

Establishing Check Writing Procedures

As part of documented [best accounting practices](#), it's essential to establish well-defined internal controls to handle various types of financial transactions. Check writing procedures are one of the easiest to manage, and one of the most critical since it often has the greatest room for error and, potentially, fraud. We recommend that our clients keep close control over their check books with strict rules and protocols about payables and receivables. Here are some of the [check writing practices](#) we recommend:

Check Writing Procedures:

- Consider creating a formal process for check requests and approvals for any non-routine bills. All check requests should have a signed check request form to demonstrate approval.
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- Make sure that the bookkeeping department is clear that no checks should be prepared for signature without written and signed approval.
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- Only authorized managers or executives can approve payments. This limits who has access to corporate cash.
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- All check requests require copies of supporting documentation, such as an invoice, expense report, receipt, etc.
- Be sure that supporting documentation, such as an invoice, is stamped "Paid" once the check has been issued to avoid duplicate payments.
- For expense reimbursements only allow original receipts, photocopies are not accepted as that can cause double submission.
- Review where your blank checks are kept – they should always be locked!

Best Check Signing Policies:

- Set an upper limit on the amount for any check that requires a signature. Beyond that threshold consider requiring two senior executive signatures. This is best practice to avoid abuse or theft.
- On the check memo provide detail information about the transaction, invoice number or project information. Keep your accounting software clean with consistent data on payee, invoice numbers, etc., for reference purpose.
- When signing checks, review the check sequence to determine if any checks are missing or out of order. Run a monthly missing check report in your software.
- Match the check to the source paperwork, including verifying the request for payment, verifying the check amount, verifying there are sufficient funds to pay the check, and verifying that the necessary information is recorded. For example, review if all employees listed on your medical bill are still with you!

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Check writing policies are one of the most visible bookkeeping policies in any company, and having a clear set of written guidelines for processing checks is an ideal first step in creating an established set of accounting procedures.