

Debit Card Account Setup, Transfers and Reconciliation

NOTE: If your church board has decided to obtain and use a debit card, hopefully you have followed our very strong recommendation to open a separate checking account, not connected to the main checking by automatic transfers. This debit account is to be funded by manual online transfers from the main checking account as needed.

1) Setting up a new debit card account in Jewel

In "Maintenance/Edit Accounts," Click on "Add New Account" and set it up like this:

Type: Bank Account

ID: Pick a number, close to your other bank accounts, that is not already in use.

Name: Debit – then the name of your bank

Bank Name: Debit. The rest of the "Bank Information" can be left blank, since you won't be writing or printing checks on this account.

Statement Frequency: The default is "Monthly." Leave it that way.

Click the green "OK ✓" in the top right corner to save and leave.

2. Things to consider as you set up the Debit Account

- Some banks will require a minimum balance in order to avoid fees. Find out your bank's practices.
- Ask for end of month statements. Ask for printed and mailed statements, even if there is a small charge.
- Your debit account should not be set up to auto draft from checking if the balance gets too low. Having a separate debit account is so that fraudulent use of your debit card cannot drain your main checking Account. If the two accounts are connected with auto draft, it defeats the purpose of the separate account.
- You do not need to purchase checks – you will not be writing checks from this account. Ideally, you won't even need deposit slips, since transferring online is the best.
- If possible, set up online banking for yourself as treasurer, so you can quickly and safely transfer funds online from checking to debit when needed.

NOTE: The board should discuss and vote who will use the card(s) and under what circumstances. Review these requirements annually with the board, or with new card holders as they receive their card.

- ✓ The debit card should never be used for personal purchases.
- ✓ The debit card should never be used to withdraw cash.
- ✓ Have the cardholders sign a “Debit/Credit Card User Agreement” when they receive their card. (Tutorial #4520)
- ✓ Require that a “Debit Card Activity Report” be turned in monthly by cardholders. (Tutorial #4570)
- ✓ Original receipts for all purchases should be stapled in date order to the “Activity Report,” and turned in to the treasurer no later than the 7th of the following month, without the card holder having to be reminded or asked for missing receipts. The card-holder’s convenience should not exponentially increase the treasurer’s workload.
- ✓ Anyone who does not follow the guidelines on the “Debit Card Activity Report” should forfeit the use of the church debit card.

NOTE: To avoid fraud and misuse, set up clear guidelines and stick to them. Card holders will need to know that exceptions will be rare. Be kind but firm. If they are asked by the board to sign the “Debit/Credit Card Use Agreement” upon receiving their card, they will have less opportunity to claim ignorance or privilege.

3) Transferring funds from checking to the debit account

When you have a separate Bank Account for a church debit card(s), it is really, really, (really!) important that you learn how to transfer funds into it and how to record that transfer correctly in Jewel (Tutorial #7270). Recording it incorrectly can result in overdrawn accounts, wildly incorrect ending balances in both checking and debit accounts and errors in local fund balances, as well as delays while your support person fixes the problem.

This required two-step process is not difficult, once you understand it and learn to use it consistently.

STEP #1. Move money from the checking account to the debit account, using one of the following methods:

1. Online transfer (easiest)
2. Phone call to the bank
3. Visit the bank to request the transfer in person

STEP #2: Using “Transfer Funds” found on Jewel home page, **create a transfer in Jewel to reflect/copy what has already happened at the bank.** (Use instruction “c” below.) Do not create a “General Journal Entry.” Always use “Transfer Funds” to record these transfers. (Tutorial #8190 explains why)

Do the steps in this order. If you create the transfer in Jewel first, then forget to make the actual bank transfer, debit account overdraft is much more likely. If you make the actual transfer at the bank and then forget to enter it in Jewel, your report balances will be off, leading to confusion when it comes time to reconcile.

NOTE: Creating a transfer in Jewel does not automatically mean that money moves at the bank. You must move the actual funds between bank accounts, then create a transfer in Jewel to reflect what actually happened at the bank.

Here is the process in more detail. Follow these instructions carefully.

- a) Keep track of the actual bank balance of the debit account so you can transfer money from checking before an overdraft occurs. The debit card holders should notify you if they are making an unusually large purchase, so you can ensure there are funds available to cover.
- b) Enter transfers into Jewel after you actually make the bank transfer. But then do it, before you forget. Don't wait, then try to remember if you did it or not.
- c) **Instructions on creating the transfer in Jewel:** Go to Jewel home page and click on "Transfer Funds." Use the actual date of the transfer and this exact memo. Simple but clear.

Transfer Funds

Date	Memo
11/30/23	To fund Debit account

☒ Transfer FROM a single account
☐ Transfer TO a single account

From Account

Account	Amount
8001 Checking	1,000.00

Balance 32,470.05

To Account(s)

Account	Amount
8003 Debit Card Account	1,000.00

Running Total 1,000.00

d) Once you have correctly created this transfer, no other entries are needed. You can reconcile both checking and debit accounts from this one transfer, because both debit and checking accounts are involved and both will have entries that show up on their bank rec screens.

NOTE: If, while reconciling, you believe you need another entry to complete the reconcile, stop and get auditor assistance. If you have followed the instructions so far, you should never need an additional "General Journal Entry" or "Transfer" in order to complete the reconciliation in either checking or debit accounts. In fact, using a "General Journal Entry" to create a "Transfer" can cause a lot of chaos in your reports.

4) Reconciling the debit card account should be done monthly without fail, so that any fraudulent charges are quickly discovered, reported and reversed. If reported after the grace period that your bank gives (which varies, but can be as little as 30 days), full recovery of the stolen funds may not be possible, which means your church forfeits that money.

To reconcile, you will need:

- The debit account bank statement for the month that you are closing.
- End of month "Debit Card Activity Reports" from all debit card holders, including one from yourself, if you hold a card. (Tutorial #3530 has Debit reconciliation instructions as well)

NOTE: To save time and improve accuracy, wait until you are ready to reconcile, then enter all the debit purchases that are on the statement at once, as part of the reconcile process. When you use this method to enter all of your automatic and electronic payments into Jewel in the month that they were actually paid, using the date that is on the bank statement, you will eliminate duplicates, skipped entries and incorrect amounts. Reconciling will be faster and more accurate.

EXCEPTION: If your practice is to reconcile after closing each month because you are waiting for the statement to arrive in the mail, you will need to enter the payments directly from the receipts that are turned in, since it is important that they be posted to the month of the purchase. (Reconciling after closing is not optimal. Consider reconciling before closing each month, even if you have to go to the bank and ask for a statement.)

5) Entering debit purchases into Jewel during the reconciliation.

Enter all the debit purchases for the month by going to “Write Checks” in Jewel. Make sure to change the bank account to your debit card account (whatever it is called in your database) on each payment as you enter it. You do not want these payments showing up on your checking account reconcile page. (See pro tip under #8 below)

The screenshot shows the 'Write Checks' interface. At the top, the title 'Write Checks' is in a blue script font. Below it, a dropdown menu shows '8003 Debit Card Account' and a 'Balance' field shows '0.00'. The main area is divided into two sections. The top section is for check details: 'Pay to the Order of' (with a red arrow pointing to it), 'Check #' (set to '0001'), 'Date' (set to '11/01/23'), and 'Amount' (with a red arrow pointing to it). Below this is a 'Memo' field (with a red arrow pointing to it) and a signature line for 'Ima Good' as 'Treasurer'. The bottom section is for account selection, with a 'Running Total' field and an 'Account' dropdown (with a red arrow pointing to it). An 'Electronic Payment' checkbox is also present (with a red arrow pointing to it). Red arrows from external text blocks point to these specific fields.

Check #: Ignore it. The check # will disappear once you click the “Electronic Payment” box.

Date: Enter the exact posting date from the bank debit statement.

Amount: the total of the payment on the bank statement.

Pay to the Order Of: the names on the statement can sometimes be abbreviated, figure them out and enter the correct name.

Memo: Create a memo for each entry, using the debit receipts that have been turned in, to describe both the purchase and the purpose. Be specific. Use date ranges for utility bills.

Account: Post each purchase to the correct local fund.

Electronic Payment: Finish by making sure the “Electronic Payment” box is clicked.

If you have another debit payment to enter, use the “New Check” button on the right side of the screen to continue.

NOTE: If you find you have entered a check under the wrong bank account, go find that check and edit it right then. Use the red “Previous” arrow on the right side of the screen. Don't create a second one. Fix the one you already created before you close the month.

Instructions for editing the bank account on a check are on the next page.

6) Editing a payment's bank account, once it has been entered into Jewel

Find the check that is posted to the wrong bank account.

Click on "Edit Check"

Using the drop down box, change it to the correct bank account.

Click on the "OK v" in the top right corner to save and close.

7) Tips for recognizing the transfer during reconciliation

When reconciling the checking account, look for a minus amount in the "Deposit and Interest Earned" section of the bank rec page that matches the transferred amount that is on the statement. If your memo is descriptive and consistent it will help you to recognize it.

The minus deposit will act as a withdrawal as you reconcile.

If you don't see it and you know you already created it in Jewel, do not create a new transfer so you have something to check off. Contact me for assistance so we can figure out what happened.

When reconciling the debit account, look for the transfer in the "Deposits and Interest Earned" section of the bank rec page, matching the transferred amount that is on the statement. If your memo is descriptive and consistent it will help you to recognize it.

If you don't see it and you know you already created it in Jewel, do not create a new transfer so you can check it off. Contact me for assistance so we can figure out what happened.

When reconciling the debit account, look for the transfer in the "Deposits and Interest Earned" section of the bank rec page, matching the transferred amount that is on the statement. If your memo is descriptive and consistent it will help you to recognize it.

8) Pro tip to speed up debit card entries: Before starting the debit card bank rec process, if you have a number of debit transactions to enter, do the following.

- Go to Maintenance/Properties/Accounts tab
- Using the drop-down menu, temporarily change the “Default Checking Account” from checking to the debit card bank account, so that the electronic payments that you are about to enter will all post to the debit account, without you having to reset the bank account for each check individually.

IMPORTANT: When finished entering all the debit charges, return to Maintenance/Properties/Accounts and reset the “Default Checking Account” back to checking. Otherwise your next remittance may post to the debit account and you will need help to fix it.

NOTE: After the reconciliation is completed, your debit account reconcile screen should be empty. Any leftover deposits/transfers/charges on the debit account bank reconciliation page are probably duplicates or errors. If you investigate and find that they are, void, reverse or delete them before you close the month to keep your records clean and accurate. Feel free to ask for assistance if you are not sure. (Tutorials #7290, 7270)

Once all the payments have been entered, reconcile the account in the usual way. When the difference is zero, click “OK v” to finish, then click “Yes” to print the bank rec report. Attach this report and all “Debit Card Activity Reports” to the debit statement and file in date order with the other debit statements in your “Bank Statements” folder.

For more tutorials on CREDIT, DEBIT CARDS AND REVOLVING FUNDS, see section 4500 on the gccsda.org auditor webpage.