



SCOUT ASSOCIATION OF HONG KONG

Guidance Notes on Finance Matters

February 2009

Finance Branch

GUIDANCE NOTES ON FINANCE MATTERS

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PREAMBLE

This Guidance Notes aim at providing a framework for exercising proper control on the activities/services provided by the Association and were prepared with reference to the Internal Control Procedures laid in the Lump Sum Grant Manual of the Social Welfare Department. Internal control is fundamental to sound and prudent financial management. We should always ensure that policies are being observed and adequate internal control is in place having regard to all activities/services provided.

This Guidance Notes are issued for the adoption by all Headquarters Branches, Units, Regions, Campsites and Activity Centres of the Association and supersedes the previous Guidance Notes issued in March 2002.

SECTION ONE

CORPORATE GOVERNANCE

1.1 Introduction

The Scout Association of Hong Kong (“Association”) places a high priority on the standard of Corporate Governance and achieving accountability, openness and transparency in the work of Scout Council and Committee.

1.2 The Council & Committee

The Formation of Scout Council & various Committees are set up according to the Policy, Organisation & Rules (“POR”) whenever applicable or the formation is approved by respective Executive Committee. Each Committee has its own Term of Reference to clearly state its roles & responsibilities.

1.3 Avoiding “Bad Governance”

There are actions that all adult Scout members, including Commissioners, Leaders, Administrators and Professional Scouters, needs to be careful to avoid. These include:-

- (a) **Self-dealing** – use of the Committee member position for personal gain;
- (b) **Usurpation of corporate entity** – operating against the advantage of the Association in self-interest;
- (c) **Mismanagement and non-management** – generally the result of inattention, negligence or incompetence.

1.4 Declaration of Interest

Scout members are required to pay attention to the Policy on Declaration of Interest issued on 15 June 2007, which is attached at Annex A.

SECTION TWO

ANNUAL BUDGETING

2.1 Budgeting

- (a) The Chief Commissioner shall appoint the Budget Holders who are responsible for controlling such income and expenditures under their respective approved budgets during the financial year.
- (b) Budget Holders refer to such officers as Chief Commissioner, Deputy Chief Commissioners, Assistant Chief Commissioners and Chief Scout Executive who have to prepare budgets on all income and expenditures for the financial year. They are required to submit the estimates to “Budget Sub-committee” for review which will then be recommended to the Finance Committee. Final approval of the budget would be obtained from the Executive Committee of the Association.
- (c) Budget Holders are responsible for the accuracy and completeness of their estimates, in particular for ensuring that all services and activities that can reasonably be foreseen are included.
- (d) The revenue estimates should state income by categories, i.e. sponsorship, donations, fees, subsidies ... etc. All significant increases and decreases must be explained item by item.
- (e) In respect of expenditure estimates, all recurrent expenditure should be shown in details and all significant increases are to be explained in writing.
- (f) Details of expenditure for new project(s) of non-recurrent nature including capital project should be submitted separately.

2.2 Authority and Control of Expenditure

- (a) After the Executive Committee has approved the annual estimates, the Treasurer will notify all Budget Holders and those concerned units or personnel either by a circular or in writing with such reservations as may be specified.
- (b) Budget Holders shall only incur expenditure within the limitation authorized as notified subject to any reservations as may be expressed.
- (c) It is the responsibility of the Budget Holders to exercise strict economy in the votes under their control. Money must not be spent simply because it has been voted. All expenditures must justify its necessity.
- (d) Where any budgeted activity or service is suspended or delayed before the end of the financial year, or any budgeted activity is cancelled or conducted in a smaller scale, the Budget Holder should inform the Treasurer or Deputy Chief Commissioners concerned as soon as possible, and the thus reduced expenditure should be claimed

on actual expenditure basis.

- (e) Funds earmarked for a particular service or a series of activities must be used for that designated purposes only. Neither can the surplus of any one be used to offset the deficit of the other nor for the purchase of equipment or any other purposes. Virement of funds should only be approved by the Chief Commissioner, the respective Deputy Chief Commissioners or Chief Scout Executive with justifications.
- (f) Budget Holders must review the expenditure periodically not only in relation to the sums voted but also in direct relation to the progress of the service/activities.
- (g) Budget Holders incurring expenditure in excess of the votes under their control or incurring expenditure without proper authority will be held personally responsible unless specified otherwise.
- (h) In any exceptional case where it is manifestly for the benefit of the Unit that expenditure should be immediately incurred, and time does not permit to obtain authority in the usual way, the Budget Holder may, on his own responsibility, incur the expenditure, but he is required to take the necessary steps at once to apply to the Treasurer or the Deputy Chief Commissioner concerned explaining the reasons which induce him to depart from the ordinary course. In every such case he will be held personally liable if any of the expenditure proves to be unnecessary or extravagant in the opinion of the Treasurer or the respective Deputy Chief Commissioner. It follows that all unauthorized expenditure will be charged against the said Budget Holder in his personal capacity.
- (i) No supplementary provision will be considered except for services/activities for which it was impossible to foresee the necessity when the annual budget was being prepared or for excessive expenditure due to causes beyond ordinary control.

SECTION THREE

REVENUE COLLECTION AND RECEIPT

3.1 Segregation of Duties

The duties of income collection (including preparation of official receipts) and accounts recording of income received (including preparation of receipt vouchers and posting of entries to general ledger) should be carried out by different staff. Should there be practical constraints which make segregation impossible, special attention should be paid to ensure that there are proper reviews and reconciliation by the officer-in-charge of the Unit. Any abnormalities observed should be brought to the attention of the management immediately.

3.2 Official Receipts

- (a) Official receipts should be:
 - (i) issued for all income received;
 - (ii) in prescribed form;
 - (iii) issued in sequential number;
 - (iv) dated and issued to recipient immediately upon receiving the income; and
 - (v) written/printed in ink.
- (b) Official receipt should have no amendment or alteration on it. In case amendment is required or receipt must be cancelled, it must be initialed by the receipt drawing staff and reviewed by the Assistant Scout Executive or Scout Executive concerned. Spoiled/obsolete official receipts should be immediately and individually endorsed “cancelled”. All cancelled copies must be retained in the official receipt book.
- (c) The stub/counterfoil of the last receipt in a day should be initialled by the Scout Executive concerned.
- (d) Cashiers authorized to receive money should be issued with only one official receipt book for each type of receipt at a time, or if this is impracticable, the minimum number of books likely to be required for immediate use.
- (e) A register should be maintained by the Scout Executive concerned to control the stock and issue of official receipt books. A suggested format of the Register of Official Receipt Books is attached at Annex B.
- (f) Unused official receipt books should be kept under lock by the Scout Executive concerned while the partly used one should be kept by the receipt drawing staff.

3.3 Money Collected

- (a) No post-dated cheque is acceptable.

- (b) Uncrossed cheques received should be crossed immediately, and made payable to “Account Payee Only”.
- (c) Money collected should be shown in gross in accounting records (i.e. without offsetting it for expenses payment).
- (d) Money received should be banked no later than the next business day.

3.4 Daily Collection Summary

- (a) All daily monetary receivables must be entered in a “Daily Collection Summary” on the same day or the next business day after the issuance of receipts. The Summary should include the date of receipt, serial numbers of the receipts issued, nature of income, amount collected and the date of banking. A suggested format of the Daily Collection Summary is attached at Annex C.
- (b) Scout Executive concerned should ensure that those cash/cheques received match with official receipts issued, the amount on pay-in slip and records entered in the Daily Collection Summary. The total amount received needs to be agreed and checked by the Assistant Scout Executive/Scout Executive concerned in the Daily Collection Summary.

SECTION FOUR

SAFE CUSTODY OF CASH, CHEQUE AND VALUABLES

4.1 Banking in of Cash/Cheques

- (a) Cash/cheque received should be banked each day or whenever a pre-approved custody limit is reached.
- (b) In no case can cash/cheque be banked into personal account.

4.2 Safe Custody of Cash, Cheques and Valuables

All cash as well as other valuables such as share certificates must be kept in a lockable storage under joint control of no less than two key-holders.

4.3 Records of Combination Number and Key Holders

It is necessary to record the name of holder of keys or combination numbers, the date in which he takes over and his signature for receipt of keys/combination numbers. Persons holding keys or combination numbers should be held personally responsible for the security of the keys and their losses.

4.4 Surprise Cash Count on Daily Collection

It should be conducted by the Scout Executive to detect and deter loss/misappropriation of cash/cheques. The Scout Executive should sign, date and record the result of the checking. Amount counted should be matched with the collection records. Should there be any discrepancies found, report should be made on the same day to the immediate Supervisor of the Scout Executive concerned who will inform Chief Scout Executive of the matter. Then, investigation should be conducted.

4.5 Loss of Cash/Cheque/Valuables

- (a) Loss of cash/cheques/valuables should be immediately reported to the officer not lower than the rank of Scout Executive or in equivalent rank.
- (b) Loss over a pre-defined amount should be immediately reported to the Police and followed up by a full report of the case. The report needs to be sent to the officer not lower than the rank of Scout Executive or in equivalent rank as soon as possible.

4.6 Write-Off

Write-off of receivables, valuables, losses and assets, etc. should comply with the authorization level listed below:

Amounts	Recommended by	Endorsed by	Approved by
- Not exceeding \$20,000	Staff of the respective unit	Respective Scout Executive	Respective Assistant Chief Scout Executive
- Over \$20,001	Respective Scout Executive	Respective Assistant Chief Scout Executive	Chief Scout Executive

SECTION FIVE

BANK ACCOUNT AND CHEQUE

5.1 Authorization of Bank Account and Cheque

- (a) Authorization limit of each authorized officer should be specified.
- (b) All bank accounts should be opened in the name of ‘Scout Association of Hong Kong - **respective Unit**’. Opening or closing of a bank account requires respective Executive Committee’s prior approval, which should be properly recorded.
- (c) Each bank account should be operated by at least two authorised signatories. Any application for cheque book must bear the signature of any two authorised signatories.
- (d) Specimen signature of these authorized officers should be kept in records.
- (e) All cheques must be cross-order.

5.2 Cheque and Cheque Book

- (a) Cheques should under no circumstances be pre-signed. They should only be signed upon presentation of properly authorized documents. Neither “blank” cheque nor “cash” cheque can be kept or issued. Name chop should not be used when making signature.
- (b) No more than one cheque book for each bank account should be used at any one time. Adequate security measures should be in place to safeguard the cheques contained in the partly used cheque book.
- (c) The Scout Executive or in his/her absence, the Assistant Scout Executive concerned should initial on each cheque stub after reviewing the issuance of cheques.
- (d) All cheque stubs must be retained. Spoiled cheques should be effectively cancelled by cutting the cheque number out and stick it on the corresponding stub. If the cancelled cheque was signed, it should be attached to the payment voucher and stamped “CANCELLED” on it.
- (e) Cheque books received should be recorded and signed for receipt in a Register (Annex D), and their issue must be controlled by recording the recipient’s name, signature and date.
- (f) Unused cheque books should be kept in a safe under joint control of no less than two key-holders.
- (g) Number of unused cheque books should be kept to minimum.

5.3 Signing of Cheques

- (a) The authorized officer needs to ensure the amount written on cheques matching with the amount in the supporting documents or voucher and the cheque is correctly entered.
- (b) Another authorized officer who countersigns a cheque needs to ensure that the signature of the other signatory is authentic.

5.4 Recording of Bank Transactions

Transactions of different bank accounts should not be mixed in a single Cash Book. A separate Cash Book should be maintained for each bank account, **or**, alternatively, the Cash Book may be columnised for individual bank account.

5.5 Bank Reconciliation Statement

- (a) Bank reconciliation statement should be performed by staff independent of cheque preparation and payment recording functions.
- (b) It should be prepared monthly for each bank account. The preparing officer should sign and date on the bank reconciliation statement. A suggested format of the Bank Reconciliation Statement is attached at Annex E.
- (c) It should be reviewed, checked and verified by the Scout Executive concerned who should sign and date on it to evidence the review.
- (d) Any outstanding items shown on the statement should be followed up promptly.

SECTION SIX

PETTY CASH

6.1 Imprest System

Imprest System is recommended to be implemented. Under this system, the petty cash holder is advanced a fixed float of money out of which he will pay claims of petty cash expenses. When the amount of the float is almost used up, he will then claim for reimbursing the amount he has paid as supported by the invoices and approved claim forms. Therefore, the characteristic of an imprest system is that, at any point of time, the total amount of paid invoices kept by the petty cash holder not yet claimed for reimbursement plus the cash in hand should always be equal to the amount of the fixed float. The amount held in an imprest must be kept to the minimum.

6.2 Authorization of Petty Cash Payment

- (a) All petty cash payments should be properly authorized before they are eligible for claiming the petty cash.
- (b) The staff who authorises petty cash payment to individual claimants should not, at the same time, be the petty cash holder.

6.3 Evidence on Receipt of Petty Cash

- (a) The claimants should sign on each invoice/voucher to give evidence of their receipt of the claims.
- (b) All invoices/claim forms should be immediately stamped with a 'PAID' chop upon settlement of the claims to prevent duplicate payments.

6.4 Recording of Petty Cash Transactions

- (a) A columnised Petty Cash Book with analysis of different types of expenditures should be maintained and regularly updated.
- (b) Receipts other than reimbursements of petty cash must not be included in the Petty Cash Book.

6.5 Petty Cash Held in Hand and at Bank

- (a) Bank account for holding petty cash should be held in the name of 'Scout Association of Hong Kong - **respective Unit**', instead of the petty cash holder who should only be one of the two authorized signatories.
- (b) All cash and evidence of payment e.g. invoices must be kept by the petty cash holder in a lockable storage.

- (c) Unauthorised advance from the imprests for personal use is strictly prohibited.
- (d) Imprest money should be kept entirely separated from other money.

6.6 Surprise Cash Count

It should be conducted by the Scout Executive concerned other than the petty cash holder to detect and deter loss/misappropriation of cash. The checking officer should sign, date and record the result of the checking on the Petty Cash Book. Amount counted should be matched with Petty Cash Book and evidence of payment. Should there be any discrepancies found, report should be made to the immediate Supervisor of the Scout Executive concerned promptly. Investigation and reporting should be followed.

SECTION SEVEN

PAYMENT

(A) PAYMENT (OTHER THAN PERSONAL EMOLUMENT)

7.1 Authorisation of Payment

All expenses must be properly authorised before payments are made. Specimen signature of these authorised persons should be kept on records. Authority of these officers is to be authorised and delegated by the **Executive Committee concerned**.

7.2 Details and Supporting Documents of Payment Vouchers

- (a) All payments must be supported by payment vouchers. **Original** invoice/debit note with full details of the goods and services provided should be attached to payment vouchers. If the invoice/debit note is printed on an easy fade ink/paper, then the bookkeeper should make photocopy for accounting copy.
- (b) Each payment voucher must be signed in ink by two different officers i.e. the checking officer and authorising officer. The checking officer should be the Scout Executive concerned while the authorizing officer should be the Budget Holder. The preparing officer, checking officer and authorising officer of payment vouchers should be different persons.
- (c) The checking officer and authorising officer must be satisfied that the expenses are properly incurred with regard to its nature and amount before approval is given.
- (d) The user branches/units should forward their approved payment vouchers to Finance Branch within one month they receive the invoice/debit note and advise Finance Branch the date of settlement. Then, the Finance Executive has to check:
 - i. the supporting voucher has duly been certified and payment is approved by appropriate Budget Holder;
 - ii. the amount/aggregate amount is correct; and
 - iii. the spending is within the approved budget.
- (e) All vouchers and invoices must be stamped with the word “PAID” immediately by the paying officer upon settlements in order to prevent duplicate payment.
- (f) The payment vouchers should contain:
 - (i) serially assigned (preferably pre-printed) voucher number;
 - (ii) date of voucher;
 - (iii) accounts to be entered;
 - (iv) description of the payment or full details of the goods and services provided;
 - (v) the name of payee and the amount;

- (vi) cheque number and name of bank (Note: Cheque number should also be recorded in the Cash Book for cross reference); and
 - (vii) signatures and dates of preparing officer, checking officer and authorising officer.
- (g) Any alteration must be initialled/signed by the officer certifying or authorising the payment voucher.

7.3 Responsibilities of Checking Officer and Authorising Officer in respect of Payment Voucher

- (a) The checking officer, i.e. the Scout Executive concerned, is responsible to ensure the following requirements have been properly complied with before signing on Payment Voucher:
- (i) the services/activities specified have been duly performed or goods have been received in good order;
 - (ii) prices are fair and reasonable or stated according to contract;
 - (iii) castings and calculations are correct;
 - (iv) persons/firms named are entitled to receive payment;
 - (v) relevant quotation/tender requirement has been compiled with; and
 - (vi) no previous payment on the same invoices has been made.
- (b) The checking officer is responsible to pass the payment voucher to the Budget Holder who will sign to certify the proper use of the fund on the voucher. The Budget Holder is, therefore, held responsible that:
- (i) the services/activities specified have been duly performed or goods have been received in good order;
 - (ii) prices charged are either according to contracts or approved scales, or fair and reasonable;
 - (iii) the persons/firms named in the vouchers are entitled to receive payment;
 - (iv) payments should only be made on properly supported documents, i.e. approved payment vouchers attached with original invoices; and
 - (v) the signature of the checking officer is genuine.

7.4 Payment

- (a) Cheque payment should be used as far as possible.
- (b) Uncollected cheques should be stamped “CANCELLED” after a reasonable time.

(B) PERSONAL EMOLUMENT

7.5 Payment of Salaries and Allowances

- (a) A payroll showing details of each payee with explanations on any change of salaries should be prepared and produced for checking by the approving officer. The payroll

should be signed and dated by the preparing office and checking officer.

- (b) Bank autopay
 - (i) it should be used as far as possible; and
 - (ii) deletion from autopay list should be made immediately upon an employee's resignation.
- (c) When crossed cheque is paid to an employee, the employee should be requested to sign for acknowledgement of receipt.

SECTION EIGHT

PROGRAM INCOME AND EXPENSES

8.1 Accounting Record of Programs

- (a) A financial report should be prepared on each program by the program organiser and should be submitted to the Scout Executive concerned for checking within one month after completion of the program and then to obtain final approval from the Budget Holder.
- (b) Program income and expenses should be separated. Expenses should not be paid out of (or netted off) the program income.
- (c) Attendance records should be kept for program activities. Fee collection records should be checked against these attendance records.

8.2 Program Expenses

- (a) A financial budget should be prepared for each program.
- (b) Means of Payment
 - (i) cheque payments should be used as far as possible; and
 - (ii) if cash payments are required, payments should be made on reimbursement basis as far as possible.
- (c) Advances of Program Expenses
 - (i) advances should be properly authorised and made to the appointed program organiser or any appropriate person designated by the Budget Holder only;
 - (ii) time lag between program date and date of advances should be kept to minimum;
 - (iii) for minor expenses where supporting invoices are not available from the suppliers, a voucher with sufficient details of the transaction should be made for checking and approval;
 - (iv) expenses incurred in excess of the advances should be claimed through the normal payment procedures; and
 - (v) balances of unspent advances should be promptly returned usually no later than one month after the completion of the program.

SECTION NINE

FIXED ASSETS

9.1 Definition

Furniture, fixtures and equipment are those fixed assets, which have the value over \$2,000 and life expectancy of over 1 year.

9.2 Assigning An Identification Number to Each Asset

Each item of assets should be labelled/marked with an assigned serial number to facilitate physical checking of assets.

9.3 Fixed Asset Register

It should be kept by each unit and should contain the following information:

- (a) description of the assets;
- (b) assigned asset numbers;
- (c) physical location;
- (d) date of acquisition;
- (e) cost of acquisition and source of fund to acquire the assets, if applicable;
- (f) accumulated depreciation charged and related depreciation rate; and
- (g) date, reasons, disposal value and authorisation for scrap or disposal.

A sample format of the Fixed Asset Register is attached at Annex F.

A separate list of equipments/ assets is also recommended to maintain to safeguard the assets such as training equipment, first aid kits, etc... even though the amount is under \$2,000 but life expectancy of over 1 year.

9.4 Physical Checking of Assets

It should be conducted at least once a year. The results and records of the checking should be retained. Any discrepancies found should be investigated and reported to the immediate Supervisor of the Scout Executive concerned.

In case write-off/scraping is necessary due to damage, wear and tear, obsolescence or loss, written notice should be prepared, endorsed and approved with reference to the authorization level listed below. Evidence of approval must be kept and recorded in a Register.

Unit costs	Recommended by	Endorsed by	Approved by
- Not exceeding \$20,000	Staff of the respective unit	Respective Scout Executive	Respective Assistant Chief Scout Executive
- Over \$20,001	Respective Scout Executive	Respective Assistant Chief Scout Executive	Chief Scout Executive

SECTION TEN

ACCOUNTING RECORDS AND FINANCIAL REPORTS

10.1 Books of Accounts

- (a) Books of accounts (including Cash Book, Petty Cash Book, Journal and General Ledger) should be maintained.
- (b) The following practices are useful in preparing and keeping the books of accounts:
 - (i) correct opening balances should be brought forward with reference to the previous year's audited accounts. The ledger accounts should be balanced monthly;
 - (ii) expenses/income should be allocated to the appropriate ledger accounts;
 - (iii) official receipt numbers, cheque numbers, voucher numbers, ledger account folios, etc. should be recorded in the books of accounts for easy cross-reference;
 - (iv) all transactions must be supported by documentary evidence like duly authorised payment vouchers, petty cash vouchers, receipt vouchers, journal vouchers together with original source documents; and
 - (v) mistakes/errors in recording accounting entries should be crossed out with the bookkeeper's initial instead of erasing or covering them with correction fluid. Where adjustments to the accounting entries are required, they should be made through duly authorised adjusting entries.

10.2 Safe Custody of Records and Valuables

Personnel records, accounting records and other valuables should be kept in a fireproof and lockable cabinet, if possible, in a safe. The cabinet key must be kept by the Scout Executive concerned for safe custody of these records/valuables.

Ledger books should be kept for permanent reference while journals are required to be kept for at least seven years.

10.3 Access rights to the Accounting System

Access rights to the Accounting System should be properly assigned to ensure adequate segregation of duties. For example, custodians of unused cheques should not be assigned with the edit and posting rights to the Accounting System to ensure adequate segregation of duties and staff responsible for posting payment vouchers should not have edit rights to the system or vice versa.

SECTION ELEVEN

PURCHASE & PROCUREMENT

11.1 Public Accountability and Value for Money

Scout Association of Hong Kong is partly financed through Government subventions or public donations. We should therefore be accountable to the public for the use of the money and should always be prepared to account for our purchasing decisions.

Hence, we are obliged to achieve the best value of money for our purchase and procurements.

11.2 Need for Quotation/Tendering

All expenditure, except those with special reasons (refer to paragraph 11.2(b)), should follow the quotation and tender requirements listed below:

- (i) General Expenses/Purchase of Furniture, Fixtures and Equipment:

Value of a single procurement/ contract

- Not exceeding \$5,000
- \$5,001 to \$30,000
- \$30,001 to \$100,000
- \$100,001 to \$300,000
- over \$300,000

Quotations/Tenders Requirement

- quotations may be dispensed with
- at least 2 verbal quotations
- at least 2 written quotations
- at least 5 written quotations
- at least 5 tenders

- (ii) Services

Value of a single procurement/ contract

- Not exceeding \$5,000
- \$5,001 to \$30,000
- \$30,001 to \$100,000
- \$100,001 to \$600,000
- over \$600,000

Quotations/Tenders Requirement

- quotations may be dispensed with
- at least 2 verbal quotations
- at least 2 written quotations
- at least 5 written quotations
- at least 5 tenders

- (iii) Capital Works Projects

Value of a single procurement/ contract

- Not exceeding \$5,000
- \$5,001 to \$30,000
- \$30,001 to \$100,000
- \$100,001 to \$1,000,000
- \$1,000,001 to \$5,000,000
- over \$5,000,000

Quotations/Tenders Requirement

- quotations may be dispensed with
- at least 2 verbal quotations
- at least 2 written quotations
- at least 3 written quotations
- at least 5 written quotations
- at least 5 tenders

- (a) Quotation for purchase not exceeding \$5,000 need to be authorized by officers not lower than the rank of Scout Executive or in equivalent rank. Quotation for purchase exceeding \$5,000 need to be authorized by Budget Holder. The authorizing officers should also satisfy that such purchases are essential and the rates obtained are reasonable.
- (b) On grounds of justifiable reason such as security, for proprietary products or for reasons of compatibility, the requirement stated above could be exempted. Explanation should be given by the respective Unit Head/tender board and approved by the Budget Holder. Proper document on each occasion must be kept. Documentary proof from the supplier that he is the sole agent of the goods should also be provided. If value over \$500,000, consent of Chief Commissioner or Executive Committee should be sought.
- (c) For Projects to be financed by other charitable funds, they should follow the requirements of the respective funds.
- (d) Procedures on the handling of written quotations are attached at Annex K.

11.3 Purchasing

For effective and efficient procurement and payment processing functions, the purchasing functions shall be centralized either by function or at a specified branch. Below are some guidelines for the purchasing function.

(a) Supplier/Vendor selection procedures

An approved supplier/vendor list shall be established. Unit/Branch/Region/Centre shall set out in writing as to its method and criteria for evaluating and assessing the performance of those suppliers and also set-up procedures for amending (adding/deleting) the supplier list.

Suppliers' performance shall be assessed after each transaction or after a defined period of service. The following should be assessed: (1) punctuality of delivery; (2) quality of goods supplied or performance of service provided; (3) after-sales services of the supplier ... etc. A suggested format of the Supplier/Vendor Assessment Form is attached at Annex G.

(b) Purchase Requisition procedures

Sequentially numbered Purchase Request Form (PRF) shall be used by three designated branches for our central purchasing, i.e. Administration Branch (Stationery), IT Office (Computer hardware & software) and Estate Branch (Furniture & Fixtures). Prior approval from respective Scout Executive/Budget Holder before purchase shall be obtained. A suggested format of the PRF is attached at Annex H. The Unit/Branch/Region/Centre shall maintain a PRF register at all times for recording and inspection purpose.

The Scout Executive of the purchasing Unit/Branch/Region/Centre is responsible for

ensuring PRFs are approved by appropriate Budget Holder, and are handled on a timely basis.

(c) Purchase Ordering procedures

All items to be purchased under central purchasing mechanism shall be complied by filling in a standard Purchase Order Form (POF). A suggested format of the POF is attached at Annex I for reference. POF should be issued in sequential number and a proper POF register should be maintained by the concerned Unit/Branch/Region/Centre.

(d) Goods receiving procedures

The goods receiving Unit/Branch/Region/Centre should match the goods received to the POF for both quantities and description. They are responsible to ensure goods received are in good status/quality by sight or sample checking before signing for receipt to the supplier.

The Delivery Note, which should be properly filed for record, is the supporting document for payment once invoice is received.

11.4 Procurement Principles

(a) Transparency

All requirements and specifications of the intended procurements should be clear and made known to all possible suppliers and contractors with a view to give a fair chance of competition and encourage them to submit responsive and competitive quotes or tenders.

(b) Open and Fair Competition

All tenderers and suppliers should be treated on equal footing and provided with the same information to facilitate them to prepare their quotes or tenders.

(c) Value of Money

To achieve best value of money, Unit/Branch/Region/Centre should take into account not only the competitiveness in price, but also compliance with users' requirements, reliability of performance, qualitative superiority, whole-life costs and after-sale support, where applicable.

To achieve the procurement policy as stated above, Unit/Branch/Region/Centre are free to develop their procurement procedures and practices in their own format so long as it falls within the framework prescribed in this guideline.

11.5 Tendering Process

(a) Seeking tenders from suppliers/contractors

Best value of money must be observed at all times throughout the tendering process. There are three main ways of seeking tenders from suppliers/contractors:

- (i) Open mode: All interested suppliers/contractors are informed e.g. by press, and are free to submit tenders.
- (ii) Selective mode: Only suppliers/contractors on pre-approved lists are informed of the procurement intentions and are allowed to bid on grounds of their qualifications and experiences. Those included in the list must have met certain qualification criteria or technical assessment so as to ensure suitability.
- (iii) Single or restricted: When circumstances do not permit selective mode on grounds of justifiable reason such as security, for proprietary products or for reasons of compatibility, only one or a number of suppliers/contractors approved by the management are invited to submit quotations and tenders. (refer to paragraph 11.2 (b) for the procedure).

(b) Drawing up requirements and specifications for the products or services

In drawing up these, Unit/Branch/Region/Centre is required to ensure the requirements or specifications laid down for the products/services are based on functional and performance requirements of the products/services and meet with international standard, where applicable.

(c) Notice for inviting tenders

It may include:

- (i) the specifications of the tenders;
- (ii) estimated quantities and time schedule;
- (iii) the closing date and time for submitting tenders;
- (iv) the place for lodging tenders;
- (v) where or how to obtain tender documents;
- (vi) name of the officer and a telephone contact for enquiries; and
- (vii) channel to lodge complaints in case of improper dealings.

The list and number of tenderers invited or to be invited should be kept strictly confidential at all times until final award of tender.

Also, tenders must be strictly comparable and must include all sums for works to be executed by nominated sub-contractors.

(d) Submission of Tenders

Tenders should be submitted in a sealed plain envelope clearly marked on the outside with “TENDER” and the name of the project. They should be deposited in a tender box at a designated office. Any tender wrongly returned to other addresses shall be considered invalid. Also, late tenders will not be accepted.

(e) Opening of Tenders

At the closing time of tenders, a designated **Tender Opening Team** will:

- open the tender box;
- open and authenticate the tenders;
- complete the tender opening form which summarise the tender opening results and sign off by all representatives present in the opening; and
- send the originals of the authenticated tenders to the tender board for evaluation.

Tender opening team should be comprised preferably 3 or more members, involving 2 key-holders of the tender box and the Scout Executive of the purchasing unit involved. Then 2 members will perform the duties above described while the others will act as observers.

A suggested format of the tender opening record is attached at Annex J.

(f) Evaluation of Tenders

The tender board should be responsible for evaluating the tenders by making assessment, preferably without knowing the identity of the suppliers/contractors. Tenders should be evaluated to meet the terms, conditions and specifications laid down in the tender documents and to achieve the best value of money. Also, the tender board may take into account the technical and financial capability, together with the past performance, of the tenderers.

After the process of evaluation, the tender board is required to submit its recommendations to the respective Budget Holder/Committee.

Each member of the tender board must declare his personal interest for each round of tendering.

(g) Approval of the Tenders

The award of contracts should be approved by the respective Budget Holder/Committee. Purchasing units are required to inform the successful tenderer in writing of the acceptance of his tender and invite the supplier to execute a contract in a prescribed form, if any. Unsuccessful tenderers will also be informed of the outcome of their bids.

SECTION TWELVE

FUND RAISING

12.1 Segregation of Duties

Segregation of duties reduces significantly the possibility of errors, oversights, as well as deliberate manipulation or abuse in processing a complete transaction. The duties of income collection, preparation of official receipts/receipt vouchers, bookkeeping, etc. should be carried out by different officers in order to avoid dishonest acts or accounting mistakes.

12.2 Collection of donations

Official receipts must be issued for all the donations received. Attention should be paid to the following:

- (a) Official receipts should be dated and issued immediately upon receiving the donations. The receipts should be serially numbered and issued in sequence;
- (b) Incoming post should be opened at the earliest opportunity. Cheques received by post should be recorded immediately and entries verified by someone other than the person who made the entry;
- (c) Spoiled/obsolete official receipts should be immediately cancelled and retained in the official receipt books;
- (d) An official receipt register should be maintained to control the stock and issue of different types of official receipts. Unused receipt books should be kept under lock;
- (e) A Daily Collection Summary should be prepared to record daily collections. This summary should include details of the date of receipt, serial numbers of receipts issued, the nature of donations, the amount collected and the date of banking; and
- (f) All donations collected should be banked no later than the next business day. Any money on hand should be kept under lock. Uncrossed cheques received should be immediately crossed.

12.3 Control Over Payments

All payments must be supported by original invoices or debit notes and should be attached to payment vouchers. All payments must also follow the control procedures mentioned in Section Seven of this Guidance Notes. The fund raising committee so established should ensure payments would not exceed a predetermined/budgeted amount.

12.4 Financial Report

- (a) Fund Raising Committee may decide whether the financial reports will be audited by a Certified Public Accountant (Practising), unless it is a statutory requirement. If not, the Fund Raising Committee may appoint a person to perform an audit on the financial reports with the consent from the approving Commissioner.
- (b) The Fund Raising Committee should prepare the financial report for the activity to the approving Commissioner within 1 month after the completion of the activity.

However, the approving Commissioner may, at his discretion, allow the submission of the said financial report not later than 60 days after the completion of the activity. If the Fund Raising Committee forecasts the financial reports will not be ready by the deadline, they should seek the permission for late submission from the approving Commissioner. The approving Commissioner also has the responsibility to follow up the financial reports when it is due.

- (c) The Fund Raising Committee should reply in writing on any questions raised by the approving Commissioner within 14 days.

SECTION THIRTEEN

INVESTMENT

13.1 Authorization of Investment Account

- (d) All investment account should be opened in the name of ‘Scout Association of Hong Kong – **respective unit**’. Opening or closing of an investment account requires the respective Executive Committee’s prior approval, which should be properly recorded.
- (e) In order to reduce the risk of financial loss as a result of unauthorized/inappropriate investment activities, management should ensure that all investment activities are covered by a valid trading agreement with the investment bank/security trading company. And the trading agreement should at least cover method of placing instruction and name of authorized traders delegated by the unit. Scout Executive concerned should ensure that changes in authorized officers are updated and communicated to the relevant bank/securities trading company on a timely basis.
- (f) Each investment account should be operated by at least two authorized signatories and two authorized traders.
- (g) Specimen signature of these authorized officers should be kept in records.

13.2 Investment Committee

- (a) The unit concerned should establish an investment committee/sub-committee for handling investment decisions. This committee is responsible for the investment of funds and shall report to the Executive Committee or a Management Committee at regular meeting under its management.
- (b) Management should establish formal terms of reference for this Investment Committee which set out the objective, the authority, its roles and responsibilities.
- (c) It will assess the investment environment from time to time and issue investment directions for the actual implementation by authorized staff appointed.
- (d) It should establish investment policies as guidance on investment activities. These should cover areas such as:
 - Scope of investment
 - Investment selection criteria
 - Setting/defining acceptable risk levels
 - Trading limits with investment banks
 - Approval and documentation requirements
 - Responsible personnel, etc

13.3 Investment Decisions

- (a) All investment activities should be carried out according to the current investment policies/guidelines.
- (b) If deviations from established investment guidelines are due to changes in investment objectives which render the existing guidelines obsolete, management is suggested to update the investment policies/guidelines and ensure they are in line with current investment objectives.
- (c) Minutes should be prepared by the Committee to explain rationale for the investment decisions (can be in summary form) for record.

13.4 Investment Account Reconciliation

- (a) Investment account reconciliation should be performed by staff independent of payment record functions and placing investment instruction.
- (b) It should be prepared monthly for each investment account. The preparing officer should sign and date on the reconciliation statement.
- (c) It should be reviewed, checked and verified by the Scout Executive concerned who should counter sign and date on it to evidence the review.
- (d) Any outstanding items shown on the statement should be followed up promptly.

The Administration Circular No. 02/2007 of the Association issued on 15 June 2007 sets out the Association's Policy on Declaration of Interest.

Policy on Declaration of Interest

1. The Circular promulgates the Association's policy on declaration of interest, and advises all adult Scout members, including Commissioners, Leaders, Administrators and Professional Scouters, on the course of action they should take when they come into a real or apparent conflict of interest situation while discharging their Scout duties or dealing with Scout business.
2. The basic principle of this policy is that all adult Scout members should make a conscious effort at all times to avoid conflicting personal interest with Scouting activities and/or business, and where appropriate, declare the conflict that may arise or has arisen. If deemed appropriate, the matter should be referred to a higher level in the administration hierarchy for advice in adherence to the Scouting spirit of honesty, impartiality, fairness and objectiveness.

Declaration of Interest Policy

3. The Association's policy on declaration of interest, and the recommended course of action to be taken by adult members when a conflict of interest likely occurs to themselves are as follows:
 - a. All adult Scout members must discharge their Scout duties in an honest, impartial and objective manner. We are expected to uphold the high degree of Scouting spirit in carrying out our work and duty.
 - b. Whenever a Scout member is involved in any matters that may give rise to conflict of personal interest, he/she should report it to his/her supervising commissioner, committee chairman, convenor or the person in-charge, disclosing information and area which he/she considers may conflict with him/her personally. Having made the declaration, the Scout member concerned should refrain from engaging in the deliberation or decision-making processes over the matter in question unless authorized otherwise. He/She should refrain from taking part in the discussion of the matter.
 - c. Under normal circumstances, a verbal declaration of the possible conflict of interest followed by a written statement would suffice. Should the Scout member concerned considers it necessary, he/she should take the initiative to report it in writing for file record. Conversely, in the event of an important business with wide or far-fetching implications, the person in-charge may request the Scout member concerned to make declaration of interest in writing.

- d. When the adult Scout member is, by position, the decision maker or one of the key officers responsible for the matter, he/she should refer the matter to the appropriate person/unit one level higher in the administration hierarchy for handling. Sometimes, depending on the nature, scope and severity of the case, the matter may be more appropriately handled by the relevant Deputy Chief Commissioner, Chief Commissioner or the Executive Committee as the case may be.
- e. “Personal interests” is not limited to monetary gain, financial and other material benefits, it also includes other non-pecuniary interests such as free service and special favour, preferential treatments, etc, to:
 - (i) the Scout member and his/her spouse;
 - (ii) any close relations of the Scout member and spouse (including parents; brothers and sisters and their spouses; children and their spouses);
 - (iii) the business partners/organizations which the Scout member concerned and/or spouse is serving full time or part time;
 - (iv) the client(s) and other person(s) to whom the Scout member concerned and spouse represent or offer advice in a professional capacity.
- f. The essence of the policy on declaration of interest is to be proactive and be prepared. If in doubt, the Scout member concerned should consult his supervising commissioner or the person in-charge of the business for advice.
- g. The Association will consider taking appropriate action against adult Scout members who knowingly do not abide by the declaration of interest policy.

Register of Cheque Book

Name of bank & bank account number (e.g. HSBC – 001-xxxxxxx-xxx)

RECEIVED						ISSUED			COMPLETED OR OBSOLETE FORMS			REMARKS
Date Received	No.	Serial Number		Custodian		Date Issued	Recipient		Date Returned	Custodian		
		From	To	Name/Rank	Signature		Name/Rank	Signature		Name/Rank	Signature	
	1											
	2											
	3											
	4											
	5											
	6											
	7											
	8											
	9											
	10											
	11											
	12											
	13											

**Scout Association of Hong Kong
Bank Reconciliation Statement**

“Name of bank”

“Bank account number”

	HK\$	HK\$
Balance per Bank Statement as at xx/xx/20xx		XXX

Less : Unpresented cheques

<u>Cheque date</u>	<u>Cheque No.</u>	<u>Payee</u>	<u>Amount</u>	
				XXX
Add : Autopay not yet recorded in cash book /ledger				XXX
Income received but not yet bank-in				XXX
Balance per Cash Book/Ledger				XXX

Prepared by : _____

Date : _____

Reviewed by : _____

Date : _____

Scout Association of Hong Kong
Fixed Asset Register

Fixed Asset No.	Description	Location	Addition			Accumulated depreciation (HK\$)	Disposal			
			Date	Amount (HK\$)	Source of Fund		Date	Reason	Scrap value (HK\$)	Approval reference



SCOUT ASSOCIATION OF HONG KONG Supplier Assessment Form – Admin. Branch

(A) Company particulars				Ref No :	
Company Name		(English)			
		(Chinese)			
Business Address					
Telephone		Fax			
E-Mail		Web Site			
Contact Person	Name	Position	Telephone	Mobile phone	
Goods/Service Provided					

(B) Quality Assessment	Rating*					Remarks
	5	4	3	2	1	
1 Pricing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2 Quality supplied	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3 After sales service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4 Lead Time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5 Punctuality on delivery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

(C) Overall Assessment	5	4	3	2	1
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Comments:					
Signature :		Post :		Date :	

5 = Excellent ; 4 = Good ; 3 = Satisfactory ; 2 = Fair ; 1 = Poor

* Please ✓ where appropriate

Scout Association of Hong Kong Notes to complete Purchase Request Form

The following notes give guidance on how to complete the Purchase Request Form (“PRF”).

1. Purchasing units herein refer to Administration Branch, Estate Branch and IT office.
2. PRF is available upon request, by the Scout Executive (SE) of the requesting unit, from the SE of the purchasing unit.
3. Part A shall be completed by the requesting unit, bearing signature of respective SE. If there is insufficient space, please give details on a separate sheet to be attached to the PRF. The requesting unit’s SE should mark the PRF number on the separate sheet(s) with his/her initial next to the PRF number.
4. Part B shall be completed by the respective requesting unit’s SE upon delivery of purchased items.
5. Upon completion of Part B, SE of purchasing unit is responsible for filing the original PRF.
6. Duties of respective purchasing unit:
 - 6.1 all PRFs must be retained;
 - 6.2 voided PRF shall be effectively cancelled by marking/stamping the word “CANCELLED” on PRF, together with the initial of the purchasing unit’s SE;
 - 6.3 a register shall be maintained which at least contains the items listed below:
 - i. PRF number;
 - ii. All in/out records of each PRF;
 - iii. Progress of procurement at all times; and
 - iv. Completion date of the PRF.
 - 6.4 SE concerned shall regularly review the register in order to ensure all PRFs are handled on a timely basis.

Scout Association of Hong Kong Notes to complete Purchase Order Form

The following notes give guidance on how to complete the Purchase Order Form (“POF”).

- 1 This form shall be handled by the ordering units, herein refer to Administration Branch, Estate Branch and IT office, and shall be signed off by the Scout Executive (SE) concerned.
- 2 All POFs shall be pre-printed with sequential numbers.
- 3 A register shall be maintained which at least contains the items listed below:
 - 3.1 POF number;
 - 3.2 Date of issue;
 - 3.3 Name of supplier/vendor;
 - 3.4 Total amount;
 - 3.5 Mean of confirming order (e.g. by phone/fax/mail/email); and
 - 3.6 Date of goods received.
- 4 If the ordering units confirm the purchase order by simply signing on the suppliers’/vendors’ quotation or by phone, the SE concerned should reduce the ordering details into a POF and mark the POF number on those separate sheet(s), with his/her initial next to the POF number.
- 5 The ordering units have duty to retain all POFs issued. Any voided POF shall be effectively cancelled by marking/stamping the word “CANCELLED” on it, together with the initial of the ordering unit’s SE.
- 6 If the supplier/vendor requests to obtain the POF as supporting, the SE concerned may send a copy of the POF with the unit’s chop on it.
- 7 SE concerned shall regularly review the register in order to ensure all POFs are handled on a timely basis.

SCOUT ASSOCIATION OF HONG KONG**Tender Opening Record****Tender Name :** _____

Name of Tenderer	Date & Time of Tender Collected	Tender Sum (HK\$)

Opened and Witnessed by:_____
Name
Position
Date_____
Name
Position
Date_____
Name
Position
Date

Procedures on the handling of written quotations

- (a) Written quotations should be addressed personally to Assistant Scout Executive/equivalent or above in sealed envelopes marked with “Quotation” and the name of the project.
- (b) There should be adequate security measures to prevent possible leakage or tempering of written quotations which should be kept under lock and key as soon as they are received. The key should be kept by a designated officer of an appropriate level.
- (c) If a fax machine is used for receiving quotations, it should be placed next to the staff member responsible for their safe keeping in an area which is not readily accessible to other staff.
- (d) If quotations are obtained through email, a dedicated computer terminal with adequate security control and restricted access to the authorized staff member only should be used.
- (e) All quotations should be date-stamped and initialed.
- (f) Any alterations found on opening should be noted and initialed against.
- (g) Late quotations should not be considered unless the postmark on the envelopes shows that they were posted before the closing date.
- (h) As soon as quotations have been opened, a summary should be prepared listing all suppliers invited and their quotations (or “declines to quote”), and signed by at least 2 officers present at the opening of the quotations.