

Reporting and Operations

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Writing Checks

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Size of Organization: Small

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The more people involved in processing transactions, the less likely it is that a problem will occur. For small organizations with limited staffing, this issue is particularly troublesome. In some cases, the best answer lies in having members of the board of directors serve as check signers. This option is usually most viable if there are several board members living in the area of the organization’s office.

At a minimum an organization should have two people involved in this process. The process can be broken into several parts with only two people involved:

- The mail is opened by administrator.
- The invoice is checked for accuracy by the administrator.
 - Does it add?
 - Does it match the packing information if the items were delivered?
 - Does the price match the contract?
- The invoice should be coded by type of account and department/program/grant by the person who ordered the service and/or has responsibility for the budget being charged.
 - For example, an invoice for supplies for the conference should have a notation to that effect on the invoice.
- The person who authorized the purchase or service should approve the invoice in writing, preferably on the invoice.
- The check should be written by the administrator.
 - If a computerized system is used, the check writing should be automated.
 - If a manual check is written, an entry should be made into the accounting system (general ledger).
- The unsigned check and the supporting documentation should be given to the check signer (manager).
 - The signer should be someone other than the person writing the checks.
- The checks should then be mailed.
- A copy of the check should be attached to the invoice and filed by the administrator.
 - As an alternative, the check number can be written on the invoice.
 - In this case, the invoice should be marked as paid.

Electronic Payments and Transfers

The processing of the request for payment is the same whether writing checks or making wire transfers or ACH (online) payments. However, the method of making the payment differs.

When making a wire transfer or ACH payment, all of the documentation and authorizations necessary for any disbursement should be obtained prior to making the transfer. Further, a form should be developed that can be completed by the vendor showing:

- The payee
- The name of the payee's bank
- The account number for the payee
- The routing number for the receiving bank
- Addresses for the payee and the bank.

In addition, the following information should be added to the form by the organization making the payment:

- The amount of the wire
- The date the transfer takes place
- The initials of the person making the transfer
- The initials of the person(s) authorizing the transfer

If the transaction is processed online, print and maintain the confirmation for the transaction for your records.

These wire transfers can be requested in person at the bank, by telephone call or online, if this service is available for the account. In each case, authorized signers will be involved in the process.

For electronic payments, the program can be set-up in a manner that requires one or more approvals before the transfer will be released. For example, one employee will input the transaction. A second, and perhaps a third employee, will review the transaction, including the supporting documentation. The review of the documentation is important given the level of spoofing and other third party fraud techniques now being used. The individual releasing the payment will have authorization codes that will need to be posted before the transaction will be released. This process ensures that the transaction has been properly authorized prior to its taking place. Two individuals, at a minimum should always be involved when processing electronic transactions.

Internal Controls for Small Organizations

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Other Cash

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