

## Appendix 2

# Answers to financial record keeping: good or bad practice

### Statement one

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The 6th Dinton Scout Group is planning a camp for all three sections over the summer. They have sent each parent a letter with information about the camp and have asked for deposits of £15 to be paid to secure a place for their child. They have asked for cheques or internet transfers to be made payable to the relevant Leader for the section.

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This is bad practice. All money received by or on behalf of a Group, District or County must be paid into a bank, building society or savings account held in the name of the relevant Group, District or County.

Under no circumstances should any money be paid into a private individual's bank account. Bank accounts are usually managed by Group, District or County Treasurers, or any others authorised by the relevant Executive Committee. Individual Sections and Units can have their own bank accounts if agreed and accounted for by their Executive Committee.

### Statement two

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Dinton Scout District has just started using internet banking after a review of its previous banking arrangements concluded that it was taking too long to make payments and withdrawals. The Treasurer is the sole holder of the payment cards and authorisation details for the online account. The District Executive Committee has asked the Treasurer to ensure that a paper signature from another member of the Committee is collected before a transaction can be made.

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This is bad practice. At least two signatures are required for any withdrawals, and Internet banking must provide the electronic equivalent of this. Participants may need to find out from their bank what dual authority options they provide. There are now several banks that provide this facility for online banking. In the situation described, it was still possible for one person acting alone to make payments without first getting a second signature, so their proposed safeguard was ineffective. POR does not specify who the signatories should be, but they do need to be approved and minuted by the relevant Executive Committee.

## Statement three

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**The 23rd Dinton Scout Group uses a budget and regular management accounts during each financial year, to help them control their expenditure. They also use budgeting to help them work out what income they need to raise, which means that they can plan their fundraising activities accordingly.**

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This is good practice. An annual budget is a financial plan for the year ahead and a key financial management tool. Budgets, especially when compared against actual expenditure during the course of a financial year, do help to control expenditure and give advance notice of the income that needs to be raised. The relevant Executive Committee sets and approves budgets, but they must ensure that this is done in consultation with the rest of the Group, District or County. They will need to know what events are planned and what equipment or other resources are needed, so that they can allow for this in the budget.

Highlight to participants that even if they are not directly involved in budget setting, they may need to help the process by sharing information on events and activities that are going to be run during the coming year and the resources that will be needed to support them.

## Statement four

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**Dinton Scout District regularly receives expense claims from its members for expenditure incurred for events and activities that they have been involved with. The District Treasurer regularly receives receipts from members with a request for prompt payment, as and when they see them. The Treasurer often has no prior knowledge of what these receipts are for.**

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This is bad practice. There is no formal process in place for the Treasurer to receive and process expenses claims.

It would help with financial planning and management to have a system in place for when expenses will be paid. This system should include a clear expenses policy identifying what can be reimbursed and what cannot, together with any rates that might apply e.g. mileage or telephone costs. All expense claims should have supporting receipts attached, indicate what event and activity they relate to and be properly authorised as determined by the Executive Committee.

All existing accounting records (including supporting receipts and claim forms) and statements of account must be preserved in line with HM Revenue and Customs requirements for at least six years, from the end of the financial year that they relate to.

Remind participants to be careful when reimbursing anything without a receipt or any round sum payments or honorariums. The Group, District or County and/or the individual could be liable to a tax charge if these are made outside of HM Revenue and Customs guidance.