

Subject: Parish Post

Bookkeeping Best Practices – Good Transaction Support Documentation

Pastors and Parish Business Personnel:

It is very important that your accounting records “stand on their own.” In other words, if a question is raised by anyone reviewing the financial statements, whether an outside party or a member of your finance council, a person should be able to go into the accounting records and understand why the transaction was made and see what invoices, deposits or other documentation relate to the transaction. The bookkeeper should then be able to pull the supporting documentation, which should clearly document the business purpose of the transaction and be able to provide answers efficiently without outside assistance. This is only possible if:

1. When inputting bills, deposits, or journal entries into ParishSoft accounting software, the bookkeeper utilizes the comment fields feature. These comments should be detailed and should reference clearing any supporting documentation present in this transaction. **This is extremely important for journal entries.** Journal entries are used to correct errors or record adjusting entries for month or year end. Comments should outline clearly why the journal entry is being made and should reference all documentation involved.
2. The bookkeeper should clearly mark on all invoices, deposits, bank statements and all other documentation what the transaction was for, business purpose of the transaction and some indication that the transaction was reviewed by pastor or another authorized signer.
3. In the accounting software, the invoice number and check numbers should be accurate with what the invoice says and what check is being written. **BOTH OF THESE NUMBERS ARE IMPORTANT.**
4. When the check is being signed, all supporting documentation should be present (this is the point that the authorized signor should review the documentation). When the check is signed and mailed to the vendor, a copy of the check stub should be filed with the supporting documentation.

Following these steps will help strengthen your financial records and improve the possibility that they will “stand on their own.” The Diocese strongly recommends that your parish bookkeeper follows good documentation practices.

Thank you,

Tony Chap
Parish Resource Manager
Diocese of Bismarck