

Cash Basis - Cash Disbursements

Please follow your district's policies and procedures as not everything listed below will pertain to your district. This guide provides a comprehensive framework for managing financial disbursements, ensuring proper authorization, payment processing, and recordkeeping. It outlines key procedures for budget approval, internal controls, and compliance with state guidelines, while highlighting the importance of transparency, accountability, and accurate reporting.

AUTHORIZATION OF EXPENDITURES	Budget Approval	Purchase Requests	Contracts and Agreements
	<ul style="list-style-type: none"> • Ensure that all expenditures are within the limits of the board-approved budget. • Verify that funds are available in the appropriate account before approving disbursements. 	<ul style="list-style-type: none"> • Require department heads or administrators to submit purchase requests or requisitions. • Obtain appropriate approval (e.g., superintendent, board of education) before processing payments. 	<ul style="list-style-type: none"> • Verify that payments are tied to approved contracts or agreements, if applicable.
PAYMENT PROCESSING EXPENDITURES	Vendor Invoices	Payroll	Recurring Payments
	<ul style="list-style-type: none"> • Match vendor invoices with purchase orders and receiving documents to confirm goods or services were received as ordered. • Verify the accuracy of the invoice, including amounts, terms, and due dates. 	<ul style="list-style-type: none"> • Process payroll based on verified timesheets or contracts. • Record disbursement when salaries and benefits are paid to employees. 	<ul style="list-style-type: none"> • Track and pay recurring obligations, such as utilities or lease payments, on schedule.

DISBURSEMENT METHODS	Check Issuance	Electronic Payments	
	<ul style="list-style-type: none"> • Prepare checks for payment of invoices, payroll, or other obligations. • Obtain the required signatures (e.g., treasurer, board president) on all checks. 	<ul style="list-style-type: none"> • Use electronic fund transfers (EFTs) for direct deposits or vendor payments where applicable. • Ensure proper authorization for all electronic disbursements. 	
RECORDKEEPING	Transaction Entry	Supporting Documentation	
	<ul style="list-style-type: none"> • Record cash disbursements in the accounting system when payments are made. • Assign expenses to the appropriate fund or account (e.g., Education Fund, Transportation Fund). 	<ul style="list-style-type: none"> • Maintain documentation for each payment, including invoices, receipts, purchase orders, and approvals. • Attach all supporting documents to the disbursement record for audit purposes. 	
INTERNAL CONTROLS	Separation of Duties	Check Safeguards	Approval Procedures
	<ul style="list-style-type: none"> • Separate responsibilities for authorizing, processing, and recording disbursements to prevent errors or fraud. 	<ul style="list-style-type: none"> • Store blank checks securely and limit access to authorized personnel. • Require dual signatures for checks above a certain threshold. 	<ul style="list-style-type: none"> • Establish a review process to ensure all payments are authorized and documented before disbursement.
RECONCILIATION	Bank Reconciliation		
	<ul style="list-style-type: none"> • Reconcile cash disbursement records with bank statements monthly to ensure accuracy. • Investigate and resolve any discrepancies promptly. 		

REPORTING	Monthly Reports	Budget Monitoring
	<ul style="list-style-type: none"> • Prepare and present a cash disbursement report to the board of education, showing payments by fund and category. 	<ul style="list-style-type: none"> • Compare actual disbursements to budgeted amounts to identify variances and ensure financial control.
COMPLIANCE & AUDIT	Adherence to State Guidelines	Audit Preparation
	<ul style="list-style-type: none"> • Ensure that disbursements comply with the Illinois School Code and applicable grant or funding requirements. 	<ul style="list-style-type: none"> • Retain all disbursement records for review during the annual external audit.