

CASH HANDLING PROCEDURES

It has been brought to our attention by the insurance company that some better internal controls should be exercised in some of our entities in the area of cash receipts and disbursements. This memorandum suggests some procedures which will benefit all of us and protect the personnel and the entities involved. We all fully realize that some of these controls will be more difficult to administer in some of the smaller entities, but in no event should only one person be involved in the writing and signing of checks and making bank deposits.

CASH RECEIPTS: ([See policy 5.02.16 for Offertory collection procedure](#))

CASH DISBURSEMENT: Any checks written should always have proper documentation attached when presented to the person signing the checks. Documentation should include any invoice which describes the reason for disbursement in detail. One should never pay for a statement without supporting invoices because a statement contains no details, only references. Documentation should also include approval for the bill in the form of a signed request for the purchase or signed approval of the invoice. All of the documentation should be presented with the check to be signed. The bookkeeper who makes deposits and keeps other cash records should never sign checks.

BANK RECONCILIATIONS: If it is at all possible, someone other than a person preparing checks and making deposits should do the monthly bank reconciliation. If the procedures for Cash Receipts and Cash Disbursements are adhered to, then to have the bookkeeper prepare the bank reconciliation would be permissible.

To briefly summarize:

1. Never have just one person counting receipts where cash is involved, most notably Sunday collections.
2. Never give the person who keeps the books, makes deposits or writes checks the authority to sign checks.
3. Make sure the reason for the check is documented and that the check is completely made out before it is signed.
4. Whenever possible, have the Bank Reconciliation prepared by a person who does not prepare the bank deposits or write the checks.

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