

Diocese of La Crosse Catholic Unified School Systems Accounting Policies and Procedures Manual

Chapter Six: Cash Disbursements

A. Procurement

To maintain good budgetary controls, the Diocese of La Crosse Catholic Unified School Systems require Purchase Orders (PO) to be completed and authorized for any purchase over \$50.00. (See an example of a Purchase Order at Appendix A). Purchases under \$50.00 may be paid out of petty cash. If a check is required for a purchase under \$50.00, a check request is completed, authorized, and forwarded to the Central Office.

The Purchase Order is a prenumbered, three-part form which is completed by the requisitioner (person making the purchase).

1. Fill out the PO completely, including vendor information, items to be purchased, price per item, quantity to be purchased and extended total. The PO should also include the shipping address information and the name of the requisitioner.
2. Enter the general ledger code to be charged for the purchase.
3. Obtain authorized signature from the, Principal, or President.
4. Distribute the three copies of the PO: Original – Vendor, Copy 1 – Central Office, Copy 2 – School

B. Receiving

To insure that we are paying for items that have actually been received, the receiving agent (i.e. requisitioner, school secretary) should follow this procedure:

1. Check off each item received on the packing slip sent with the items. Match item description and quantity. If no packing slip is received with the order, use Copy 2 of the PO to check off each item. If only a partial shipment is received, make a copy of the PO to send to the Office and keep the original.

*(Note: If the item(s) being received are fixed assets, see **Chapter 12 – Tagging Procedures** for additional steps.)*

2. Pull Copy 2 of the PO and attach to the packing slip.
3. Forward to the Central Office. This is the school's verification that the invoice can be paid.

C. Invoice Processing

Vendor Invoices

Strict control must be maintained over invoices received from vendors. All invoices should be sent to or forwarded to the Central Office. This will prevent missed or double payments. Payments should be made only from original invoices and not from monthly statements. This again prevents double payment. As invoices are received:

1. Stamp the invoice with the date received in the Central Office.
2. Match the invoice to the PO/Packing Slip received from the school or requisitioner. If no PO was issued, obtain approval from the Principal. The exception to this approval procedure is for certain payroll-related disbursements. Invoices relating to deductions from payroll such as health insurance, long-term disability insurance, tax sheltered annuity deductions, flexible spending deductions, and United Way contributions must be reconciled to the payroll registers prior to payment. These payments do not require any other authorization. Certain on-going expenses may be pre-approved (i.e. rent, utilities, bank loan payments).

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3. Verify the prices charged by the vendor with the approved prices on the PO. Resolve any differences.
4. Code the invoice to the proper general ledger account(s). See **Section F – Coding of Special Payments** for specific information on coding.

Alternative Procedure:

Steps 2, 3 and 4 may be done at the schools by a designated person responsible for maintaining control over PO's and other payments (i.e. school secretary).

5. Enter the invoice into the accounting system by due date.
6. File the unpaid invoice and supporting documentation (check request, PO, packing slip) by due date.

D. Check Request Processing

Some regular payments issued do not have invoices. Examples of these payments are petty cash reports with receipts reimbursements, rent (must have a lease on file). To process these payments:

1. Fill out a check request for each item (See example at Appendix A). The check request should include the payee, the amount, description of payment, requester's name, authorization by, Principal, or President, and general ledger account(s) to be charged.
2. Obtain approval, if not already on the request (i.e. travel expense form).
3. Code the check request to the proper general ledger accounts.
4. Attach the check request to supporting documentation received (i.e. travel expense form, petty cash reimbursement request).
5. Enter the invoice into the accounting system by due date.
6. File the check request and supporting documentation by due date.

E. Employment-related Expenses

Some employees may incur expenses in the performance of their position responsibilities which require the expenditure of personal funds, for which they may be reimbursed according to the following provisions.

1. School supplies – all purchases must be approved in advance by their administrator.
2. Employees shall be reimbursed for reasonable and necessary travel expenses incurred in the performance of their duties as approved in advance by their administrator.
3. Employees are expected to use the most efficient and economical travel arrangements.
4. Transportation
 - a. Employees who are required to use their vehicle for employment purposes shall be reimbursed on a per mile basis. The amount per mile varies by school system and is covered in the school system's employee handbook and in **Section H – School Specific Procedures**.
5. Meals
 - a. While traveling, employees will be reimbursed for the actual cost of meals to a maximum of \$40.00 per day, allowing \$8.00 for breakfast, \$12.00 for lunch and \$20.00 for an evening meal, unless additional monies are deemed appropriate for the area by the employee's administrator.

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6. Business Meals – When reimbursement is sought for the cost of business meals, documentation must include: date; place; time; business purpose of the meal; and the names of the participants.
7. Overnight Lodging – Employees who are required to secure overnight lodging for business trips will be reimbursed for the reasonable cost of hotel or motel accommodations. Reservations should be made by the Central Office in order to secure a tax-exempt rate.
8. Documentation – All employment-related expenses must be documented to include the business purpose, place, time and any other necessary clarification, using the form provided by the System. Original invoices and receipts must be provided with the request for reimbursement. It is the employee's responsibility to submit the proper documentation. All employment-related expenses must be approved by the employee's administrator. Reimbursements cannot be issued when the Central Office is presented with a copy of a receipt, a copy of a credit card statement or any form of receipt other than an original.

Employee – Check Request

1. Request authorization from your supervisor by filling out completely a check request form (see Appendix A for an example format), listing all required data and requesting their authorization.
2. Once the purchase has been made attach a copy of the original receipt to the check request form. Original receipt should only have the business items. If making additional purchases a separate receipt must be requested. The System will not reimburse sales tax **Section H – School Specific Exceptions**.
3. Forward to Central Office for payment within two weeks of the purchase.

Employee – Travel Reimbursement

4. Fill out completely a travel expense reimbursement form (see Appendix A for an example format), listing all required data.
5. Total the expenses on the form and sign the form.
6. Obtain an authorization signature. An authorized signer is the person responsible for the budget from which this expense will be paid.
7. Forward to Central Office for payment within two weeks of travel.

Some employees may be issued a System credit card. These employees are required to provide original receipts within a week of the purchase. The original receipts are used to verify the authenticity of purchases on the monthly credit card statement **Section H – School Specific Procedures**.

F. Coding of Special Payments

As discussed in **Chapter 1 – How To Use This Manual**, coding discussed here is in terms of the proper category to use when coding specific payments. Actual account numbers are school specific and can be added to this section.

Business Insurance and Other Prepaid Expenses

Many times business insurance is paid up front for an entire quarter or year. To spread out the expense evenly over the time period that is benefited (according to generally accepted accounting principles), an asset called **Prepaid Insurance** is set up when the payment is made. The entry is:

Prepaid Insurance	xxx
Cash	xxx

If coded correctly, this entry is made automatically through the cash disbursements process.

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Other payments that cover more than one month are handled in a similar manner, but are coded to the more generic **Prepaid Other** account. When a new prepaid item is established, it should be added to a detailed supporting schedule which lists the payment description, amount and the time period covered. It is helpful to schedule out the expense over the months. See an example in Appendix A.

Prepaid expenses are “amortized”, or expensed, through a standard journal entry at the end of the month. See additional information in **Chapter 13 – General Ledger – Journal Entries**.

Payments to the Diocese of La Crosse and Other Accrued Expenses

Payments to the Diocese of La Crosse are made for a variety of items, some of which are “accrued” (see discussion in **Chapter 13 – General Ledger – Journal Entries**). Examples of these payments are the annual payment for workers’ compensation, unemployment compensation and the retirement plan contribution (Defined Benefit Plan). When making these payments:

1. Code the entire amount of the check to the proper expense category.

Fringe Benefits Expense	xxx	
Cash		xxx

If coded correctly, this entry is made automatically through the cash disbursements process.

2. Make a reversing journal entry for the amount accrued for the payment. The amount may be different than the actual amount paid. This journal entry can be done as part of the month end process for the month in which the payment is made. This entry is:

Accrued Other	xxx	
Fringe Benefits Expense		xxx

Other payments for expenses that have been accrued are handled in a similar manner.

G. Check Processing

It is recommended that a schedule be established for processing payments (issuing checks). One day per week is usually adequate, with rare “immediate checks” issued on other days. The check stock used for the operating checking account should have a check stub for filing purposes. On the scheduled check processing day:

System Checks

Preparer

1. Print checks through the accounting system that are due that week.
2. Match each check with its supporting documentation filed in the Unpaid Invoice file for that due date.
3. Supporting documentation should accompany checks to be signed by an authorized signer. Have checks signed and documentation initialed by an authorized check signer (see **Banking and Investments – Policies**).

Non-Preparer (checks should be placed in envelopes by someone other than the check preparer)

4. Distribute the checks: Original – Vendor, check stub– File with supporting documents alphabetically by vendor

Manual Checks

Manual checks are strongly discouraged, however, you may determine it is necessary to issue a manual check if an immediate payment is required. These should be rare, and whenever possible the check

