



FINANCIAL MANAGEMENT FOR NSOs

Vol. 3:
Reporting and Controls





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Creating a Better World

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Introduction

Strengthening support for National Scout Organizations (NSOs) in the area of financial management was one of the objectives of the World Triennial Plan 2017-2020. As we collectively face the impact of the COVID-19 global pandemic, providing support to NSOs for transparent and accurate management of finances will be critical. To accomplish this within NSOs, steps are needed to map the financial reality and budget implications as well as understand how to best leverage existing financial and physical resources. This area of importance is also part of building the NSO's image as a responsible and stable partner for initiatives contributing to the development of the Scout Movement.

Financial Management for NSOs is a three-part Toolkit providing explanations of the topics presented, examples of solutions and references to further resources.

- * **Volume 1** guides NSOs through the basics of financial accounting and financial roles within an NSO
- * **Volume 2** describes budgets and the budgetary process, including information about the fixed assets register, inventory and procurement procedures and guidelines
- * **Volume 3** unveils advanced topics of financial reporting and financial control

The information and solutions presented through the Toolkit are designed to help NSOs move towards effectively utilising available resources and obtaining financial stability and growth. Achieving this will ultimately help the NSO raise finances through lower cost expenditure, maximize their income and expand their capital value in the long-term. The toolkit is kept as simple as possible to serve as a reference for NSOs on various stages of development. More resources and relevant support in the area of financial management is available to NSOs through the **WOSM Services**.



■ Financial Reporting

Financial reporting refers to standard practices that give stakeholders an accurate image of an NSO's financial situation. This is provided as in-depth financial records and information, including revenues, expenses, profits, capital and cash flow.

Monthly Financial Reporting

For effective budgetary control, it is good financial management practice to close the books on a monthly basis in a timely manner and report on budgetary variances to key budget stakeholders.

Annual Financial Reporting

The basic financial reporting requirement is submission of the annual financial report together with a review report issued by external auditors covering all activities, and the audited financial statements of the NSO as a whole.

A complete set of Annual Financial Reports of an NSO includes:

- Income and Expenditure Statement
- Statement of Financial Position (Balance Sheet)
- Statement of Changes in Funds and Reserves
- Cash Flow Statement
- Accounting Policies and Explanatory Notes

1. Income and Expenditure Statement

This is a single accounting statement with the objective of presenting all incoming resources or resources expended by the NSO during the year. It is designed to show how the NSO has used its resources over a specific period, and whether there has been a net inflow or outflow of resources. It provides a reconciliation of all movements in the organisation's funds and an analysis of the NSO's incoming resources or resources expended during the year.

2. Statement of Financial Position (Balance Sheet)

This shows the resources available to the NSO, and if these are freely available or if they have to be used for specific purposes. It may also show resources that the governing body has designated for specific future use. The balance sheet should reflect the NSO's status of affairs (as of the current date stated on the balance sheet).

3. Statement of Changes in Funds and Reserves

Changes in funds and reserves between two balance sheet dates reflect the increase or decrease in its net assets during the period.

4. Cash Flow Statement

NSOs should present a cash flow statement as part of their financial statements. Cash flow information provides users of financial statements with a basis to assess the ability of the NSO to access cash and cash equivalents. It also provides information on the needs of the NSO which utilise cash flows. The analysis of cash movements should be aligned with NSO operations as reported in their statement of activities and be presented with appropriate detail.

5. Accounting Policies and Explanatory Notes

An NSO shall disclose in the summary of significant accounting policies, the measurement basis (or bases) used in preparing the financial statements and other accounting policies used which are relevant to an understanding of the financial statements.

Explanatory Notes are additional supporting information that is not presented on the face of the Income and Expenditure Statement, Statement of Financial Position, Statement of Changes in Funds and Reserves and Cash Flow Statement. However, it is relevant to the understanding of any of them, in the order in which each statement and each line item is presented.

6. External Auditing

An external audit is an independent examination of the financial statements prepared by the NSO. Each NSO should arrange its Annual Financial Reports to be reviewed by its external auditors. The Annual Financial Reports of the NSO should be audited by a certified public accountant holding a practicing certificate. A management letter from external auditors for the audit of financial statements should be issued for this purpose.

An external audit should involve a general appraisal of the adequacy and effectiveness of financial and accounting records, and procedures aimed at providing proper and effective internal controls. During the course of the audit, the auditors may discover weaknesses in the NSO's internal controls. These should be brought to the attention of the management together with recommendations for improvement in the auditors' management letter.

7. Qualitative Characteristics of Financial Statements

Qualitative characteristics are the attributes that make the information provided in financial statements practical to users.

Understandability: Information provided by the financial statements should be easily understandable. However, information that might be complex but relevant should not be excluded merely on the grounds that it may be too difficult for some users to understand.

Relevance: Information must be relevant to the decision-making needs of users. It should influence (under normal circumstances) the economic decisions and help users to evaluate past, present or future events, including confirming or correcting their past evaluations. The relevance of information is judged by its nature and materiality.

Materiality: In some cases, information alone is sufficient to determine its relevance. Information is material, if its omission or misstatement can influence decisions made on the basis of the financial statements.

Reliability: Information must be reliable if it is to be useful. When it is free from material error and bias and can portray faithfully either what it is expected or purported to represent.

Completeness: If information is to be reliable it must be complete within the bounds of materiality and cost. An omission can cause information to be false or misleading and thus unreliable and deficient in terms of its relevance.

Prudence: Events and circumstances are inevitably surrounded by uncertainties, which should be recognised in the disclosure of their nature and extent by exercising prudence. Prudence in preparing financial statements is seen by the inclusion of a degree of caution when a judgment is needed in making the estimates required under conditions of uncertainty, such that assets/income and liabilities/expenses are not overstated or understated.

Neutrality: Information provided in financial statements must be neutral and free from bias if it is to be reliable. Financial statements are not neutral if the information seeks to influence the decision or judgment to be made, in order to achieve a predetermined result or outcome. An example would be the manipulation of information for the purpose of convincing donors to provide funds.

Faithful Representation: Information provided must also portray transactions and other events that either purports to represent or could reasonably be expected to represent faithfully. Most financial information is subject to some risk of being less than a faithful representation of that which it purports to portray. This is due to inherent difficulties either in identifying the transactions and other events to be measured, or in devising and applying measurements and presentation techniques that can convey the messages that correspond with those transactions and events accurately.

Substance Over Form - If information provided is to correctly portray the transactions and other events that it purports to represent, it is necessary that they are accounted for and presented in accordance with their substance and economic reality and not merely their legal form.

Comparability - The measurement and display of the financial effect of similar transactions and other events must be consistent throughout any accounting period. Comparative information must be disclosed in respect to the previous period for all amounts reported in the financial statements. Comparative information must be included for narrative and descriptive information when it is relevant to an understanding of the current period's financial statements.

8. Interpreting Financial Statements

The aim when reviewing an NSO's financial reports is to assess the health of the organisation and to check that funds are being used as intended i.e. to achieve organisational objectives. Numbers taken on their own don't tell us very much. We need something to measure them against, such as comparing them to similar organisations, standard measures or targets, or previous years' accounts.

Trend Analysis

Trend analysis takes at least two sets of figures compiled using the same accounting techniques and shows information for two consecutive periods, usually year on year. By comparing the figures, it may be possible to detect trends and this information can be used to forecast future trends or set targets. Trend analysis is more meaningful when combined with financial ratio analysis.

Ratio Analysis

This is a means of interpreting and comparing financial results. Financial ratio analysis is used widely in business to assess the profitability and efficiency of companies. Ratios allow comparison of reports between organisations of different scale by converting them into a like measure. Government agencies often use this technique when assessing performance, especially to compare relative costs—such as central administration—between similar organisations.

The importance of ratios lies in the clues they may provide to what is going on, and not as absolute measures of good or bad performance. A further level of analysis can be obtained by comparing the ratios for the current and previous years' figures to detect trends.

Analysing the Income and Expenditure Statement

You can use ratios on the Income and Expenditure report by converting each line item into a percentage of total income (by dividing each item by total income and multiplying by 100). This gives a guide to the relative importance of different areas on the statement. For example, take the relative costs of administration versus direct project costs. This is useful for drawing attention to really important areas.



■ Financial Controls

Financial reporting refers to standard practices that give stakeholders an accurate image of an NSO's financial situation. This is provided as in-depth financial records and information, including revenues, expenses, profits, capital and cash flow.

1. Internal Controls Systems

Internal controls are systems of policies and procedures for:

Accomplishment of Goals and Objectives: Provides a mechanism for management to monitor the achievement of operational goals and objectives.

Operation: Ensures the effectiveness and efficiency of an organisation's operations, including general operating procedures, financial performance goals and safeguarding assets against loss.

Reporting: Ensures that financial and non-financial reporting are reliable, transparent and meets requirements by regulators or the organisation's policies.

Compliance: Ensures adherence to laws and procedures subject to the organisation.

Internal control procedures are used for:

- Handling funds received and expended by the organisation
- Preparing appropriate and timely financial reporting for senior management
- Conducting the annual audit of the organisation's financial statements
- Evaluating the performance of the organisation
- Safeguarding assets
- Implementing policies and procedures

Why do we need internal controls?

These systems help to ensure that NSOs meet their objectives, such as utilising resources efficiently and minimising the risk of mismanagement or fraud.

Some key internal control policies and procedures include:

- Delegated authority
- Procurement procedure
- Cash control
- Physical control
- Reconciliation process

2. Four Actions for Internal Control

A good way to think about and establish your internal control systems and procedures is to use the Four Actions Approach:

a. **REGULATE:** Encourage the right action

This means setting a policy and giving clear instructions on roles and processes. For example, establishing a procurement policy and setting out the limits of authority in a delegated authority document. This action is one that we generally take before activity takes place.



b. **PREVENT:** Avoid wrong action

Sometimes, situations will arise where someone fails to follow the guidance in the regulate stage. Therefore, we need to set up systems that will minimise the risk of opportunistic theft or loss due to incompetent actions. This includes common-sense physical controls and checking actions during a process. These actions generally operate during implementation.

c. **SPOT:** Identify if and where it has gone wrong

We cannot prevent all incidences of loss. Therefore, we need to have systems in place to pick these up after the process is completed; for example, cash counts, bank reconciliations and internal audits. These actions take place after the activity has occurred.

d. **CORRECT:** Rectify the errors or losses detected

This includes correcting accounting records, modifying policies to reduce the chance of the loss happening again and retraining staff. Corrections take place on an ongoing basis.

3. Implementation of Internal Controls

These policies and procedures should be readily accessible to all key stakeholders and be the primary source of reference for resolving operating and procedural enquiries.

Delegated Authority

The practice of delegated authority falls under the **Regulate** action. The boards of various committees delegate authority through the Secretary General for the day-to-day operations of the organisation.

In larger organisations, it is not good practice to allow one person to make all the decisions and authorise all transactions. Therefore, the Secretary General will also delegate authority to members of the staff to relieve the load and to ensure smooth operation during the absence of key staff.

Every NSO should decide roles for finance-related procedures in advance to manage the different levels of risk. It is good practice to record what has been decided in a delegated authority document to eliminate any confusion about responsibilities. This will clarify who has the authority to make decisions, expenditures and sign on behalf of the organisation. The delegated authority document must be approved by the board and regularly reviewed to ensure it remains relevant. It should include instructions for duties such as:

- **Placing and authorising orders for goods and services**
- **Signing authority for payments**
- **Approving staff expenses**
- **Handling incoming funds and payments**
- **Accessing the safe and cash box**
- **Checking accounting records**
- **Signing legal documents and contracts**

Authorisation Rules

A delegated authority document should observe some basic rules:

- Define the **lowest level of authority**. Those higher-ups on the management ladder will automatically have the same permissions.
- Outline **deputising arrangements** to cover the absence of key staff.
- Prevent anyone from authorising a transaction from which he or she will **personally benefit**. This would make the individual vulnerable to accusations of improper behaviour.
- **Avoid staff authorising payments of their line manager**. They must be signed by someone who is more senior in the management structure.
- **Limits or conditions** must be clearly defined. For example, a budget owner may be authorised to commit to an expenditure up to a specified amount, within certain categories or within budget.

Bank Payments

Each organisation should have a panel of signatories to select the required number of authorising signatures. A sufficient number of people should be nominated to ensure efficient administration of bank payments. Usually, cheques are signed by more than one signatory to help avoid fraud. Signatories should be regularly reviewed, and the list updated when people leave the organisation. With most organisations now using online bank transfer, it's important to have at least two authorised signatories when approving an online bank transfer.

NEVER ask signatories to sign blank cheques for future use as this defeats the whole purpose of having more than one signatory.

Separation of Duties

Duties are segregated among different people to reduce the risk of error or inappropriate action. Normally, responsibilities for authorising transactions, recording transactions (accounting) and handling the related assets (custody) are divided. It is risky to allow one person to order equipment, receive it and authorise the payment, without someone else involved in the process. In addition to increasing the risk of theft or fraud, this places too much responsibility on one person.

TASK	STAFF 1	STAFF 2	STAFF 3	STAFF 4	COMPENSATING CONTROLS
Initiate purchase request		X			
Approve purchase request	X				Check budget
Prepare purchase order		X			
Update inventory records			X		
Approve vendor payment	X			X	Two signatures; must include the budget holder



Custody



Record Keeping



Reconciliation



Authorisation



4. Cash Control

NSOs often work in environments where cash is the preferred way to pay for goods and services. This makes it vulnerable to loss and misuse. Cash control is all about **PREVENTING** that. Here are **Six Golden Rules** for handling cash:



Keep cash receipts separate from cash payments

Avoid placing cash receipts with petty cash funds, as it leads to errors and confusion in accounting records. All incomes must be paid into the bank promptly and entered into records before being paid out again.



Always give receipts for cash received

This protects the person receiving money, and assures the person handling the money that it is accounted for. Receipts must be written in ink and preferably from a sequential numbered receipt book. Cancellation of official receipts must be authorised by a supervisor/manager.



Always obtain receipts for cash payments

In circumstances where receipts are not possible, note down the cost of transactions immediately and transfer it to a petty cash slip/internal slip before it is authorised by a manager. It is good practice to have a minimum threshold for goods/services purchased without a receipt. Remember, without a receipt there is no proof that a purchase was made.



Restrict access to petty cash and the safe

Keys to the petty cash box and safe should only be given to authorised individuals and recorded in the organisation's authority document.



Keep cash transactions to an absolute minimum

Whenever possible, set up suppliers' accounts and pay invoices by cheque or bank transfer. The advantage of paying for transactions through the bank is that it produces a parallel set of accounts in the form of a bank statement. It also ensures only authorised people make payments, thus reducing the chance of fraud.



Document restricted funds

Always ensure that restrictions on the use of funds are documented, and all payments are made in compliance with verified restrictions. Assign a project owner to ensure monies are used for specified purposes and in accordance to wishes of the donor. It is good practice to properly segregate restricted income from unrestricted income.

5. Physical Controls

Physical controls are additional common-sense precautions taken to safeguard the assets of an organisation.

Having a Safe

A proper safe for cash, cheque books and legal documents is worth considering, especially if your organisation has to keep large sums of money on the premises overnight.

Safeguarding Fixed Assets

Fixed assets may represent considerable wealth held in the form of land, buildings, vehicles, machinery and office equipment. Measures to safeguard these assets include keeping an asset-register and having a maintenance policy for equipment.

The Assets Register

An assets register should be set up with an entry or record sheet for each item. Each asset should be tagged with a unique reference number for identification purposes with important information such as:

- Where and when the item was purchased and its cost
- Where it is held or located
- How much it is insured for
- Serial numbers
- Details of warranties
- Depreciation rate and method, where relevant

The record sheet should also state who is responsible for maintenance and security. The assets register should be checked by a manager on a monthly basis, with any discrepancies reported and appropriate action taken.

Building and Equipment Maintenance Policy

To preserve the value of buildings and equipment, organisations must have proactive maintenance policies. For buildings, this may require a professionally-planned maintenance contract for which a realistic budget must be provided. Office equipment, such as photocopiers and electrical equipment, should also be regularly serviced by qualified technicians to ensure they are safe and operating properly.

Insurance Cover

Valuable assets should be insured to prevent loss to the organisation, as a result of risks from fires, theft and natural disasters.

6. Reconciliation

Reconciliation (an identification action) involves verifying accounting records to ensure there are no errors or omissions that have gone unidentified. Records that should be reconciled on a regular basis are:

- Bank (cash) book
- Petty cash book
- Inventory records

Bank (Cash) Book

The bank (cash) book should be reconciled to the bank statement at least once a month. The purpose of this exercise is to make sure that the organisation's own records agree with the bank's records, which are like a parallel set of records. This is achieved by taking the closing bank statement balance for a particular date and comparing it to the closing bank book balance for the same date, then explaining the differences. This is an important check, not only for accurate and complete records, but also as an early indication of fraud.

Petty Cash Book

The most effective way to control petty cash is to limit the amount of cash held and amount to be paid out through petty cash reimbursement. Ensuring that all cash held on site is securely stored will reduce the risk of theft. If a discrepancy is found, it must be noted in the petty cash book as either an 'expense – unidentified' or a 'surplus – unidentified' and allocated to an appropriate category. Regular or significant discrepancies must be reported to a manager.

7. Inventory Controls

Inventory controls aim to ensure that inventory is recorded in the appropriate quantities and at the correct values. Some objectives of establishing internal inventory controls are to:

- prevent theft and damage loss
- manage quantities that meet customer demands and required purchasing lead times
- ensure that inventory costs are accurately captured and reported

A system of physical access controls can help prevent unauthorised access to both inventory and related administrative records.

8. Reviewing Internal Controls

Once internal controls have been implemented for the organisation's key activities, the effectiveness of these controls needs to be reviewed. Ongoing monitoring should include management and supervisory activities that evaluate and improve the execution and effectiveness of internal controls. Other ways that internal controls can be monitored are through internal audits and periodic reviews by an audit committee and spot checks of the internal controls' activities.

Internal controls are considered effective when:

- all key stakeholders, including management, employees, volunteers and the board, understand the extent that internal controls assist in meeting the overall objectives of the organisation
- all financial reporting is prepared in a timely and accurate manner, and delivers relevant information for decision-making within the organisation
- all compliance requirements are being met

Director's Role

A director, such as the financial controller of an organisation, needs to regularly check and authorise records to make sure procedures are being followed correctly and transactions are valid.

These checks cover:

- authorising staff expenses and receipts to ensure they are valid
- reviewing bank records and bank reconciliation statements to ensure they are accurate, complete and up-to-date
- counting the cash, checking and authorising the cash reconciliation
- counting stocks and checking inventory records
- verifying the assets register is complete and assets are accurately recorded

9. Audit

What is an audit?

An audit is a more formal identifying action - an independent examination of an organisation's records, procedures and activities, resulting in a report on the findings. There are two main types of audit:

- Internal Audit – for the benefit of those inside the organisation, e.g. senior management team, audit committee and steering committee
- External Audit – primarily for the benefit of those outside the organisation, e.g. stakeholders and donors

Why do NSOs need audits?

Audits demonstrate a commitment to transparency and accountability. It enhances credibility. It is also a legal requirement in most countries to have the financial statements reviewed by an independent auditor once a year. The audit should be a positive experience and not one to be feared. Use your auditor to discuss ways of improving your accounting systems and procedures.

Internal Audit

This involves a structured review of procedures (as set by the board members) to ensure that internal control processes are operating effectively. It creates an opportunity to improve systems and build internal capacity. It may be carried out by someone within or outside the organisation.

The review will include a range of checks, including:

- financial accounting systems and procedures
- internal control mechanisms
- evaluation of the organisation's performance and operational effectiveness in meeting its goals
- fraud investigation

The internal auditor's report will highlight their review of the governing body and management and make recommendations for action where needed. This could include a more detailed investigation, changing a procedure or training a staff member.

External Audit

An external audit is an independent examination of the financial statements prepared by the organisation. It is usually conducted for statutory purposes as the law requires it and is done as part of the annual review of accounts. Auditors (usually a firm of accountants with recognised professional qualifications) are appointed by the board of trustees (or at the annual general meeting).



What does the auditor need?

An auditor will need a quiet place to work without interruption. If individual staff members are to be interviewed, then a private room where confidential discussions can take place will also be required. The auditor will usually give advance notification of the records needed.

Do ensure that all the records are up-to-date and properly filed, as this will facilitate the routine checks and cause minimal disruption for the organisation. This will also help to save on audit fees. Auditors only have a limited amount of time in which to complete their work, so they concentrate on testing the validity of a sample of transactions and results.

The Audit Report

An external audit results in a report addressed to members, usually presented and approved at the annual general meeting. The report gives an audit opinion on the organisation's state of affairs and operations for the period. It is worth taking a close look at what the auditor's opinion says. Everyone expects a 'clean audit' report, where the auditor confirms that the financial statements provide a true and fair view of the organisation's financial situation.

Management Letter

Auditors often provide a **Management Letter** after completing the audit. This is separate to the audit report and is addressed to management. The report highlights weaknesses identified in the internal control systems and makes recommendations for improvements. The finance manager has an opportunity to respond to the findings outlined in the management letter and explain what action will be taken.

10. Control Checklist

- Financial reporting policy - Dates for financial year, accounting method and relevant compliance requirements, i.e. statutory audit report**
- Budget process - Timing and approval process of budgets**
- Financial statements - Detail all financial statements to be prepared, including details required**
- Financial review and analysis - Detail who is responsible for review and analysis, frequency of review, key areas to be achieved**
- Record keeping - Detail personnel responsible for record keeping, record-keeping support required (software) and the objective of such record keeping, i.e. to monitor and track income and expenses according to approved budget**
- Audit - Policy on frequency of audit, appointment of auditors, custodian responsible for providing auditors with necessary information**

11. Accounts Payable: Payment Procedures

NSOs need to adopt an adequate payment policy or procedure to ensure proper management of their cash flow, comply with agreed obligations, and control payments that are made in relation to the operation of the NSO, thus reducing the risk of duplication of payments, lack of liquidity or misappropriation of funds.

This procedure describes the steps to follow when managing payments to suppliers through the Accounts Payable system, based on goods and services acquired by the NSO, where the NSO is obliged to pay via invoice or a corresponding legal purchase document.

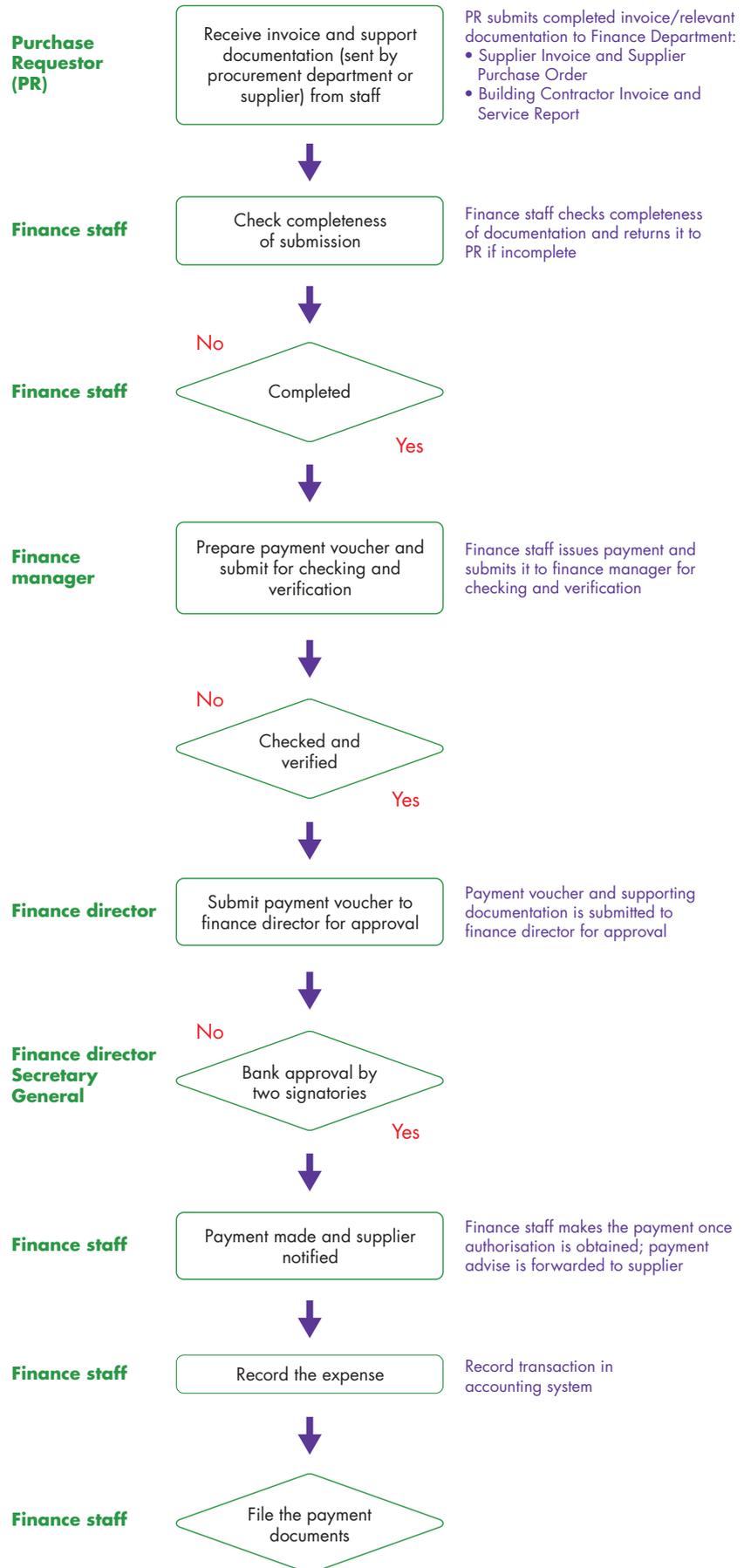
Goals

- Describe the payment process for goods, services and contracted personnel
- Recommend to NSOs a procedure to keep adequate control over payments made and the corresponding registration
- Strengthen budgetary control and monitoring process
- Monitor the liquidity and cash flow of NSOs
- Improve/increase transparency in the purchasing management of NSOs
- Establish adequate controls over management of available monies
- Avoid duplication of payments or lack thereof

Checklist for invoice submission:

- Assign a responsible person for each step of the process (at least two or three people).
- **Invoice Received Date:** The date the NSO receives the invoice from the vendor; ensure that the Accounts Payable Stamp (APS) reflects this date on the vendor invoice.
- **Authorised Signature(s):** Approval from the budget holder is mandatory either by signing on the invoice (in the approval row of the APS) or via e-mail if staff is on a mission.
- **Accounting Breakdown:** The Accounting charge codes (Account Code, Cost Centre, Project Code etc.) must be clearly recorded on the invoice or included with supporting documentation.
- **Check Funding:** Check with your budget holder to ensure funds are available for the designated charge code recorded on the invoice at the time of processing.
- **Proper Invoice:** The invoice must include Invoice Date, Invoice Number, Vendor Name and Address, Item Description, Invoice Amount, Contract or Purchase Order Number, Authorised Signature and Vendor's Bank Details (Account holder name, beneficiary address, bank name, bank address, account number, IBAN code and Swift code).
- **Define the Terms of Payment to Suppliers:** Must be negotiated and agreed upfront with supplier and reflected on the invoice.
- **Set up a Payment Cycle:** For example, payments are processed every Thursday for vendors (including staff and volunteer reimbursements). If the payment batch falls on a Friday, weekend or public holiday, the payment will be processed the following week.
- **Maintain a File** of recurring suppliers.
- **Specify Payment Amounts in Contracts:** For large contracts, advance payment amounts must be specified in the contract, supporting documents must be kept, payment should be made by bank cheque or transfer, and the supplier's signature must be maintained on receipt of the advance payment.
- **Review Invoices and Supporting Documents:** The certified invoice and any supporting documents must be reviewed and the expenditure approved by a delegated budget holder in accordance with the local laws and deadlines.

Payment Process Flow



NO.	ACTIVITY	DESCRIPTION	PIC
1	Receive the invoice/ purchase document	Accept the qualifying documents from the person requesting the purchase/payment/ contract to make payment.	Treasurer/ purchase requestor
2	Review documentation	Verify that the invoice/purchase document complies with the requirements requested by law, (contains correct and complete information and all supporting documentation).	Treasurer
3	Verify budget and availability of funds	Review in bank accounts or cash if there are sufficient funds to make payment.	Treasurer
4	Issuance of the payment order or proof of payment	Prepare a document indicating the value that is being paid, which will be later signed by the supplier or receiver of the payment.	Treasurer
5	Review and signature of the financial director or financial officer	Review by the financial director/ individual who isn't issuing the payment.	Financial Director or Responsible Person (other than the Treasurer)
6	Issuance of bank cheque	Issue the corresponding bank cheque, verifying all the requirements provided by law.	Treasurer
7	Accounting record of the transaction	Register transaction or leave a record in the book of income and expenses.	Accountant
8	Signature for the bank cheque or transfer authorisation	Collect the two signatures for the cheque or two authorisation signatures for the transfer (the signatories should make a last review of the supporting documentation).	Responsible persons with authorised signatures (Financial Director, Manager, Chairperson)
9	Deliver bank cheque or make transfer and receive signature	Physically deliver the cheque to the provider or make the corresponding transfer of funds and request signature as proof of receipt of payment/payment order. This task can be delegated to a secretary/receptionist.	Treasurer/Payer
10	File documentation	File proof of payment along with the invoice and other documents deemed necessary. This can be filed in accounting (invoice purchase order) and in treasury order of payment and proof of payment if required.	Accounting/Treasurer

USEFUL TIPS TO REMEMBER:

- Register three authorised signatures for issuing bank cheques and electronic transfer approval passwords. In addition, request that the bank or financial institution place a validation on your bank account, so that two signatures are always requested as a mandatory requirement for each cheque or transfer prior to payment.
- Manage at least one bank account registered in the name of NSO.
- Make payments and transactions by bank cheque or transfer to have additional proof of payment, as often as possible.
- Avoid making cash payments unless they are amounts that can be handled by petty cash, such as transactions less than \$10.
- Verify that backup documentation is complete and accurate.
- When payment is received, the provider must put his/her signature and stamp (if possible) as proof of payment or discharge.
- Confirm with the provider if a different person will receive the cheque in their name and request a letter of authorisation.
- Archive documents as backup of the transactions carried out.
- Regularly review local regulations on tax, legal, labour, etc.
- Carry out bank reconciliation; verify with the account statement the bank cheques delivered but not yet paid to determine the actual account balance and have a clear view of available funds.
- Make a budget and projection of the payments that will be made to ensure that you have enough funds to maintain a proper NSO operation.

RESOURCES

Handbook on Financial Resources Management and Development (2007, WSB-APR) (DC OK) in English.

Download: <https://www.scout.org/node/6108>

Publication: Are we doing it right? – some do’s and don’t’s in the management of non-profit organizations, by H. Eric Frank (© 1983, World Scout Bureau, Geneva) (in English) (44 pages). OUT OF PRINT. (DC-578.13) In Repository dossier 8270 under Management.

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