

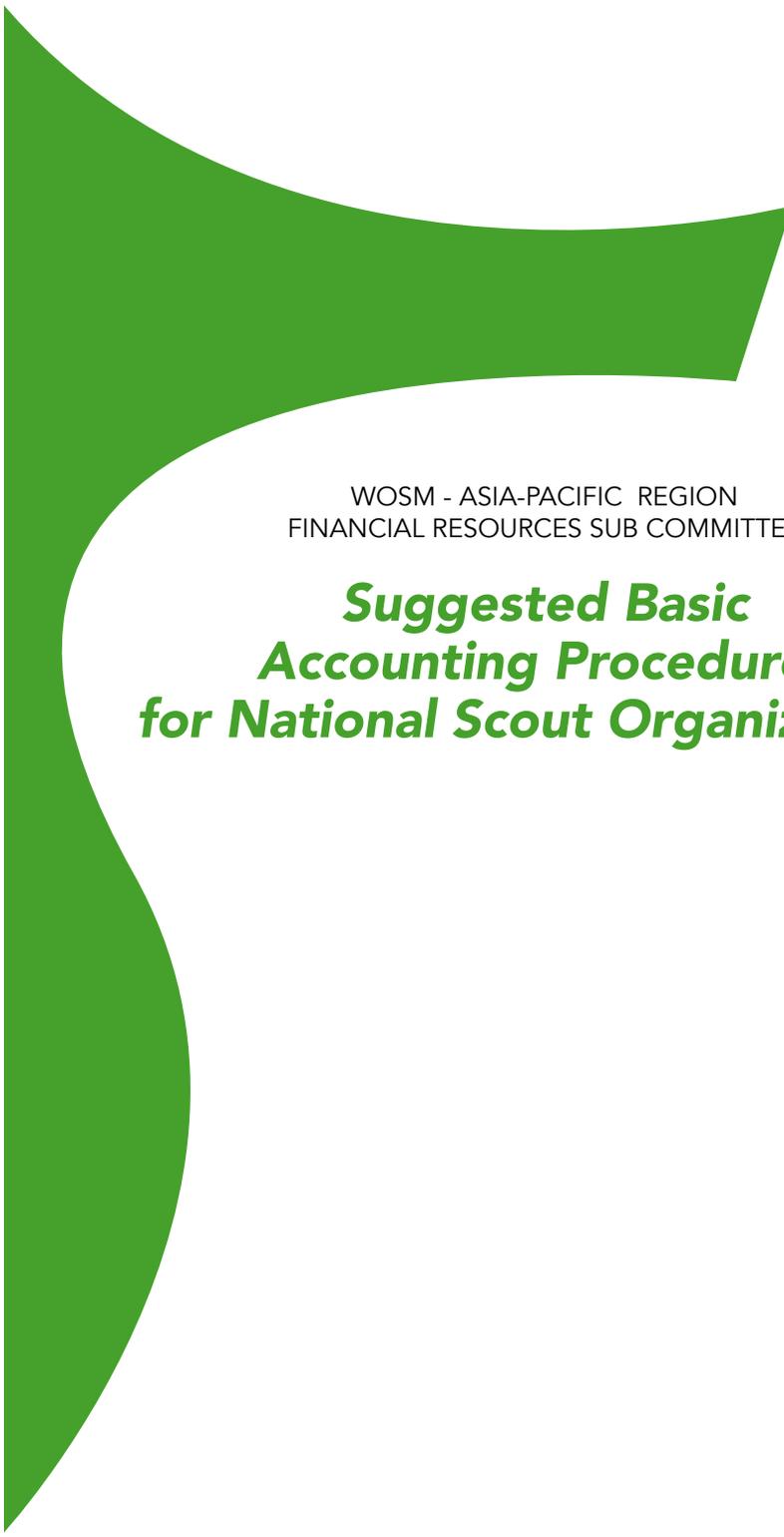


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Suggested Basic Accounting Procedures for National Scout Organizations

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FINANCIAL RESOURCES SUB COMMITTEE

***Suggested Basic
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**SUGGESTED BASIC ACCOUNTING PROCEDURES
FOR NATIONAL SCOUT ORGANIZATION**

Every organization must have an accounting procedure to follow. For any Scout organization, no matter how small it may be, it is essential to have at least the 2 important journals (or books). One is Cash Receipts Journal (where all cash receipts are recorded) and the other one is Cash Disbursement journal (where all disbursements on expenses and etc. are recorded). Below are the suggested procedures on cash receipts, cash disbursements, preparation of income and expense summary, petty cash handling, opening a bank account and bank reconciliation which are recommended as minimum standards for good financial accounting.

Procedures: Cash Receipts

1. Cashier or the one in-charge of the finance should issue an official receipt (pre-numbered) for all cash receipts.
2. The cashier or the one in-charge of the finance MUST deposit immediately ALL the cash received and retain the duplicate bank stamped copy of deposit slip or similar evidence of deposits.
3. All cash received/deposited must be recorded to the cash receipts book/journal. It is advised that the one who will record is different from the person receiving the money.
4. Maintaining a subsidiary ledger for accounts receivables is also advisable for proper monitoring.
5. For interest earnings, a bank credit memo will serve as the source documents/attachments (no need to issue an official receipt).
6. A bank reconciliation must be prepared regularly (monthly) to ensure proper recording and intact of cash.

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7. Please note all direct debits or other electronic transfers must be recorded the same as normal cash receipts and issued with receipts accordingly.

Procedures: Disbursements

1. All invoices received should go to the accounting staff/volunteer(s).

2. He/she will check on its:

- a. Accuracy; and
- b. Acknowledgment receipt of service or material.

3. All invoices received will then be sent to the duly authorized person(s) for approval of payment. Supporting documents must be also reviewed.

Only Originals of invoices must be processed for payment. No photocopies should be processed.

4. Invoices approved for payment should then go back to the concerned staff/ volunteer(s) for the preparation of:

1. Voucher (Invoices, Goods received notes, etc.);
2. Cheque; and
3. Cheque listing.

5. All supporting documents to the payment must be stamped PAID and the date and the cheque number should be written on the supporting documents. All documents should be filed in the order of cheque number once the cheque is signed.

6. Cheques and payments with necessary supporting papers and a listing of the cheques are sent to signatories who will

a. Review the correctness of the cheque with regards to the date, payee and amount; and

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b. Review all required supporting documents for the correctness prior to the approval for payment. All documents should be initialed by signing persons so that they cannot be presented twice for payment. There should be at least 3 OR 4 signatories of which any 2 will sign the cheques.

7. Payments and cheques will then be recorded on the disbursement journal/book.

Statement of Income and Expenses:

At the end of the month, a simple statement of total income and total expenditure as of a specified date is prepared. It is composed of 3 parts:

1. Income – reflects all incomes/ revenues/ cash receipts (as recorded in the cash receipts journal/books);
2. Expenses – reflects all expenses/ disbursements incurred (as recorded in the disbursement journal/books); and
3. Surplus/(Deficit) – reflects the differences between the Income and Expenses.

Petty Cash:

A petty cash fund is established for petty/small expenses.

1. Only a local currency Petty Cash Fund is to be established. No foreign currency Petty Cash Fund should be maintained.
2. A limit should be set as to the total amount of the fund as well as the maximum for every single payment. Usually, the fund limit is set at what is used to be an average total expenditure for simple small payments for one month. It depends on the use of the fund.
3. All forms must have a number but it needs not be pre-

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numbered.

Disbursement:

4. Each Petty Cash payment should have the related supporting papers like a request slip, etc.

5. Supporting documents must be originals, not photocopies. If they are photocopies, reasons for not attaching originals are needed.

Replenishment:

6. Fund should be replenished in time to avoid situations where there is no petty cash available when there is a need for Petty Cash disbursements. Common practice is to request replenishment when the Cash On Hand balance reaches half of the limit of the Fund.

7. A Summary of the Petty Cash payment showing Amounts and Dates should accompany requests for replenishment. This summary must be approved by the Approving person.

Bank Accounts

Opening and Closing of any bank accounts and authorized signatories must be approved by the competent authority of the NSO as stated in the by-laws of the financial policy of the NSO. Choice of banks should be based on the stability of the bank, satisfactory services needed, better costs, convenience of location, and decided by the executive committee. It is also advised to maintain 2 banks in case of unforeseen events like strikes etc.

Bank Reconciliation

1. All accounts must be reconciled at the end of every month, at least the first week of the following month. If bank statements are not yet available, a list of transactions can be obtained from the bank.

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2. Bank reconciliations must be reviewed and approved by the authorized persons.
3. Stale cheques (cheques dated beyond 6 months and not yet cashed) must be canceled and returned to Cash in Bank.
4. Cheques paid by the bank which are usually accompanied with bank statements are to be filed consecutively.

Assets & Inventories

1. All capital items (assets) must be recorded in an assets register and consideration as to the amount to be written off each year should be based on the life of the asset.
2. All purchases of inventories (stock) should also be recorded as an asset, but the amount on hand should be adjusted at the end of each year, by taking a count of the amount of stock actually on hand.



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