



SIMPLE FINANCIAL MANAGEMENT GUIDE FOR ROTARY & ROTARACT CLUBS



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TABLE OF CONTENTS	PAGE
Introduction	2
Budgeting	3
Receipts and Payments	3
Bank Accounts	5
Recording of Transactions	6
Project Funds	9
Management Reports	10
Audit	10
Appendices	11

1. INTRODUCTION

1.1 Scope

This document is intended to act as a working guide for financial management and accountability of finances of Rotary/Rotaract clubs. It sets out simple working procedures for the implementation of the financial rules and the regulations of Rotary/Rotaract clubs.

Financial management means managing cash, and it is a task we all have to do in our everyday lives.

1.2 Basis

The basis of this guide is to:

- a) Set accounting procedures for Rotary/Rotaract clubs.
- b) Put in place some form of internal controls for Rotary/Rotaract clubs.
- c) Provide a frame work for generating accurate and reliable financial reports.
- d) Ensure proper accountability of club and project funds.
- e) Encourage planning for club and project activities to ensure efficient use of resources.
- f) Provide a monitoring tool for club and project activities.

1.3 Updating

This guide and subsequent amendments thereof shall require approval of the club's Board of Directors.

This guide shall be reviewed, amended or modified in order to accommodate technological developments and changes within the accounting profession or within Rotary/Rotaract club operations/regulatory framework.

1.4 Financial Responsibility/Reporting

The treasurer as the accounting officer has overall responsibility over the daily financial operations of the club including budgeting, financial records, application, interpretation and implementation of the accounting guide, the internal control structure and the collection and handling of funds. The treasurer may delegate the administrative responsibility as deemed fit.

1.5 Reporting currency

Each club's financial records shall be maintained and reported in Uganda shillings, unless otherwise specified by the board of the club.

1.6 Accounting period

Each club shall prepare its accounts with 30th June as the accounting period.

2. BUDGETING

2.1 A club shall prepare an annual budget for its income and expenditure.

2.2 A budget committee shall be set up for this purpose.

2.3 The budget shall be approved by the board.

2.4 Operating on a budget will ensure that there is controlled expenditure during the year and that all items of expenditure are within the budget lines. The budget also acts a planning tool.

3. RECEIPTS AND PAYMENTS

3.1 Income

3.1.1 Club income includes;

- Membership dues
- Donations
- Contributions to TRF (PHF's, RFSM's etc)
- Sergeant at Arms, etc

3.1.2 For each income received, a serialized receipt shall be issued. Please refer to appendix II for a template of a receipt.

3.1.3 All cash/cheques received shall be kept in a safe or other secure place before being banked on the next bank day.

3.1.4 All cash/cheques received shall be banked intact on a daily basis. If it cannot be banked because of weekend or holiday, then the next bank day.

3.1.5 At no point should any part of the cash received be used to meet expenses; please refer to 3.2.2 on the procedure of paying for expenses.

3.1.6 Invoicing club members

Club members shall be invoiced for membership fees due. This will remind them of their obligation. Please refer to appendix I for a template of an invoice.

3.2 Expenditure

3.2.1 Club expenses include;

- Rotary International dues
- District dues
- Uganda Rotary Office dues
- Stationery
- Venue hire and refreshments
- Communication, etc

3.2.2 Before any of the above expenses is paid for, the following has to be satisfied;

- It should be budgeted for
- Funds should be available
- A serially numbered payment voucher shall be raised and approved by at least two of the following: President, Secretary and Treasurer. Please refer to appendix III for a template of a payment voucher.
- All expenses shall be paid for by cheque or cash drawn from the respective bank account.

3.2.3 All expenses, where applicable, shall be supported by receipts and invoices.

3.2.4 Once a payment voucher is paid, the voucher and attached supporting documents like invoices shall be stamped "PAID". There should be a stamp for this purpose. This stamp should be in the custody of the treasurer or any other designated official.

3.3 Filing of Income and Expenditure Records

3.3.1 Documents supporting expenditure like payment vouchers, receipts and invoices shall be filed in a separate file arranged in a chronological order.

3.3.2 Documents supporting income like invoices and receipts shall also be filed in separate file arranged in a chronological order.

3.3.3 Accounts records shall be in the custody of the treasurer or any other designated official.

4. BANK ACCOUNTS

4.8 Opening of Bank Accounts

4.8.1 Bank accounts shall be opened with written approval from the board (Resolution of the Board).

4.8.2 On obtaining the approval, the decision to open the new bank account shall be communicated to the bank by a written instruction signed by the president and any other designated account signatory.

4.8.3 The board must approve all new cheque signatories.

4.1 All bank accounts shall be in the Club's names.

4.2 Each club shall maintain one bank account for club operations or as deemed necessary by the board. It is also mandatory that the club opens a separate bank account for each project. This greatly eases accountability.

4.3 Signatories to bank accounts

Any two of the following shall be signatories to the club's bank account:

- Treasurer
- Secretary
- President

4.4 Supporting Documents

4.4.1 The cheque, payment vouchers and other supporting documents shall be made available to the signatories for verification prior to signing the cheque(s).

4.4.2 The bank signatories shall initial and date all the supporting documents / vouchers upon signing of the cheques as proof that the vouchers have been paid.

4.5 The cheque book counterfoil shall be completed simultaneously with issue of cheque, under dated initials of the treasurer and its entry in cash book.

4.6 Blank Cheques

Signing and countersigning blank cheques is strictly prohibited.

4.9 If a cheque needs to be voided, the treasurer shall write or stamp it “VOID” and sign across the front of the cheque to prevent any use in future. All voided cheques shall be filed numerically.

4.10 Controls over Cheque Books

4.10.1 All requests for new cheque books shall be approved in writing by the secretary.

4.10.2 All cheque books received shall be stored securely by the treasurer to guard against misuse. Loss of any cheque-book shall be immediately brought to the attention of the president and subsequently reported to the police.

4.10.3 The sequence of cheque numbers shall be accounted for.

4.11 Cheque register

4.11.1 All cheques issued shall be recorded in a cheque register (eg. black book).

4.11.2 For each cheque issued, the following details shall be recorded in the cheque register;

- Date
- Cheque number
- Payee’s name and signature
- Narration (brief description of purpose of payment)

5. RECORDING OF TRANSACTIONS

Transactions shall be recorded on timely basis, preferably, on the same day of occurrence.

5.1 Bank cash book

5.1.1 All receipts banked and payments made from the bank account should be recorded in the bank cash book.

5.1.2 It is important to adhere to the practice of having all club transactions going through the bank account. Please refer to appendix IV for a template of a cash book.

5.1.3 Receipts shall be recorded in the debit (Dr) column and payments in the credit (Cr) column.

5.2 Bank reconciliations

5.2.1 Bank statements shall be obtained at the end of every month.

- 5.2.2 On a monthly basis, the bank balance per the club's cash book should be reconciled to the bank balance per bank statement. Please refer to appendix V for a template of a bank reconciliation statement.
- 5.2.3 A bank reconciliation statement shall be prepared for each bank account.
- 5.2.4 All known direct bank debits and credits shall be entered in the cash book.
- 5.2.5 All unknown direct bank debits and credits shall be noted by the treasurer and reported to the president for appropriate action. The treasurer should inquire from the bank about the identities of these transactions.
- 5.2.6 All dishonoured cheques shall be reported to the president and immediate action taken to ensure that the drawer rectifies the irregularities. Appropriate reversing entries shall be posted in the books with the approval of the president.
- 5.2.7 Un-presented cheques which are six months old shall be reversed in the books and a stop payment order issued with a new cheque, should the old one be confirmed lost in transit or misplaced.
- 5.2.8 Bank reconciliation statements shall be reviewed and approved by any two of the following; secretary, president and project coordinator (in the case of project bank accounts).

5.3 Closure of Bank Accounts

The treasurer shall request for authority to close the accounts from the board, if the bank account becomes inconsequential to the operations of the rotary club.

5.4 Recording of Income

- 5.4.1 Income shall be recorded under the following ledger accounts;
 - Membership dues
 - Donations
 - Contributions to TRF
 - Sergeant at Arms
 - Others

Please refer to appendix VI for a template of an income ledger.

- 5.4.2 Membership dues income should be recorded under membership dues ledger; the same is done for other categories of income.
- 5.4.3 The source document for recording membership dues income is a copy of the invoice issued to a club member.

5.4.4 A receipt is the source document for recording other categories of income.

5.5 Recording of expenditure

5.5.1 Expenses shall be recorded under the following ledger accounts;

- Rotary International dues
- District dues
- Uganda Rotary Office dues
- TRF Remittances
- Stationery
- Venue hire and refreshments
- Communication, etc

Please refer to appendix VII for a template of an expense ledger

5.5.2 A payment voucher is the source document for recording all expenses.

5.5.3 All documents like receipts and invoices supporting a payment shall be attached to the respective payment voucher.

5.6 Accounts receivable

5.6.1 Outstanding membership dues constitute the main part of a rotary club's accounts receivable. It is therefore imperative that a separate ledger account is maintained for each club member to keep track of amount due and payments made. Please refer to appendix VIII for template of a member's ledger.

5.6.2 Invoices to a club member should be recorded in the debit (Dr) column.

5.6.3 Payments by a club member should be recorded in the credit (Cr) column.

5.6.4 When recording an invoice, the invoice number should be recorded in the reference column.

5.6.5 When recording a payment for membership dues, a receipt number should be recorded in the reference column.

5.7 Accounts payable

5.7.1 For any unpaid expenses, invoices shall be recorded in the respective supplier's account. Please refer to appendix IX for a template of a supplier's account.

5.7.2 Invoices from the supplier shall be recorded in the credit (Cr) column.

5.7.3 Payments to the supplier shall be recorded in the debit (debit) column.

5.7.4 When recording an invoice, the invoice number should be recorded in the reference column.

5.7.5 When recording a payment to a supplier, a cheque number should be recorded in the reference column.

5.8 Trial balance

5.8.1 A trial balance is a summary of all ledger balances. Please refer to appendix X for a template of a trial balance.

5.8.2 Balances from all the ledger balances shall be transferred to the trial balance. It is from the trial balance that financial statements are prepared.

5.8.3 A separate trial balance shall be generated for each project.

6. PROJECT FUNDS

6.1 Planning

6.1.1 Each project shall have a clear plan specifying;

- Project objectives
- Source of funds
- Timeframe
- Budget (approved by the board)
- Guidelines on how to authorize and spend the money
- Guideline on how to manage unutilized funds at the end of the project.

6.2 Accountability for project funds

6.2.1 Project funds shall not be mixed with the ordinary operations of the club.

6.2.2 Separate records of accounts shall be maintained for each project.

6.3 Project bank accounts

6.3.1 A separate bank account and cash book shall be maintained for each project.

6.3.2 There shall be two signatories to the project bank account i.e.

- project coordinator
- and either the president or secretary

6.3.3 Monthly bank reconciliations shall be prepared for each project bank account and reviewed by the above signatories.

6.3.4 At the end of the project, the bank account shall be closed and any unutilized funds shall be dealt with as per the project plan.

6.4 Receipts

6.4.1 A separate receipt book shall be maintained for each project

6.4.2 Receipts for each project shall be recorded separately and on timely basis.

6.5 Payments

6.5.1 Each project shall have its own payment vouchers

6.5.2 The project coordinator shall initiate all payments which shall be approved by either the president or secretary.

6.5.3 Each project's expenses shall be recorded separately and on a timely basis.

6.3 There shall be a functional project committee to run project activities

7. MANAGEMENT REPORTS

7.1 Periodical management reports shall be prepared, preferably, on a quarterly basis or as may be determined by the board. The reports shall be addressed to the board.

7.2 Management accounts shall be presented at every Club Assembly.

7.3 Funds Accountability Statement shall be prepared for club funds and project funds.

7.3.1 The Accountability Statement shall at a minimum show the following;

- Receipts and expenditure
- Accounts receivable
- Accounts payable
- Cash at bank

8. AUDIT

Financial records of the club and its projects may be subjected to external audit. This shall be determined by the club board. The board shall appoint an auditor for this purpose.

Audited Annual Accounts shall be ready for presentation to the board by September each year (latest).

APPENDICES

APPENDIX I: INVOICE/BILL

CLUB NAME & ADDRESS:.....

Serial No.:

Date:.....

INVOICE/BILL

To: Rtn/Rct.....

Particulars	Amount
Total	

Total in words:.....

Prepared by:

Title & Name:.....

Approved by:

Title & Name:.....

Signature:.....

Signature:.....

APPENDIX II: RECEIPT

CLUB NAME & ADDRESS:.....

Serial No.:

Date:.....

RECEIPT

Received with thanks from:.....

Particulars	Amount
Total	

Total in words:.....

Received by:

Title & Name:.....

Signature:.....

APPENDIX IV: CASH BOOK

Bank account no.:

(BANK NAME e.g Stanbic UGX A/C)

Date	Reference	Particulars	Narration	Dr	Cr	Running balance

Note: each bank a/c shall have a separate cash book.

APPENDIX V: BANK RECONCILIATION STATEMENT FOR THE MONTH OF.....	
Account No.: (BANK NAME e.g Stanbic UGX A/C)	
	AMOUNT
Balance as per bank statement	
Less: Unpresented cheques	
Date of cheque Cheque No. Payee	
Total Unpresented cheques	
Add: Uncredited receipts	
Date Receipt number	
Total uncredited receipts	
Balance as per cash book	
PREPARED BY:.....	DATE:.....
REVIEWED BY:.....	DATE:.....
APPROVED BY:.....	DATE:.....

APPENDIX VI: INCOME LEDGER

MEMEBERSHIP DUES

Date	Invoice No.	Narration	Amount	Cumulative Balance

Note: The same should be done for ledgers of donations, sergeant at arms, others. The only change should be swapping the column of invoice no. with that of receipt number.

APPENDIX VII: EXPENSE LEDGER

ROTARY INTERNATIONAL DUES

Date	Voucher No.	Narration	Amount	Cumulative Balance

Note: The same should be done for ledgers of other categories of expenses

APPENDIX VIII: ACCOUNTS RECEIVABLE

(NAME OF CLUB MEMBER)

Date	Reference	Narration	Dr	Cr	Running balance

Note: A separate ledger should be maintained for each club member.

APPENDIX IX: ACCOUNTS PAYABLE

(SUPPLIER'S NAME)

Date	Reference	Narration	Dr	Cr	Running balance

Note: A separate ledger shall be maintained for each supplier for expenses not settled at the time of invoice.

APPENDIX X: TRIAL BALANCE

(CLUB NAME)
 TRIAL BALANCE AS AT.....

Particulars	Dr	Cr
Cash at bank		
Accounts receivable		
Accounts payable		
Income:		
Membership dues		
Donations		
Sergeant at arms		
Expenditure:		
Rotary International dues		
District dues		
Uganda Rotary Office dues		
Stationery		
Venue hire and refreshments		
Communication		
Total		