

# Southwestern Ontario Administrative Centre

## Notes for Treasurers About Group Finances

### The Role of the Group Treasurer

The Group Commissioner has the overall responsibility for the group, including the group's finances. To ensure that the group's finances are well managed and accounted for, the Group Commissioner recruits a Treasurer for the group. The Treasurer assumes the responsibilities as described in the Treasurer's position description in B.P.&P., Section 4000. The Treasurer plans, budgets, records, maintains and reports on the financial affairs of the group and ensures that they are compliant with Scouts Canada's Policies and Procedures.

### Qualifications

The Treasurer should have a working knowledge of bookkeeping procedures, the ability to keep precise and accurate records and be able to prepare clear, comprehensive financial statements. Ability to relate well to others and work as a part of a team is also important.

### Duties

1. Keeps a record of all financial transactions for the group
2. Prepares financial statements and reports and provides them at the monthly and annual Group Committee meeting or as required
3. Checks all section books to ensure accounts balance and financial standards are followed. This is usually done at the monthly Group Committee meeting.
4. Arranges for an annual audit of the books of each section and the Group Committee
5. Assists the leaders in the preparation of the annual budget for their section and prepares an annual budget for the Group Committee
6. Arranges for adequate insurance on group equipment and property
7. Serves and advises various committee members and Leaders on financial matters and fundraising
8. Is acquainted with Group, Council and National policies regarding finances and fundraising

### Essential Group Financial Practices

Reference: Scouts Canada By-Law, Policies and Procedures Section 11000 – Financial and Fundraising Procedures

### Set-up

- Are all Group/Section bank accounts under the name of 'Scouts Canada - XYZ Group/Section'?
- Do all Group/Section bank accounts have at least 2 signing officers as required by Bylaws, Policies & Procedures
- Does the Group have written procedures on items such as Leader Uniform reimbursement, paying for Leader training, fundraising, equipment purchases, Leader registration and camp fees, Section funds at year end, etc.?
- Has the equipment inventory (prepared by the quartermaster) been reviewed and sufficient insurance (fire, theft & vandalism) been purchased for equipment and property owned by the Group?



## Essential Group Financial Practices Cont.

### Budgets & Fundraising

- Have the Section budgets been set and handed in to the Group for approval?
- Using the Section budgets, has a Group budget been set and approved?
- Has appropriate approval been given for fundraising activities such as - Section activities approved by the Group Committee; Group activities approved by the Sponsor and Area/Council?
- Are activity budgets developed for each activity and presented to the Group Committee for approval
- Has the Group recruited coordinators for the Scout Popcorn and Fundraisers and Scoutrees?

### Reporting

- Does the Treasurer check the Section books monthly to ensure that accounts balance and receipts are on hand?
- Does the Treasurer report monthly to the Group Committee with a financial statement of income and expenses?
- Are receipts given out for any income received and collected for any expenses?
- Is reconciliation done monthly to ensure the bank statement balances with the Section/Group books?
- Does the Section/Group keep an organized file with bank deposit book, bank statements/passbook, cancelled cheques, cheque stubs, receipts for purchases, a receipt book for income, copies of previous financial statements and copies of Group and Council financial policies?

## Group Finance Safety Check List - Sound and Prudent Financial Practices

The Council has developed a checklist that is to be annually completed to help guide and ensure Group managers are conducting the financial affairs in a good and proper way. Your Area Support Manager will distribute and collect these checklists and the information is used to help identify training needs throughout the Council.

## Finance Operations for Areas, Properties & Groups – Procedures, Processes & Information

The Council website has a number of resources that are there to help our volunteers. You can find more finance information under the resource tab of the Council Website.

## Donation/Charitable Receipts Procedures

If a company or individual wishes to make a donation to a Scout Group and receive a charitable tax receipt, this must be done through the Southwestern Ontario Administrative Centre. To do so, the donation (made payable to 'Scouts Canada') must come into the Southwestern Ontario Administrative Centre where it will be deposited to the Council Account (this meets Revenue Canada requirements).

A cheque will then be issued to the Group and charitable tax receipt to the individual or company. If the donation is for items, please contact the Southwestern Ontario Administrative Centre for guidance. Charitable tax receipts cannot be issued for membership fees, camp fees where the individual receives a benefit for the monies paid. A Tax Receipt will only be issued for donations of \$25 or more. Please allow 4 to 6 weeks for processing.



## Audits

The Treasurer arranges for Section books to be audited at least once a year and receives a copy of the year-end financial statements.

The Treasurer arranges for an annual audit of the Group's books and forwards a Budget & Year-End Report to the Group Commissioner, Group Sponsor and Area Key Three.

Financial statements do not have to be audited by a professional accountant. A simple review by 1 or 2 people independent of any signing authority is all that is required. The audit is to ensure that the statements reflect the financial operation of the Group and that standard bookkeeping practices are maintained. A local accountant, bookkeeper, bank manager etc. is often quite willing to do this for Scouting at no charge if your records are in good order. When auditing the books, the reviewer will need to have all the Treasurer's records.

The following guidelines are meant to assist non accountants with the task of reviewing Group financial statements. BP&P Section 11003 (iii) requires that: "All groups must submit an annual financial statement to the Council by November 30. Prior to submission, this will have been subject to an impartial third party review by two individuals who have not been involved in the group financial accounting and reporting..."

## Goals

It is recognized that the degree of assurance around the integrity of Group financial statements will not be equivalent to that of an audit. The detection of fraud will be especially difficult given the cash based nature of many Scouting transactions.

The goals of the review will have to be stated in somewhat limited terms. They should include:

- Verification of the presence of high level controls
- Existence of basic accounting record keeping
- Accuracy of mathematical calculations
- Presence of supporting transactional documentation
- Presence and security of financial assets
- Detection of grossly fraudulent activities
- Completeness and accuracy of financial reports

## Results of the Review

A paragraph comparable to that present in an audit report should be developed for reviewers' use. It might state that:

*We the reviewers, have to best of our ability, developed a reasonable level of assurance that the financial statements of \_\_\_\_\_ do fairly represent the results of financial transactions and the associated financial position of the Group for the period ended \_\_\_\_\_.*

## Review Plan

In order to reach the point where the assurance can be given, a review plan should be developed in conjunction with each Group Treasurer. This plan should reflect the unique nature of the Group's activities.



## Audits Cont.

### Review Process

The following is a brief listing of procedures that might be followed. It is not complete in that every situation will have its own set of unique characteristics. Reviews should involve two stages. They are

- Onsite sampling and testing.
- Offsite verification

The review itself should be structured into phases:

- Set up meeting with Treasurer
- Plan the audit
- Set objectives
- Collect data
- Perform review
- Report on review

### Document Requirements

In order to prepare for the review, the Treasurer will have to provide the following either during the onsite or offsite stage.

- Final financial statements with notes
- Copy of general ledger transactional detail
- Monthly bank reconciliations
- Bank statements and investment statements monthly
- List of financial controls
- Fixed asset registers
- Evidence of receipts for expenditures
- Invoices for revenues/ sales
- Registration records reconciled to enrolment at the Council level

### Extent of Testing

The review will have to involve substantive tests of balances since sufficiently rigorous controls generally will not be present. A materiality threshold should be agreed upon to reduce the amount of vouching. Generally the sampling of records on a statistical basis won't yield appropriate results due to small sample sizes. Large accounts should be verified completely where possible.

### Procedures

In basic terms the following key steps are fundamental to the review:

- (i) Environment
  - Gain a general impression for the Treasurers' accounting knowledge
  - Understand the method by which accounts are kept (spreadsheet vs accounting package)
  - Gain an appreciation for the integrity and organization of record keeping
  - Develop an appreciation for the role of controls
  - Understand role of budgeting



## Audits Cont.

### Procedures

- (ii) Common checks
  - Ensure that reported amounts are backed up by appropriate reports or documents from third parties (reconciled bank statements)
  - Verify that all material amounts have been captured in accounting records
  - Check mathematical accuracy
- (iii) Financial asset position
  - Verify that results flow from year to year (closing balances of one year are opening balances of the next)
  - Identify all accounts and their purpose
  - Count and reconcile cash to the financials
  - Review investment statements and transaction records
  - Develop an understanding of accruals (AP/AR where utilized)
  - Verify that opening balances plus transactional flows equal closing balances
- (iv) Revenue and expense accounts
  - Ensure that revenues and expenditures are supported by appropriate documentation
  - Verify that amounts are classified in a reasonable manner
  - Ensure fundraising does not breach Charitable Fundraising Act (>\$25K)
- (v) Reporting
  - Verify that the reports reflect accounting records
  - Ensure that the results of special Group events are included in the consolidated financials
- (vi) Controls
  - Look for written controls or procedures
  - Check for lists of commitments authorization levels (people and Limits)
  - Conduct basic tests of controls
  - Seek evidence of separation of duties i.e. more than one person involved with approvals, control over bank accounts etc.

### Conclusion

The design of each review will have some common features. However due to the wide variances in the level of knowledge of Treasurers, their time and resources employed each review will differ. It is up to the judgment of the reviewers to adapt the foregoing procedures accordingly.

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Prepared by Scouts Canada

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<http://tsc.scouts.ca> | <http://bfc.scouts.ca>



## Budget & Year-End Report – Basic Template

Council: \_\_\_\_\_

This template is provided as an example format for  
Budgeting and Financial Reporting

Area: \_\_\_\_\_

For Year ending – August 31, \_\_\_\_\_

Group: \_\_\_\_\_

FINANCIAL SUMMARY: Year End Actual	Revenue over	Less	Expenses	Equals	Balance +/-(-)
	\$	Minus	\$	=	\$

<b>REVENUE</b>	Notes	Budget	Actual
Membership Fees Collected	(Gross)	\$	\$
Weekly Dues			
Donations			
Investment Income			
Fundraising Projects		-	-
Apple Day			
Scout Popcorn			
Scoutrees			
Other Revenue 1			
Other Revenue 2			
Other Revenue 3			
Other Revenue 4			
		\$	\$

<b>EXPENSES</b>	Particulars/Notes		
Adult Fees Paid to Council		\$	\$
Youth Fees Paid to Council			
Youth Assistance			
Uniform – Adult			
Uniform – Youth			
Training			
Resources			
Camping Equipment			
Facility/Program Bookings			
Food			
Program Costs	Compiled from Section Budgets	-	-
Beavers			
Cubs			
Scouts			
Venturers			
Rovers			
Transportation			
Recognition			
Administration			
Equipment Insurance			
Section Funds			
Other Expense 1			
Other Expense 2			
Other Expense 3			
Other Expense 4			
Other Expense 5			
		\$	\$
	Revenue less (Expenditures)	\$	\$

## Bank Reconciliation Statement - August 31, 200\_\_

<u>Starting Book Balance</u>		Bank Statement Balance	
September 1, 200__	\$____.____	August 31, 200__	\$____.____
+Income over Expenses (taken from the Revenue)	____.____	+Outstanding Deposits	____.____
		- Outstanding Cheques	
		#____    \$____.____	
		#____    \$____.____	
		#____    \$____.____	
			\$____.____
Book Balance		Bank Balance	
September 1, 2000__	\$____.____	August 31, 200__	\$____.____

## Record of Bank Accounts

SECTION	BANK & BRANCH	ACCOUNT NUMBER
Group Committee	_____	_____
Jamboree	_____	_____
Beavers	_____	_____
Cubs	_____	_____
Scouts	_____	_____
Venturers	_____	_____
Rovers	_____	_____
Other	_____	_____
Other	_____	_____

For significant assets with a value over \$500, it is the responsibility of the group to ensure their equipment is appropriately insured. Please include a description of the asset, the value and the location where it is stored.