

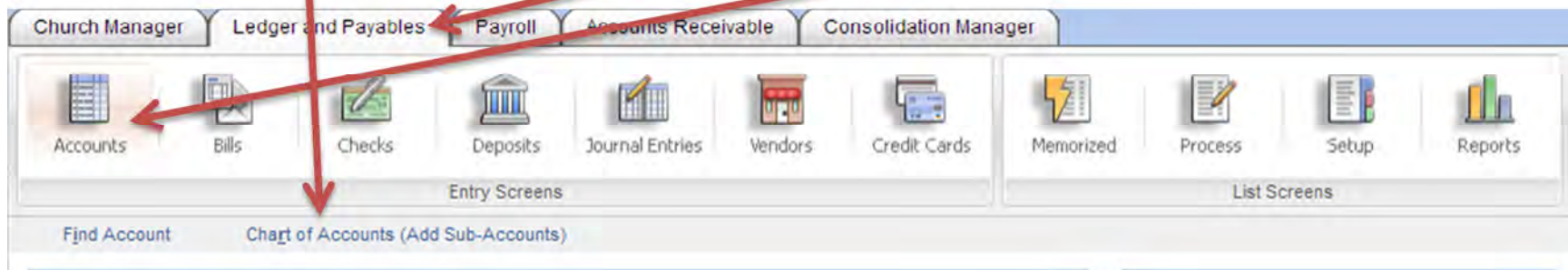
# Credit Card Best Practices—Using ParishSoft ConnectNow

## Accounting Credit Card Feature

When processing parish credit card bills, credit card receipts are a key component of internal controls and best practices. When parish credit card purchases are made, the authorized parish credit card user should write the business purpose on the receipt, sign the receipt, and turn it into the parish office. In its “Ledger and Payables” module, ParishSoft has credit card feature. This feature ties the data entry from the credit card receipts to the payment of the credit card bills. If a parish has good controls on receipts, it has laid good groundwork for best practices.

This handout is designed to walk you through the process of setting up and using the ParishSoft credit card feature.

1. The first step is to setup credit card liability accounts. First, click on the “Ledger and Payables” tab, click the “Accounts” button, then click the “Chart of Accounts (Add Sub-Accounts)” link.



This will bring up a search screen. In the Account Type box, select "Liability", in the Entity box, select the entity the credit cards is associated with (for this example, it will be the Parish Entity), and in the Natural Account box, select "2010: Accounts payable". **Credit card liability accounts should always use 2010 as the natural account.** Click "Search" when finished.

**Chart of Accounts**

Account Type: Liability

Entity: 1: Parish

Level:

Natural Account: 2010: Accounts payable

Description:

1 records returned

**Liability**

Accounts Payable & Accrued Expenses

Accounts payable

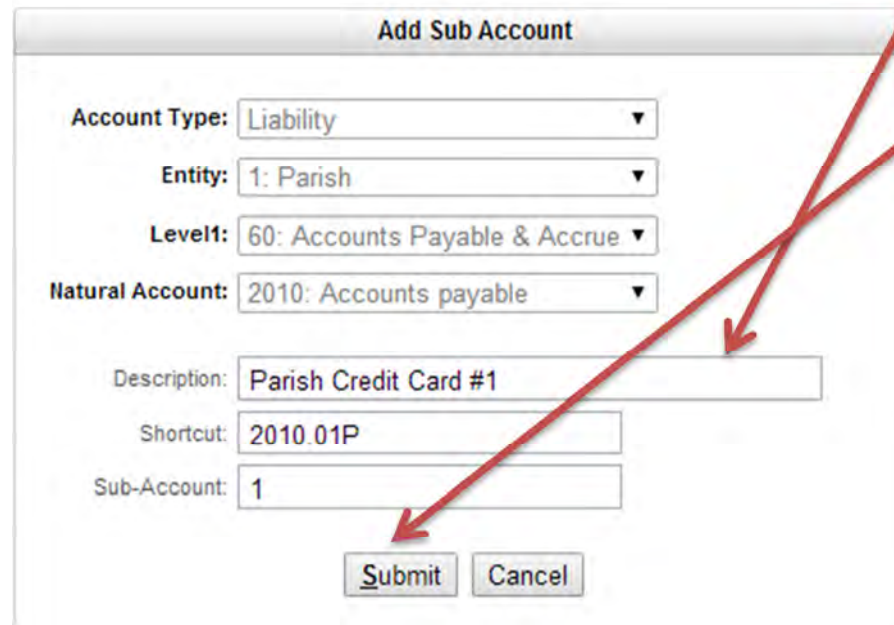
L-1-60-2010-00, Accounts payable, 2010.00P

[Add Sub-Account](#)

Submit Cancel

This will bring up one account. Click the "Add Sub-Account" link.

Once you do this, an “Add Sub Account” Menu will appear. Input the name of the credit card account into the description field. **Make sure that you change the Shortcut number to match the Diocese of Bismarck Chart of Accounts.** Click “Submit” when completed.



The screenshot shows a web form titled "Add Sub Account". It contains several dropdown menus and text input fields. The fields are: "Account Type" (Liability), "Entity" (1: Parish), "Level" (60: Accounts Payable & Accrue), "Natural Account" (2010: Accounts payable), "Description" (Parish Credit Card #1), "Shortcut" (2010.01P), and "Sub-Account" (1). At the bottom are "Submit" and "Cancel" buttons. Two red arrows originate from the top right of the image: one points to the "Description" field, and the other points to the "Submit" button.

Account Type:	Liability
Entity:	1: Parish
Level:	60: Accounts Payable & Accrue
Natural Account:	2010: Accounts payable
Description:	Parish Credit Card #1
Shortcut:	2010.01P
Sub-Account:	1

Once you submit this, ParishSoft will bring up an “Account Information” screen. Near the bottom of this screen, you will need to check the “Credit Card” check box and then submit. This is very important because if this box is not checked, the account will not appear when using the Credit Card feature or when performing a reconciliation of the credit card.

The screenshot shows the 'Account Information' screen in ParishSoft. The title bar reads 'Account Information' and the subtitle is 'Parish Credit Card #1: L-1-60-2010-01 2010.01P'. Below the title bar are four tabs: 'Definition', 'Budget', 'History', and 'Comments'. The 'Definition' tab is active. The form contains the following fields and options:

- Description: Parish Credit Card #1
- Account Type: Liability
- Shortcut: 2010.01P
- Entity: 1: Parish
- Level: 60: Accounts Payable & Accrue
- Natural Account: 2010: Accounts payable
- Sub-Account: 1
- Annual Report Code: (empty)
- Balance: 0.00
- Archive Account

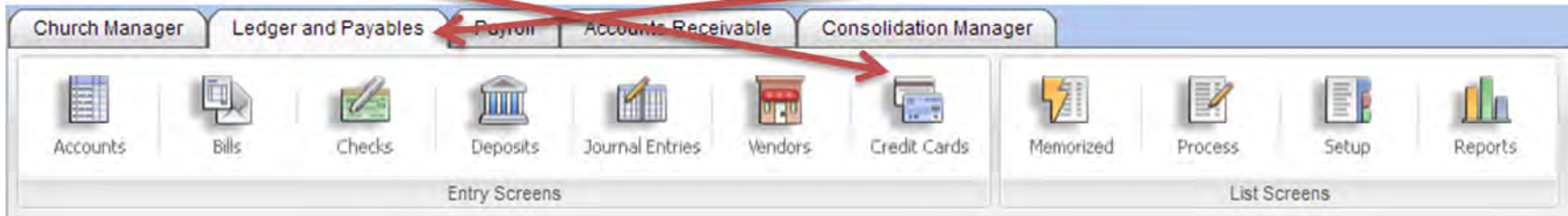
Below these fields is the 'Additional Liability Information' section, which contains two checkboxes:

- Accounts Payable
- Credit Card

The 'Submit' button is located at the bottom center of the form and is highlighted with a green box.

Continue this process for each of your credit cards. **It is accounting best practices to have a separate liability account for each credit card used in your parish.**

2. Once you have added your accounts, you can start making credit card transactions in ParishSoft. Click the “Ledger and Payables” tab and then click the “Credit Card” button.



A screen will appear very similar to a bill. In the top section, you will select the credit card liability account associated with the credit card used and you will also select the vendor. This vendor is not the credit card company. It is the vendor you performed the transaction with. In the lower section, you will select the expense accounts you wish to record. Click “submit” when finished entering the charge.

**Charge Information**

Account: Parish Credit Card #1: L-1-60-2010-01 2010.01P

Charge Number: 5

Date: 11/1/2013

Vendor: Supply Store

Authorization:

#	Account	Amount	Comment	Project
1	5700.00PAD: Office Supplies E-1-01-5700-00	100.00	Tape and staples	
2				
3				

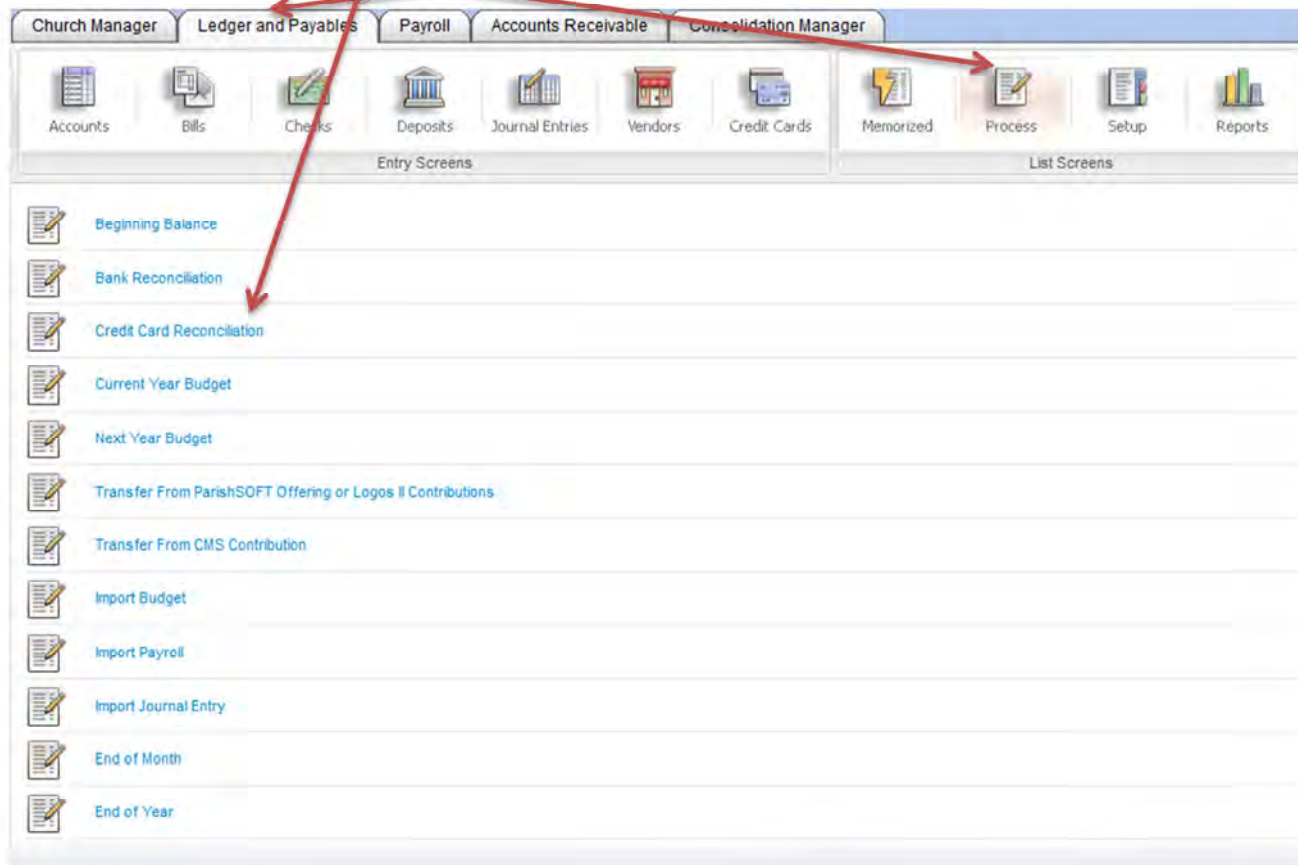
Total: 100.00

[More Lines](#)

Submit Memorize Delete

These credit card transactions should be submitted into the software when a credit card receipt is submitted to the parish. **Make sure that you retain all receipts with documented business purpose for these transactions, as they will be stapled to the credit card bill when it arrives and is paid.** If no receipt is submitted for a credit card transaction, this is taxable income to the card user.

3. When you receive the credit card bill, you will want to reconcile the bill to your accounting software. Click “Ledger and Payables,” click “Process,” and click “Credit Card Reconciliation.”





The rest of the process is the same as performing bank reconciliations; create a new statement with the same ending date and balance as the statement you received from the credit card company. In this example, we received a credit card statement dated for the period ended 11/30/2015 for \$361.99 (3 charges: \$100 to a supply store, \$5.99 to a fast food restaurant for the pastor’s meal while at a conference, and \$256 to an online store). You will “check off” each transaction that appears on your bill (note that in this example, there is one charge in my accounting software but not on the bill. This charge should be included on the next bill). When your “difference” is zero, you should be able to click “reconcile.”

### Reconcile Credit Card Account

[Watch Help Video!](#)

Credit Card Account:

Balance:

Statement Date:

#	Type	Number	Cleared	Date	Amount	Vendor/Comment
1	Charge	5	<input checked="" type="checkbox"/>	11/1/2013	100.00	Supply Store
2	Charge	6	<input checked="" type="checkbox"/>	11/1/2013	5.99	Fast Food
3	Charge	7	<input checked="" type="checkbox"/>	11/15/2013	256.00	Online Store
4	Charge	8	<input type="checkbox"/>	11/28/2013	100.00	Religious Item Store

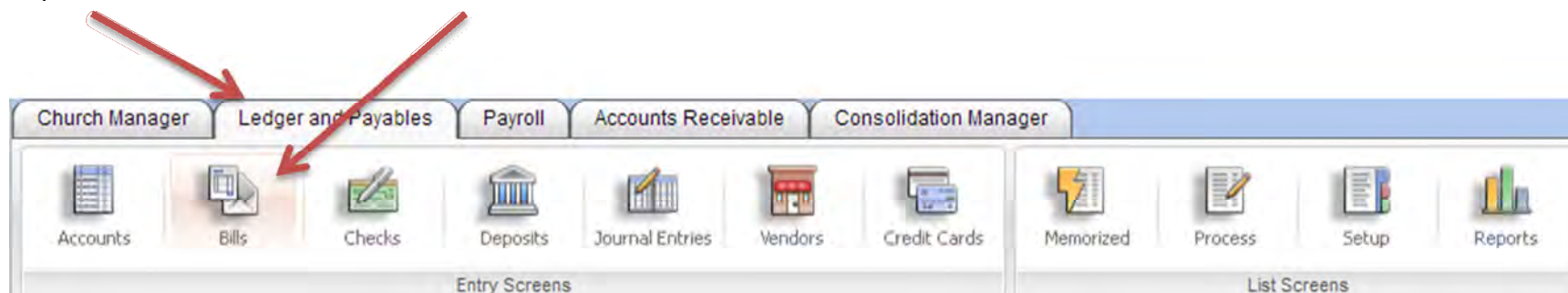
[Deselect All](#)   [Select All](#)

Cleared Charges	361.99
Cleared Checks	0.00
Cleared Other	0.00
Ending Balance	361.99
Outstanding Charges +	100.00
Outstanding Checks -	0.00
Outstanding Other +-	0.00
Reconciled Balance	461.99
System Balance	461.99
Difference	0.00

**Make sure that all transactions on the bill are on the Account Balance Report. If you have been entering transactions as you receive receipts and you are missing a transaction, receipts with documented business purpose need to be collected for the missing transaction before the credit card bill is paid. If you pay the bill without performing this step and there are missing transactions, the result will be a negative balance in the credit card liability account and an understatement of your expense accounts.**

NOTE: If you were to run a “Vendor Audit” Report using this process, credit card charges would appear in the detail of each vendor the charge occurred with. If the “Credit Card” feature is not used, this breakdown by vendor would not be possible in ParishSoft.

4. Once you have reconciled the credit card bill to ParishSoft, you are ready to pay your credit card bill. Click the “Ledger and Payables” tab, and then click the “Bills” button.





This will bring up a bill to input information into. In the "Bank Account" dropdown, select the checking account you will be paying with. In the "Vendor" dropdown, select the credit card company. In the account list below, select the credit card liability account (not an expense account. The expense was recorded when the credit card charge was entered earlier. The bill is to reduce the liability account). The amount to be paid will be the amount on the credit card bill. Click "Submit" when done. You may then pay the bill by either assigning a check number on the bill screen or by printing the check using the "Check" feature in ParishSoft (see user guide if you have questions on using these features).

### Bill Information

Bank Account: .Parish Checking Account: A-1-10-1110-01 1110.01P

Bill Number:

Vendor: Credit Card Company

[New Vendor](#)

Credit Card Company

[Assign Check Number](#)

Watch Help Video!

Balance:

Invoice Number:

Invoice Date:

Due Date:

Discount Date:

Terms:

#	Account	Amount	Comment	Paid	Project	1099
✕	2010.01P: Parish Credit Card #1 L-1-60-2010-01	361.99	Payment of November Cre			▼ □
✕	2					▼ □
✕	3					▼ □
Total:		361.99				

[More Lines](#)

Repeat this process for each credit card used in your parish.

The balance of the credit card liability account will only become zero after payment if all recorded transactions are on the bill. If there are transactions in the software that are not on your bill, they will most likely be on your next credit card bill. **The balance of this account should never be negative.**

It is accounting best practices to periodically check to make sure that credit card transactions are not outstanding (i.e. not appearing on a bill) for a significant length of time. If there are some transactions that were loaded into ParishSoft but don't appear on the credit card bills for a significant length of time, these transactions should be investigated.

**Once the credit card bill is paid, all receipts with documented business purpose, the check stub documenting the payment of the bill, and the "Credit Card Reconciliation Report" (Ledger and Payables → Reports → Transactions → Credit Card Reconciliation Report) should be stapled to the bill, and the bill should be retained in the accounting files.**

**NOTE: This process also would work for store charge accounts. The only difference is what you name the liability account.**