing an alternative representative in case of both the pastor and his designated representative are not available). Once completed, the credit card statement must be signed by the reviewer indicating completion.
- **Itemized, original invoices/receipts must be retained for EACH purchase and reconciled to the monthly statement.** The person or department who lost or misplaced original invoices/receipts must request a duplicate copy. The credit/debit card authorization slip is NOT acceptable without the itemized receipt.

### Who should have a Credit Card?

Credit cards can be obtained for parish/school personal responsible for ordering, pick up supplies, and the assigned clergy. Cards should be issued in the individual's name and MUST NEVER be given out for others to use. Card information should not be given out verbally or by a photocopy. The individual is responsible for all charges/purchases made on the card.

Credit limits for each card holder should be established by the Pastor/Principal and/or Finance Council. Strict rules regarding proper usage should be documented and distributed along with the card. Failure to abide by the Parish/School policy regarding the usage must result in the closing of the individual's credit card.

Monthly billing automatically charged to the credit card MUST have the printed invoice or vendor statement provided each month. It is the cardholder's responsibility to print the invoice.

All charges must include the purpose or event for which the items were purchased.

The accounts payable person should clearly identify the PDS Ledger account numbers used for the distribution of charges.

### Who should have a Debit Card?

Debit cards must only be issued in rare circumstances to the Pastor. In the case of a parish with a debit card, limited funds must be maintained in the single bank account the debit card corresponds to. Additionally, the bank account should be monitored and reviewed each day to ensure only authorized activity exists. Other parish bank accounts MUST NOT be connected to the debit card or accessible through the debit card.

All debit card transactions MUST be supported with the itemized detailed receipt or invoice.

All debit card transactions MUST be entered individually to PDS Ledger as a disbursement, using the actual date of the transactions and the appropriate vendor's name. All debit card receipts must be maintained in the paid bill file by vendor name. Individual receipts or invoice should be photocopied on to 8 ½ x 11 paper, attaching the original as well.

## Credit and Debit Card Logs

An inventory of parish credit cards and store charge accounts must be completed and maintained. The inventory must record the account title, account number, card number, credit limit, expiration date, and to whom and when the card was issued. The inventory should be periodically reviewed and updated as needed. Any card(s) issued must be returned by an employee when their employment ends and the individual's account should be closed. (See Diocesan "Business Administration-Best Parish Practices" manual page 5-6.) Collect expired cards and shred them. Any cards which are unaccounted for, lost or not returned by a former employee MUST be closed/cancelled.