

FINANCIAL MANAGEMENT

Policy Number: 08.04

Effective Date: Jul. 17, 2016

1. Title:

Requesting Payments – Cash Disbursements

2. Purpose:

To provide policies and procedures for requesting payments.

To ensure that cash disbursements are supported by the appropriate documentation, have appropriate authorizations and that appropriate records are maintained

3. Policy:

1. The Administration Committee is responsible for this OPS. Questions regarding its content should be addressed to the Chairperson of the Administration Committee.
2. Check requests are generally initiated for reimbursement of personal expenses for purchases on behalf of the church, for invoices received by the chairpersons of committees/ministries and for invoices for accounts managed by the Church Administrator.
3. Check requests shall be initiated by using the FPCC Accounting's *Check Request Form (CRF)* (F-080401).
4. CRF's shall be used for Budget, Fund Balance and Liability Accounts.
5. Church Accounting is responsible for processing a CRF and the associated payment.
6. Check Requests Forms shall be appropriately completed, authorized (signed) and supported with the required attached documents such as an invoice or receipt for items purchased. A failure of compliance will result in the return of the form to the requesting party with an explanation for its rejection.
7. The individual who signs/approves the CRF is authorizing the charge/posting of the expense against an account number for which she/he is responsible.

8. A *Chart of Accounts* is provided on the back side of the CRF. The *Chart of Accounts* may change each fiscal year and the user needs to verify that the CRF Chart of Accounts is for the current fiscal year.
9. The authorization (“approved-by signature”) is an acknowledgement that the expenditure is against the correct account and that the amount to be charged is correct. The person requesting a payment shall not approve his/her own CRF. If a Fund Balance Account Manager or a committee chair is requesting the CRF payment, the Treasurer or the Budget Analyst (*Administration Committee member*) may approve the CRF. It is critical to understand that an “approving” signature serves as certification of the propriety of the requested expenditure to the best of her/his knowledge and belief. Also, it is critical that the CRF have filled in the correct account number before it goes to Accounting.
10. If the approving authority (normally a committee/ministry chair) is not available, a CRF may be processed/paid without an advanced signed approval/authorization and the CRF approved (signed) after the payment is issued. Payments without approval/authorization normally aren’t an acceptable business practice and especially so when the accounting system being used does not allow for the formal obligation of an account’s funds for specific expenditures. **Non-authorized payments should only be on rare occasions and persons making payment requests should at minimum have the verbal or email approval of the approving authority.**
11. Supporting original documents (invoices, receipts, contracts, purchase orders) shall remain in the church at all times and not taken out of the building. Copies of documents may be taken out of the building.
12. The church requires a receipt when a credit card is used for a purchase and the request is for reimbursement of expenses. Credit card statements are generally insufficiently detailed to provide adequate supporting documentation. Receipts for credit card purchases are obtainable from the vendor and should always be attached to the CRF.
13. Processed Check Request Forms shall be filed in the Accounting Office’s Vendors Payment File. The supporting documents and contracts shall be filed in the Church Administrator’s Office’s Vendor Administrative File. All vendor contracts shall be filed/kept in said file and shall not be removed from the building.
14. Some requests may require special handling (approval first, new accounts, special purchases, a deposit or partial payment before work is performed). These may be sent by email to accounting@fpconroe.org.

15. A check needed for paying a vendor at the time of service should have the CRF submitted by the Sunday before the check is needed. Checks are signed and issued on Mondays.

16. An account's funds shall be utilized only for the purpose(s) its budget was approved and funds allocated.

4. Definitions:

Check Request: A Check Request Form (F-080401) is submitted by an individual requesting reimbursement of expenses for purchases made on behalf of FPCC or payment of an invoice. The CRF allows for general expenditure information. The designation of account for posting of expense, description of the expenditure, space for the requestor's signature and space for signature of person having authority for approving the specified accounts expenditures.

Fund Balance Accounts: The Accounting module of Church Windows is a fund accounting software package for churches and non-profit organizations that coordinates with information from the Donation and Payroll modules. The module allows income and expense tracking, budgeting and check writing. It also provides fund accounting financial statements along with other valuable reports. A fund is an accounting entity set up to fulfill a designated purpose and to keep all its financial transactions separate from other funds. It generally has its own source of funding and its own set of expenses. Its value is shown by the balance in the Fund Balance Account.¹

Fund Balance Account Manager: is the job title for the individual having the authority for approving transactions (payments) for a specific Fund Balance Account.

Reimbursement Payment: a payment to a church member or staff member for a personal expense paid on behalf of the church. Requires an approved Check Request Form (F-080401) which is authorized by the individual responsible for the account which the expenditure/payment is posted.

Vendor invoice: the invoice prepared by the supplier (and received by the buyer) for goods or services. The vendor invoice lists the items and the cost of each, the total amount due and the terms.

5. References:

- FPCC Accounting's instructions: *Information on New FPC Accounting System & Check Requests*

¹ Church Windows: Accounting 101

6. Applicability:

This OPS applies for payment of all re-imbursments and vendor invoices.

7. Procedures:

1. The requesting party shall complete the CRF (F-080401).
2. The requesting party shall attach the supporting documents as specified in the form's narrative.
3. The requesting party shall obtain the account's approving authority's signature. Should the approving person not be readily available the requesting party shall obtain a verbal or email approval, noting such on the CRF, and then submit the CRF with attachments by placing same on bookcase in the Accounting/Bookkeeping office and if door is locked in the box outside the Accounting/Bookkeeping Office.
4. Accounting shall check the CRF for accuracy, completeness, and the sufficiency of the attached justifying documents.
5. Accounting shall return the CRF to the requesting or authorizing person if there is a failure of compliance and explain the reason for the failure. Accounting may choose to send an email message requesting a correction and resubmission of the CRF.
6. Accounting, if the CRF is accepted, shall proceed with the processing of the CRF payment.
7. Accounting shall forward the payment cycles' CRF's with attached documents and printed checks to the Church Administrator.
8. The Church Administrator shall review each CRF and attachments and if accepted, sign the check for the payment. If not accepted, the Church Administrator shall coordinate with Accounting for resolving any errors or insufficiencies.
9. The Church Administrator shall make the distribution/dispatch of each signed check. Checks are mailed or held for pick up according to the information provided in the associated CRF.
10. The Church Administrator returns the CRFs for the signed checks with attached documents to Accounting.
11. Accounting (after a check is issued) gives any non-signed/approved CRF to the individual responsible for approving it.

12. The approving individual for a returned CRF signs it and places it in the box labeled "Signed Check Requests" located in the room having the Session's mail boxes or places it in the holder outside the Accounting/Bookkeeping office.

13. Accounting shall file the signed CRF in the Vendor Payment file.

14. The Church Administrator shall file each payment's attached supporting documents in the Church Records Vendor's File.

8. Review Schedule:

The review date for determining if any revisions are needed is the triennium of the effective date.

9. Approval:

Session approved this OPS on the above effective date.