



SCOUT ASSOCIATION OF HONG KONG

Guidance Notes on Finance Matters

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DEFINITIONS

“Budget Holder” It refers to Chief Commissioner and such other persons as designated by him:

	Budget Holder
Association Headquarters (inclusive of its Branches and Funds)	Deputy Chief Commissioners, Assistant Chief Commissioners, Chief Scout Executive
Regions (inclusive of their Campsites & Activities Centres)	Regional Commissioners
Subsidiaries (except B P International House)	Assistant Chief Commissioners, Chairman of Commissioners’ Club
Districts	District Commissioners

“Executive Committee” It refers to Executive Committee, or equivalent setup having similar roles, of the Association or Scout Unit.

“Financial Management System” A software system employed by Association Headquarters, Regions and Subsidiaries (except B P International House) for accounting records and preparing various financial reports.

“Fixed Asset” A piece of furniture, fixture or equipment which normally has a value over \$2,000 and life expectancy of over 3 years.

“Income” It refers to all money including donations, subventions, subscriptions, fees, patent charges, sale proceeds, etc. received by the Association and its Scout Units.

“Journal” Record of financial transactions in chronological order.

“Programme” Events, courses, services or activities organized by the Association and its Scout Units.

“Scout Unit” All Headquarters Branches (including IT Office, Performing Arts Units), Regions, Campsites & Activity Centres, Subsidiaries (except B P International House) and Districts of the Association.

“Unit-in-charge” The salaried staff taking charge of Scout Unit (e.g. Supervisor, Scout Executive, Education Centre Manager, Shop Manager, Camp Manager, Officer of Commissioners’ Club, etc.). For District, Unit-in-charge shall be one of the Deputy District Commissioners as designated by District Commissioner. In his absence, whoever acting in the post concerned or where there is no acting appointment, his supervisor shall be Unit-in-charge.

PREAMBLE

This Guidance Notes aims at providing a framework for exercising proper control on the services/activities provided by the Association. Internal control is fundamental to sound and prudent financial management. We should always ensure that policies are observed and adequate internal control is in place having regard to all services/activities provided.

This Guidance Notes, superseding the previous version issued in September 2016, is issued for the adoption by Scout Units. Scout Group should observe this Guidance Notes as far as possible.

Monetary amount expressed in this Guidance Notes is in Hong Kong dollars unless otherwise stated.

Grammatical variations of terms defined in this Guidance Notes shall have the same meaning as such terms, words importing the singular number shall include the plural and vice versa, and words importing the masculine gender shall include the feminine and neuter genders.

SECTION ONE

CORPORATE GOVERNANCE

1.1 Introduction

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

1.2 The Council & Committee

The formation of Scout Council and various committees are set up according to the Policy, Organisation & Rules (“POR”) of the Association as applicable or are approved by the Executive Committee concerned. Each establishment shall have its own terms of reference to clearly state its roles & responsibilities.

1.3 Segregation of Duties

Different persons shall be assigned to undertake different accounting duties of a transaction so as to avoid the possibility of errors, oversights, as well as deliberate manipulation or abuse in processing a transaction.

1.4 Avoiding “Bad Governance”

There are actions that all Adult Members (refer to Rules 1.3.3(b) to 1.3.3(f) of POR of the Association) need 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.

1.5 Declaration of Interest

Please refer to “Policy on Declaration of Interest” at the Association’s website (www.scout.org.hk).

SECTION TWO

ANNUAL BUDGETING

2.1 Budgeting

- (a) Budget Holders have to prepare budgets on all income and expenditures for the financial year. They are required to submit the estimates to budget committee and the finance committee concerned, if so established in Scout Unit concerned, for review and recommendation. Final approval of the budget shall be obtained from the Executive Committee concerned.
- (b) 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.
- (c) 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.
- (d) In respect of expenditure estimates, all recurrent expenditure should be shown in details and all significant increases are to be explained in writing.
- (e) For non-recurrent and capital expenditure, breakdown of expenditure and financial implications if any should be submitted.
- (f) Budget Holders are responsible for controlling such income and expenditures under their respective approved budgets during the financial year.

2.2 Authority and Control of Expenditure

- (a) The annual budget approved by the Executive Committee concerned shall be documented and notified to Budget Holder(s), with such limitations as may be specified.
- (b) Budget Holders shall only incur expenditure in accordance with the approved budget subject to limitations, if any, as may be specified by the Executive Committee concerned.
- (c) It is the responsibility of Budget Holders to exercise strict economy in the budgets under their control. Money must not be spent extravagantly simply because it has been allowed in the budget. All expenditures must be justified for their necessities.
- (d) Where any budgeted programme is suspended or delayed to straddle next financial year, or any budgeted programme is cancelled or conducted in a smaller scale, the budget shall be reduced accordingly.

- (e) Funds earmarked for a particular programme must be used for that designated purpose only. Neither can the surplus of any programme be used to offset the deficit of the other nor for the purchase of equipment or any other purposes.
- (f) If a budgeted programme of budgeted amount exceeding \$10,000 is replaced by a new programme, prior written approval should be obtained from the immediate supervising Commissioner of Budget Holder. Where Regional Commissioner/District Commissioner is Budget Holder, approval shall be sought from the Executive Committee concerned. For the case where Chief Commissioner is Budget Holder, Association Treasurer is to be informed.
- (g) Unless otherwise specified, virement of funds under the votes of Association Headquarters and Subsidiaries, involving use of funds allocated to one budget item for another, should only be approved in writing by Chief Commissioner, Deputy Chief Commissioners concerned or Chief Scout Executive with justifications. If the proposed virement involved two Budget Holders of Association Headquarters / Subsidiaries, the Budget Holder requiring funds should, having sought the consent of his own supervising commissioner, write to the fund releasing authority for approval of the virement, via the other Budget Holder and copied to Finance Branch of the Association Headquarters. For the case where Chief Commissioner is Budget Holder, Association Treasurer is to be informed. For Region and District, virement of funds should only be approved by the Executive Committee concerned.
- (h) Budget Holders must review the expenditure situation periodically not only in relation to the sums voted but also in direct relation to the progress of the programmes.
- (i) Budget Holders incurring expenditure in excess of the votes under their control or incurring expenditure without proper authority will be held personally liable.
- (j) In any exceptional case where it is manifestly for the benefit of Scout Unit that any unforeseen expenditure should be immediately incurred, and time does not permit to obtain authority in the usual way, Budget Holder may, on his own liability, incur the expenditure, but he is required to take the necessary steps at once to apply to his immediate supervising Commissioner explaining the reasons which induce him to depart from the ordinary course. In every such case Budget Holder will be held personally liable if any of the expenditure proves to be unnecessary or extravagant in the opinion of his immediate supervising Commissioner. It follows that all unauthorized expenditure will be charged against the said Budget Holder in his personal capacity.
- (k) No supplementary provision will be considered except for programmes 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

INCOME COLLECTION AND RECEIPT

3.1 Segregation of Duties

The duties of income collection (i.e. money collection, account recording and issuance of official receipts) and posting of entries to general ledger should be carried out by different persons. Should there be practical constraints which make such segregation of duties impossible, Unit-in-charge shall at least every 3 months conduct proper reviews and reconciliation of the accounts. Any abnormalities observed should be immediately brought to the attention of the immediate supervisor of Unit-in-charge.

3.2 Official Receipts

- (a) Official receipts should be:
 - (i) issued for all income collected;
 - (ii) in prescribed form;
 - (iii) issued in sequential number;
 - (iv) dated and issued to recipient; 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 Unit-in-charge. Spoiled/obsolete official receipts should be immediately and individually endorsed “cancelled”. All cancelled copies must be retained.
- (c) If receipt books are used for the purpose:
 - (i) receipt drawing staff 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;
 - (ii) a register should be maintained by Unit-in-charge to control the stock and issue of official receipt books (Sample Register of Official Receipt Books/Forms is attached at Annex 3-1); and
 - (iii) unused official receipt books should be kept under lock by Unit-in-charge while the partly used one should be kept by the receipt drawing staff.

3.3 Income Collected

- (a) As far as possible, income by cheque or electronic payment shall be specified.
- (b) No post-dated cheque is acceptable.

- (c) Uncrossed cheques received should be crossed immediately, and made payable to “Account Payee Only”.
- (d) Income collected should be shown in gross in accounting records (i.e. without offsetting it for expenses payment).
- (e) Income collected should be banked promptly or at least once a week, except that the participation fees received for programme could be banked within a week of its application deadline.
- (f) In no case can income collected be banked into personal account.

3.4 Income Collection Summary

- (a) All income collected should be entered in Financial Management System, “Income Collection Summary” or other account management system software on the day of collection. The Summary should include the date of receipt, serial numbers of official receipt issued, nature of income, amount collected and, upon banked, the date of banking. Sample Income Collection Summary is attached at Annex 3-2.
- (b) Unit-in-charge should check and ensure that income collected (either in cash/cheques, pay-in slip or bank transfer, etc.) matches with records entered in Income Collection Summary and official receipts issued. The checked Income Collection Summary should be signed by parties concerned.

SECTION FOUR

SAFE CUSTODY OF CASH, CHEQUES AND VALUABLES

4.1 Safe Custody of Cash, Cheques and Valuables

All cash (except petty cash) as well as other valuables such as share certificates must be kept in a lockable storage (e.g. double-lock safe) under joint control of no less than two persons who should each hold only one set of key/combination number.

4.2 Records of Key/Combination Number Holders

It is necessary to record the name of holder of key/combination number, the date in which he takes over and his signature for receipt of key/combination number. Unit-in-charge shall as appropriate update the record which shall be passed to Finance Branch of the Association Headquarters for filing. Person holding key/combination number should be held personally responsible for the security of the keys and their losses.

4.3 Surprise Cash Count

- (a) Unit-in-charge should conduct surprise cash count at least every 3 months to detect and deter loss/misappropriation of cash/cheques. Amount counted should match with the collection records. Should there be any discrepancies, Unit-in-charge should immediately report the case to his immediate supervisor who will inform Budget Holder cum Chief Scout Executive accordingly and conduct investigation as soon as possible. Where necessary, the immediate supervising Commissioner of Budget Holder should also be informed of the said discrepancies. For District, the discrepancies should be reported to the Budget Holder who will inform the Treasurer concerned accordingly and conduct the investigation.
- (b) The investigation report of the case should be submitted to Chief Scout Executive and Budget Holder (including his immediate supervising Commissioner as appropriate). For District, the report should be submitted to the Executive Committee.

4.4 Loss of Cash/Cheques/Valuables

- (a) Unit-in-charge should immediately report any loss of cash/cheques/valuables to his immediate supervisor who will inform Chief Scout Executive accordingly and conduct investigation as soon as possible. Where necessary, Budget Holder and/or his immediate supervising Commissioner should also be informed of the said loss. For District, the discrepancies should be reported to the Budget Holder who will inform the Treasurer concerned accordingly and conduct the investigation.
- (b) Loss should also be reported to the Police as determined by Budget Holder.
- (c) The investigation report of the case should be submitted to Chief Scout Executive and Budget Holder (including his immediate supervising Commissioner as appropriate). For District, the report should be submitted to the Executive

Committee.

4.5 Write-Off

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

Costs (per lot)	Recommended by	Endorsed by	Approved by
Not exceeding \$20,000	Next lower rank to Unit-in-charge (For District, the Unit-in-charge)	Unit-in-charge (For District, the Budget Holder)	Immediate supervisor of Unit-in-charge (For District, the Executive Committee)
\$20,001 and above ^	Unit-in-charge	Immediate supervisor of Unit-in-charge	Chief Scout Executive (For District, the Executive Committee)

^ Write-off amount exceeding of \$100,000 in cost (per lot) should be separately shown in the financial statements.

SECTION FIVE

BANK ACCOUNT AND CHEQUE

5.1 Authorization of Bank Account and Cheque

- (a) Authorization limit of each authorized person should be specified.
- (b) Except otherwise agreed by Chief Commissioner and Association Treasurer, all bank accounts should be opened in the name of ‘Scout Association of Hong Kong – **name of Scout Unit**’. Opening or closing of a bank account requires prior approval of the Executive Committee concerned, which should be properly recorded.
- (c) Each bank account should be operated by at least two authorized signatories. Any application for cheque book must bear the signatures of two authorized signatories.
- (d) Specimen signature of each authorized person should be kept in a lockable storage of the Unit.
- (e) All cheques must be crossed before issuance.

5.2 Cheque and Cheque Book

- (a) Cheque books received should be recorded and signed for receipt in a register, and their issue must be controlled by recording the recipient’s name, signature and date. Sample Register of Cheque Books is attached at Annex 5-1.
- (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 cheque book.
- (c) Number of unused cheque books should be kept to minimum.
- (d) Unused cheque books should be kept in a safe under joint control of no less than two key-holders.
- (e) Cheques should under no circumstances be pre-signed. They should only be signed upon presentation of approved payment vouchers with supporting documents. Neither blank cheque nor cash cheque can be kept or issued. When making signatures on cheque, all should be in hand-writing and no authenticated signature chop could be used.
- (f) 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.

- (g) Unit-in-charge should initial on each cheque stub after reviewing the issuance of cheques.

5.3 Signing of Cheques

- (a) Authorized person needs to ensure the amount written on cheque matching with the amount stated in the supporting documents or payment voucher and that the cheque is correctly entered.
- (b) Another authorized person who countersigns a cheque needs to ensure that the signature of the other signatory is authentic.
- (c) If the authorized person who dominates authority in approval process is the recipient, he should avoid signing the cheque.

5.4 Recording of Bank Transactions

Transactions of different bank accounts should not be mixed in a single Cash Book. For each bank account, separate Cash Book should be maintained or separate ledger account be maintained in Financial Management System (or other account management system software as applicable).

5.5 Bank Reconciliation Statement

- (a) Bank Reconciliation Statement (Sample at Annex 5-2) should be prepared monthly for each bank account. The preparing person should sign and date on the bank reconciliation statement.
- (b) It should be reviewed, checked and verified at least every 3 months by Unit-in-charge concerned who should sign and date on it to evidence the review.
- (c) 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. In essence, under this System, 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 refilling the amount he has paid as supported by the paid invoices/vouchers/receipts. Thereby, the total amount of paid invoices/vouchers/receipts kept by the petty cash holder not yet claimed for refilling plus the cash in hand at any point of time should always be equal to the amount of the fixed float. The amount held in an imprest must be kept to a minimum.

6.2 Authorization of Petty Cash Payment

- (a) All petty cash payment claims should be of reimbursement nature and supported by invoices /vouchers/receipts duly authorized by Budget Holder.
- (b) Neither Budget Holder nor Unit-in-charge should be the petty cash holder.

6.3 Evidence on Receipt of Petty Cash

- (a) The claimants should sign on each receipt (including invoice if available)/voucher to give evidence of their receipt of the claims.
- (b) All receipt (including invoice if available)/voucher 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 columnised Petty Cash Book, with analysis of different types of expenditures, should be maintained and regularly updated.

6.5 Petty Cash Held in Hand

- (a) All cash in hand and evidence of payment e.g. receipt (including invoice if available)/voucher must be kept by the petty cash holder in a lockable storage.
- (b) Unauthorized advance from the imprests for personal use is strictly prohibited.
- (c) Imprest money should be kept entirely separated from other money.

6.6 Surprise Check/Cash Count

It should be conducted by Unit-in-charge to detect and deter loss of cash at least every 3 months. Unit-in-charge should sign, date and record the result of the checking (Sample

Cash Count Form is attached at Annex 6-1). Finance Branch of the Association Headquarters will conduct surprise check on the said record. Amount counted plus evidence of payment should always be equal to the amount of the fixed float. Should there be any discrepancies found, investigation should be conducted as soon as possible, and report should be promptly made to the immediate supervisor of Unit-in-charge.

SECTION SEVEN

PAYMENT

(A) PAYMENT (OTHER THAN PETTY CASH PAYMENT AND PERSONAL EMOLUMENT)

7.1 Authorization of Payment

All expenses must be properly authorized by Budget Holders before payments are made. Specimen signature of Budget Holder should be kept on records in a lockable place.

7.2 Payment Vouchers and Supporting Documents

- (a) All payments must be supported by approved payment vouchers which should be ready within a month. Invoice/debit note/receipt (original copy as far as possible) with full details of the goods or services provided must 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 persons i.e. the checking person and authorizing person. The checking person should be Unit-in-charge. In case of special projects of Association Headquarters, Budget Holder can appoint any other paid staff as the checking person. The authorizing person should be Budget Holder. Where Budget Holder considers appropriate under some circumstances, an additional covering sheet consolidating the payment information of a number of vouchers on same payment nature may be employed for one-off signature by the authorizing person instead of signing on every payment voucher. It should however be emphasized that the employment of consolidating covering sheet does not absolve the responsibilities of Budget Holder under Clause 7.2(d) below.
- (c) The checking person is responsible for ensuring the following before signing on the payment voucher:
 - (i) goods received in good order, service/activities duly performed;
 - (ii) due for advance payment is required contractually or under normal business practice;
 - (iii) prices are fair and reasonable or according to contract or scales;
 - (iv) castings and calculations are correct;
 - (v) persons/firms named are entitled to receive payment;
 - (vi) relevant quotation/tender requirements have been compiled with;
 - (vii) payment is supported by invoices/debit notes/receipts duly checked and certified;
 - (viii) correct budget item charging;
 - (ix) no previous payment on the same invoice/debit note/receipt has been made; and

- (x) payment together with previous payments already made in the financial year, do not exceed the authorized amount/approved annual budget.
- (d) Budget Holder, who confirm proper use of the fund on the voucher, is responsible for ensuring the following before signing on payment voucher:
 - (i) payment voucher has been properly checked by the checking person;
 - (ii) payment corresponds with the supporting documents; and
 - (iii) signature of the checking person is genuine.
- (e) The approved payment voucher itself should contain:
 - (i) serially assigned voucher number;
 - (ii) date of voucher;
 - (iii) ledger accounts to be entered;
 - (iv) description of the payment or full details of the goods or services provided;
 - (v) name of payee and 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 the checking person and Budget Holder.
- (f) Major alterations on payment vouchers (such as name of payee and amount) are strictly prohibited, and minor alterations should be made by striking off and adding in. No alteration by liquid fluid or correction tape is allowed for erasing.
- (g) For minor expenses where supporting invoices/debit notes/receipts are not available from the supplier/service provider, a Claim Form for Minor Expenses (Sample at Annex 7-1) with sufficient details of the transaction should be made for checking and approval. The Form should be duly endorsed by Budget Holder.

7.3 Payment

- (a) Cheque payment or direct bank-in should be used as far as possible.
- (b) Uncollected cheques should be stamped “CANCELLED” after a reasonable time (normally after 6 months).
- (c) If cash payments are required, payments should be made on reimbursement basis.
- (d) Acknowledgement on receipt of cheque or cash payments should be obtained.
- (e) All paid invoices/debit notes/receipts should be stamped “PAID” immediately by the accounting staff upon settlements in order to prevent duplicate payments.

(B) PERSONAL EMOLUMENT

7.4 Payment of Salaries and Allowances

- (a) A payroll showing details of each payee should be coordinated and issued by Scout Executive (Finance), and checked by Scout Executive (Personnel) against any change of salaries with explanations before passing to Budget Holder for approval.
- (b) The responsibilities of checking persons and Budget Holder are same as Clause 7.2 (c) and (d) above respectively.
- (c) Bank autopay should be used as far as possible.
- (d) When crossed cheque is paid to an employee, receipt of the cheque should be acknowledged by the employee concerned or supported with bank pay-in slip.

SECTION EIGHT

PROGRAMME INCOME AND EXPENSES

8.1 Accounting Record of Programmes

- (a) An income and expenditure statement should be prepared on each programme by the programme organizer and should be submitted to Unit-in-charge for checking within 6 weeks after completion of the programme thus obtaining approval from Budget Holder.
- (b) Programme income and expenses should be separated. Expenses should not be paid out of (or netted off) the programme income.
- (c) Enrollment list and attendance records of programme participants/staff/helpers should be kept. Unit-in-charge should check and ensure that the fee collection/expense records are properly accordant with these enrollment list and attendance records.

8.2 Programme Expenses

- (a) A financial budget should be prepared for each programme, for approval by Budget Holder, before incurring expenditure or making any expenditure commitment.
- (b) Expenses should be paid directly by Scout Unit through cheques/bank-in as far as possible.
- (c) Advances of Programme Expenses
 - (i) the amount should be kept to a minimum;
 - (ii) the purpose and items to be procured should be clearly stated in the application for advances;
 - (iii) advances should be properly authorized by Budget Holder and made to the appointed programme organizer or any appropriate person designated by Budget Holder;
 - (iv) time lag between programme date and date of advances should be kept to a minimum;
 - (v) expenses incurred shall not exceed the advances or be spent for procurement of items not listed in the approval; and
 - (vi) balances of unspent advances should be promptly returned no later than 6 weeks after completion of the programme.
- (d) Invoices/receipts must be obtained and submitted to Unit-in-charge as part of the income and expenditure statement to demonstrate that the expenses are properly incurred.

SECTION NINE

FIXED ASSETS

9.1 Assigning an Identification Number to Each Asset

Each item of assets should be labelled/marked with an assigned serial number by the owning unit within 1 month upon the delivery to facilitate future physical checking of assets.

9.2 Asset Register

It should be kept by each owning unit in electronic form with sorting functions (e.g. Excel, account management system software, etc.) and should contain the following information:

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

Sample Asset Register is attached at Annex 9-1.

The owning unit is also recommended to include into this Register those assets such as computer monitors, office chairs, training equipment, etc., of which the cost is under \$2,000 but life expectancy of over 3 years.

9.3 Physical Checking of Assets

It should be conducted by the owning unit at least once a year. Any discrepancies found should be investigated and reported to the immediate supervisor of Unit-in-charge. The results and records of each checking should be kept for 3 years.

In case write-off/scraping of assets 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 in Clause 4.5. Evidence of approval must be kept and recorded in the Register.

9.4 Disposal of Assets

Assets to be disposed of should be, as far as possible, by means of thrift sales or as directed by the approval authority with reference to the authorization level listed in Clause 4.5. Disposal arrangement and the financial return so arising, if any, shall be recorded in the Register with the return properly banked and booked in the account.

SECTION TEN

ACCOUNTING RECORDS AND FINANCIAL REPORTS

10.1 Books of Accounts

- (a) Books of accounts including Journal and General Ledger (plus Cash Book and Petty Cash Book if Financial Management System or other accounting management system software having similar functions is not yet implemented) should be maintained.
- (b) The following practices should be employed in preparing and keeping the books of accounts:
 - (i) Correct opening balances should be brought forward with reference to audited accounts of previous year and the ledger accounts should be balanced monthly.
 - (ii) Expenses/income should be allocated to 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 authorized payment vouchers, petty cash vouchers, receipt vouchers, journal vouchers together with original source documents.
 - (v) Mistakes/errors in recording accounting entries should be crossed out with the initial of officer making corrections instead of erasing or covering them with correction fluid.
 - (vi) Where adjustments to the accounting entries are required, they should be authorized by Unit-in-charge.

10.2 Safe Custody of Accounting Records

- (a) Accounting records should be protected from unauthorized access.
- (b) General Ledger should be kept for permanent reference while Journals, Cash Book and Petty Cash Book are required to be kept for at least 7 years. These documents should be kept in a fire-proof and lockable cabinet.
- (c) For electronic accounting system, a soft copy of data set for generating books of accounts should be kept for at least 7 years. A General Ledger file in pdf copy should be generated and kept for permanent reference. A back-up copy of the files shall also be kept in another safe place.
- (d) Vouchers and Receipts should be kept for at least 7 years.

10.3 Access Rights to Financial Management System and the Like

- (a) Access rights to Financial Management System and the like should be controlled and properly assigned to ensure adequate segregation of duties. For example, staff responsible for posting payment vouchers should not have edit rights to the System.
- (b) The framework of access right assignments for Financial Management System shall be agreed by Chief Scout Executive. For District, the agreement should be sought from District Commissioner.

SECTION ELEVEN

PROCUREMENT

11.1 Public Accountability

Scout Association of Hong Kong is a non-profit organization whose spending is partly financed by Government subventions and donations. We are accountable to our various stakeholders, including our Youth and Adult members, supporters, the government and members of the public, for proper use of our funds. We should be prepared to justify our procurement decisions based on demonstrated needs for procurement and the procurement principles of “Transparency,” “Open and Fair Competition,” and “Value for Money.”

11.2 Need for Procurement

The procuring Scout Unit shall first identify the need and justification(s) for the procurement of goods and services, including the initiation of capital works projects and their related consultancy services, taking into consideration such factors as the situation giving rise to the need, the scope and coverage of goods and services required, the constraints (if any), the availability of alternatives, the business plan (where applicable), procurement options, need for engaging outside consultants (if any), the procurement programme, future management cum maintenance arrangements, recurrent consequences and appropriate financial projections. If the proposed procurement will carry major financial implications to the Association, Chief Commissioner may, as he considers fit, seek views of Association Treasurer on such procurement.

11.3 Procurement Principles

(a) Transparency

All requirements and specifications of the intended procurement should be clearly stated and communicated to interested suppliers and tenderers, with a view to giving a fair chance of competition amongst them and encouraging them to submit responsive and competitive quotes or tenders.

(b) Open and Fair Competition

All suppliers and tenderers should be treated on equal footing and provided with the same information to facilitate them to prepare their quotes or tenders. Unnecessary obstacles should not be created when drawing up the specifications for goods and/or services to be procured.

(c) Value for Money

To achieve best value for money, not only competitiveness in price, but also compliance with users’ requirements, reliability of performance, qualitative superiority, whole-life costs and after-sale support, where applicable, shall be taken

into consideration.

11.4 Conflict of Interest and Confidentiality

All personnel involved in the procurement process or tendering exercise, including all members of the tender board(s)/assessment panel(s) and staff members or volunteers involved in preparing procurement or tender documents shall sign the “Conflict of Interest Declaration Form,” and shall also declare any actual or potential conflict of interest, if any, as soon as they become aware of such. When consultants are engaged, they shall be required to submit “Consultant’s Conflict of Interest Declaration Form”. Both Forms can be obtained from Administration Branch of the Association. To ensure fairness of the procurement exercise, all tender/quotation documents, including requirements and specifications, and written communications (including emails) in the procurement process or tendering exercise should be classified as confidential and labelled as appropriate “RESTRICTED (QUOTATION)” or “RESTRICTED (TENDER)” to which access should be on a need-to-know basis.

11.5 Categories of Procurement

(a) **General Procurement of Goods and Services (not related to Capital Works Projects)**

Please refer to Clause 11.6 for details.

(b) **Capital Works Projects and Related Consultancy Services**

Please refer to “Technical Note on Tendering and Management of Capital Works Projects”.

(c) **Scout Shop Merchandising**

Please refer to “Scout Shop Merchandising”.

11.6 General Procurement of Goods and Services

11.6.1 Supplier/Vendor Selection

- (a) For procurement exceeding \$100,000, procuring Scout Unit should compose a list of suppliers/vendors for prior approval by Budget Holder.
- (b) To enable cost-effective and efficient procurement of standard instruments/equipment used by Scout Units other than Region, Subsidiaries and Districts, centralized procurement should be employed for stationery/general items, computer hardware/software and furniture/fixtures with Administration Branch, IT Office and Estate Branch being the respective procuring Scout Units. Each of these procuring Scout Units should as appropriate establish its own standing list of suppliers/vendors for the purpose.
- (c) In establishing the list of suppliers/vendors, procuring Scout Unit should give

considerations to both the technical and financial capabilities of the proposed suppliers/vendors, and where appropriate their past performance. Those included in the list must have met certain qualification criteria or technical assessments so as to ensure suitability.

- (d) For standing list of suppliers/vendors for centralized procurement, the method and criteria for evaluating and assessing the performance of the suppliers/vendors as well as the procedures for regular review of the list shall be properly documented. In general, performance of the suppliers/vendors in terms of (1) pricing; (2) punctuality of delivery; (3) quality of goods supplied or services performed; and (4) after-sales services, etc. shall be assessed after each transaction or after a defined period of service. The assessment results shall be properly documented with the poor performers taken out from the standing list. Sample Supplier/Vendor Assessment Form (SAF) is attached at Annex 11-1.

11.6.2 Drawing Up of Requirements and Specifications for Goods or Services

Procuring Scout Unit must ensure that the requirements and specifications laid down for the goods or services are based on functional and performance requirements of the goods or services and where applicable, meet international standard(s). As far as possible, the requirements and specifications should be definite, with the quotes as the only factor for determining the award.

11.6.3 Number and Approval of Quotations/Tenders Requirement

- (a) Save the exceptions stated in Clause 11.6.3(c), all procurements should follow the quotation or tender requirements listed below:

<u>Value of the procurement/contract</u>	<u>No. of Quotation/Tender Requirement</u>
- Not exceeding \$5,000	- at least 1 verbal quotation obtained
- \$5,001 to \$30,000	- at least 2 verbal quotations obtained
- \$30,001 to \$100,000	- at least 2 written quotations obtained
- \$100,001 to \$300,000	- at least 3 written quotations obtained
- \$300,001 to \$1,000,000	- at least 5 written quotations invited
- \$1,000,001 and above	- at least 5 tenders invited

- (b) Splitting a procurement into several quotation/tendering exercises is strictly forbidden.
- (c) Quotations may be dispensed of if the goods and services are procured from suppliers/vendors included in the Exception List of Goods and Services Procurement as published at the Association's website.
- (d) For justifiable reason(s) such as security, proprietary/exclusive products/services or compatibility, the minimum required number of quotations obtained/invited or tenders invited stated above could be reduced with the authorization level listed below:

<u>Value of a single procurement/contract</u>	<u>Recommended by</u>	<u>Approved by</u>
- Not exceeding \$50,000	Unit-in-charge	Budget Holder
- \$50,001 to \$300,000	Budget Holder*	Immediate supervising Commissioner of Budget Holder*^
- \$300,001 to \$1,000,000	Budget Holder*	Immediate supervising Commissioner of Budget Holder and Chief Commissioner^
- \$1,000,001 and above	Headquarters Tender Board^	Chief Commissioner^

* Where Chief Commissioner is Budget Holder, the in-charge appointed for the subject project will assume the role of Budget Holder.

^ For Region and District, the recommendation will be made by Budget Holder and the approval by a tender board which shall comprise the Chairman, Treasurer and two non-uniformed members of the Executive Committee concerned.

Proper documents must be kept, including, for example, documentary proof(s) from supplier that it is the exclusive supplier or sole agent of the goods or services.

- (e) Where the procurement is to cover provision of goods/services for a period of time (e.g. a season, a year, etc.), the value in the context of approval is the total projected value of the supply/service contract, not the value of the individual purchase requisitions/purchase orders.
- (f) For projects or procurements to be financed/subsidized by outside fund(s), the more stringent quotation/tender requirements of the fund(s) and this Guidance Notes shall prevail.

11.6.4 Quotation

(a) Types and Handling Procedures of Quotation

(i) Verbal Quotation

Verbal quotation refers to the quote obtained by phone, in person or on-line. A record must be kept for review and verification.

(ii) Written Quotation

- (1) Written quotation should be addressed to Unit-in-charge of procuring Scout Unit in a sealed enveloped marked “RESTRICTED (QUOTATION)” and the name of the procurement.
- (2) Quotations delivered by post should be kept intact and directed to

Unit-in-charge for date-stamping. Quotations received should be kept under a double-lock device (e.g. safe) to prevent leakage or tempering of written quotations, with the two keys kept separately by Unit-in-charge and his deputy.

- (3) If submission of quotation by fax or email is adopted, an isolated machine should be designated for the purpose. Adequate security measures should be implemented to ensure that only the responsible person could access the machine. All quotations received should be date-stamped and initialed. Any alterations found should also be noted and initiated against.
- (4) For procurement through on-line ordering, every effort should be made to search for the best offers with functions and features of the goods be largely the same. The quotes obtained should be downloaded and printed out to support the recommendations. In comparing the costs of options, the estimated delivery costs should be included.
- (5) Quotations shall be opened on the day of closing with the presence of two persons, one being Unit-in-charge of the procuring Scout Unit. A summary of quotations should be prepared listing the key information and signed by at least two persons present at the opening of the quotations.
- (6) Where technical/performance requirements of the goods and services are of paramount importance, consideration can be given to employ two-envelope approach of which the details are set out in Clause 11.6.5 (b), (c) and (d)(vi) below.

(b) Approval of Award

- (i) Sample Comparison on Quotations is attached at Annex 11-2.
- (ii) Award for procurement not exceeding \$5,000 shall be approved by Unit-in-charge. Award for procurement exceeding \$5,000 but not more than \$300,000 shall be approved by Budget Holder. For award of procurement exceeding \$300,000 but not more than \$1,000,000 shall be approved by the immediate supervising Commissioner of Budget Holder, and for Region and District, by the Executive Committee concerned. Where Chief Commissioner is Budget Holder, his approval limit is up to \$1,000,000.
- (iii) Where the number of quotations obtained is fewer than the number of quotations stipulated in Clause 11.6.3(a), the approving authority shall consider accepting or rejecting the quotation exercise. If the quotation exercise is rejected, a new quotation exercise shall be initiated.
- (iv) If the lowest conforming offer is not recommended, reasonable justification should be provided to the authorization level listed in Clause 11.6.3(d) for additional approval.

11.6.5 Tender

(a) Mode of Tender

There are three main ways of seeking tenders from suppliers/contractors:

- (i) Open mode: All interested suppliers/vendors are informed of the procurement intentions and specifications (e.g. by press), and all are free to submit tenders.
- (ii) Selective mode: Only suppliers/vendors on pre-approved lists are informed of the procurement intentions and specifications and are allowed to bid based on their qualifications and experiences.
- (iii) Single or restricted: When circumstances do not permit selective mode on grounds of justifiable reason(s), one supplier/vendor as approved by the authorization level defined in Clause 11.6.3(d) can be invited to submit tender.

(b) Marking Scheme

Where procurement entails evaluation of the competence of tenderers and/or the input/options submitted by tenderers (e.g. consultancy/management services), a marking scheme should be employed and drawn up before inviting tenders. If marking scheme is employed, two-envelope approach is most preferable. In any case, the tender sum should not be revealed or not known to members of the Tender Assessment Panel before completion and conclusion of technical marking.

(c) Two-envelope Approach

Under this approach, each tenderer is required to submit one envelope containing technical substances to be evaluated and another envelope containing tender sum. Proper considerations should be given in fixing the technical : cost weighting so as to accord with the tendering objectives. The weighting as well as the marking scheme should be determined prior to inviting tenders. Outcomes of evaluations should be concluded before the tender sum envelopes are opened for combined assessments.

(d) Notice for Inviting Tenders

It may include:

- (i) specifications of the tender;
- (ii) estimated quantities and time schedule;
- (iii) tender validity period;
- (iv) currency to be used for the contract;
- (v) management/maintenance requirements as applicable;

- (vi) the technical information to be submitted for evaluation of tender particularly when two-envelope approach is employed;
- (vii) where or how to obtain tender documents;
- (viii) closing date and time for submitting tenders;
- (ix) place for lodging tenders;
- (x) name of the officer and a telephone contact for enquiries;
- (xi) channel to lodge complaints in case of improper dealings; and
- (xii) any others required for ensuing adequacy and completeness of the tender.

(e) Submission of Tenders

Tenders should be submitted in a sealed plain envelope clearly marked on the outside with “RESTRICTED (TENDER)” and the name of the procurement. They should be deposited in a double-locked tender box at a designated office. Any tender returned to other addresses shall be considered invalid. Late tenders shall not be accepted.

(f) Opening of Tenders

On the tender closing day, a designated Tender Opening Team will:

- (i) open the tender box;
- (ii) open and authenticate the tenders;
- (iii) complete the tender opening record which summarizes the tender opening results and sign off by all representatives present at the opening; and
- (iv) send the originals of the authenticated tenders to the Tender Assessment Panel for evaluation.

If two-envelope approach is adopted for the tendering exercise, only the technical submissions for evaluations shall be sent to the Panel whilst the tender sum submissions should be put under custody of an independent third party and not be opened until the evaluation outcomes have been confirmed.

Tender Opening Team should preferably comprise 3 or more members, involving 2 key-holders of the tender box and Unit-in-charge of the procuring Scout Unit.

Sample Tender Opening Record is attached at Annex 11-3.

(g) Assessment of Tenders

The Tender Assessment Panel for procurement should be formed by the procuring Scout Unit for the purpose of assessing the tenders. Membership of this panel should consist of at least 3 persons, including at least 1 Commissioner and 1 lay member. A Professional Scouter, or a District scout leader in case of District, will serve as secretary. The Panel should be responsible for evaluating the tenders based on the terms, conditions and specifications laid down in the tender documents and the principle of best value for money. When the assessment is completed, the Panel shall produce a Tender Report signed by Budget Holder, to be submitted to the Headquarters Tender Board. Where Chief Commissioner is Budget Holder, he should not take part in the assessment and the in-charge appointed for the subject project will sign the Report.

(h) Approval of Award

The Headquarters Tender Board shall review all tenders for procurement of goods and services with a contract value exceeding \$1,000,000 and submit its recommendations to Chief Commissioner. In the review process, the Board may rely on the Tender Report or other submissions from Budget Holder or other members of the procuring Scout Unit.

Where the number of valid tenders obtained is too few to demonstrate the best value of money for the procurement exercise, the Headquarters Tender Board may recommend to reject the tender exercise, taken into consideration the views of the relevant Tender Assessment Panel. If the tender exercise is rejected, a new tender exercise shall be initiated.

If the lowest conforming offer or the highest conforming score is not recommended, reasonable justification should be provided.

The award of contract should be approved by Chief Commissioner. The procuring Scout Unit is required to inform the successful tenderer in writing of the acceptance of his tender and invite him to execute a contract in a prescribed form, if any. It should be noted that acceptance of tender is already binding to both parties. Unsuccessful tenderers will also be informed of the outcome of their bids.

11.6.6 Centralized Procurement

(a) Procurement Requisition

(i) Sequentially numbered Purchase Request Form (PRF) shall be used by Scout Units requesting procurement. Prior approval from Budget Holder of the requesting Scout Unit shall first be obtained. Sample PRF is attached at Annex 11-4. The procuring Scout Unit shall maintain a PRF register at all times for recording and inspection purposes.

(ii) Unit-in-charge of the procuring Scout Unit is responsible for ensuring that all

PRFs are properly approved, and are handled on a timely manner.

(b) Goods Receiving Procedures

Goods and services received should be checked against their order/quotation for quantities, specifications and other requirements. Unit-in-charge of the requesting Scout Unit is responsible to ensure that goods and services received are in good order by sight and/or sample checking before acknowledging the receipt on either the invoice or the delivery note, and proceeding for payment and accounting record.

11.7 Payment for Procurements

- (a) Cheque payment or direct bank-in by Scout Unit shall be employed as far as possible and in this regard payment procedures in Section Seven shall be observed.
- (b) Payment should not be made by personal/private credit card unless unavoidable.

SECTION TWELVE

DONATIONS/SPONSORSHIP AND FUND RAISING

12.1 Donations

12.1.1 Receipts

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

- (a) Official receipt eligible for tax deduction (i.e. marked as “donation”) shall only be issued for approved charitable donations as defined by the Inland Revenue Ordinance, i.e. it must be **a donation of money** to any charitable institution or trust of a public character that is exempt from tax under section 88 of the Inland Revenue Ordinance; or to the Government, for charitable purposes. For instance, money made with specific return of benefits (e.g. banquet table), whether enjoyed by donor or his/her nominees, will normally not entitle donation receipt. Any money donated for the purpose of procuring goods and services must first be banked in and booked, with the procurement following the procedures in Section Eleven of this Guidance Notes.
- (b) No receipt shall be issued for goods and services (e.g. furniture, equipment, computers and software, stationery, human resources, administrative support, etc.) donated/sponsored.
- (c) Collection of money donation and issuance of receipt shall follow the procedures set out in Section Three of this Guidelines.

12.1.2 Acknowledgement

Normally donations/sponsorship for events will be acknowledged in the event booklets or pamphlets. On occasions, consideration may be given to acknowledging key donors/sponsors on event backdrops/banners.

12.2 Fund Raising

12.2.1 General

- (a) Scout Units may conduct fund raising in accordance with the provisions in this Financial Guidelines and Rule 2.11.6 of POR of the Association. For fund raising to be conducted by Branches, Regions and Subsidiaries, prior approval from the immediate supervising Commissioner of Budget Holder concerned is required.
- (b) Fund raising should be in the name of Scout Unit. In case if the fund raising is in joint names with other charitable organization(s) or if the fund raising is for other charitable organization(s), prior consent from the Deputy Chief Commissioner concerned and/or Chief Commissioner is required.

- (c) Financial report on fund raising comprising an account of income and expenditure of the activities conducted shall be prepared and audited for submission to the immediate supervising Commissioner of Budget Holder concerned. Where Budget Holder is Regional Commissioner or District Commissioner, the consent shall be obtained from the Executive Committee concerned.

12.2.2 Fund Raising Committee/Task Force

- (a) Fund raising committee/task force may be established, at the discretion of Budget Holder, to conduct the fund raising activities.
- (b) Fund raising committee/task force may decide whether the financial reports will be audited by a Certified Public Accountant (Practicing), unless it is a statutory requirement. If the audit is not by a Certified Public Accountant (Practicing), the fund raising committee/task force may appoint an independent person to perform an audit on the financial reports with consent from the immediate supervising Commissioner of Budget Holder. Where Budget Holder is Regional Commissioner or District Commissioner, the consent shall be obtained from the Executive Committee concerned.

12.2.3 Entrustment of Fund-raising Activities to External Partners

- (a) Where consider appropriate by fund raising committee/task force and/or Budget Holder, fund raising activities can be entrusted by part or in full to external partners with consent from the immediate supervising Commissioner of Budget Holder. Where the Budget Holder is Regional Commissioner or District Commissioner, the consent shall be obtained from the Executive Committee concerned.
- (b) Before decision made to entrust, fund raising committee/task force and/or Budget Holder shall evaluate the external partners as to their suitability including financial capacity and sustainability, track records on fund-raising entrustment, potential benefits/impacts on the image of the Association and Scouting, previous involvements in Non-governmental Organization and any other factors specific to the fund raising activities.
- (c) In fixing the entrustment terms with the external partners, the following must be enforced:
 - (i) disclosure of Association's name and purpose of fund raising together with the fund-raising target;
 - (ii) proper plan, method, promotion materials and procurement procedures employed for fund raising activities;
 - (iii) fund raising activities be properly conducted and in compliance with laws of Hong Kong including specifically the requirements of Personal Data (Privacy) Ordinance in relation to collection, retention and access of personal data of donors and beneficiaries;
 - (iv) minimal administrative costs and others charged by the external partners; and

- (v) submission of audited financial reports with information/breakdown on total funds raised and associated expenses.

12.2.4 Commercial Sponsorship

- (a) In case commercial sponsorship is pursued, evaluation of sponsors in respect of their suitability same as Clause 12.2.3(b) above shall equally be conducted.
- (b) It is necessary to check if commercial sponsorship can be listed in promotion materials or displayed. For instance, Government in granting premises for use of event may consider displaying names of sponsors within the premises not acceptable. Commercial advertisements will normally not be allowed.

12.3 Outside Funding Sources

Applications for outside funding in the name of Scout Unit shall be submitted through Association Headquarters with the recommendation of the immediate supervising Commissioner of the Budget Holder concerned.

12.4 Control over Payments

- (a) Any payments from donation or fund raised must be within the purposes and context of the donation and fund raising.
- (b) All payments must follow the procedures in Section Seven of this Guidance Notes. Budget Holder and/or fund raising committee/task force should ensure payments would not exceed a predetermined/budgeted amount.

SECTION THIRTEEN

INVESTMENT

In the context of this Section, fixed deposit in banks and/or investment through Hong Kong Scout Foundation of the Association (“Scout Foundation”) only requires the agreement of the Executive Committee concerned and no investment committee is necessary. For Branches, their investments should be through Scout Foundation. In accordance with the Global Support Assessment Tool (GSAT), Scout Unit should maintain sufficient cashflow, or equivalent amount of investments that can be immediately freed for use without losing the capital, to operate for at least 2 years.

13.1 Authorization of Investment Account

- (a) Except otherwise agreed by Chief Commissioner and Association Treasurer in writing, all investment account with the investment bank/security trading company should be opened in the name of ‘Scout Association of Hong Kong – **name of Scout Unit**’. Opening or closing of an investment account requires the prior approval of the Executive Committee concerned, which should be properly recorded.
- (b) In order to reduce the risk of financial loss as a result of unauthorized/inappropriate investment activities, all investment activities should be covered by a valid trading agreement. The trading agreement should at least cover method of placing instruction and name of authorized signatories (and trader(s) if entailed by the agreement and so delegated by Scout Unit). Unit-in-charge concerned should ensure that changes in authorized signatories and trader(s) are updated and communicated to the relevant bank/securities trading company on a timely basis.
- (c) Each investment account should be operated by at least two authorized signatories.
- (d) Records of specimen signatures of these authorized persons should be kept in a lockable place.

13.2 Investment Committee

- (a) Scout Unit, through its Executive Committee, should establish an investment committee for handling investment decisions. This committee is responsible for the investment of funds and shall report to the Executive Committee at regular meeting.
- (b) Executive Committee should establish formal terms of reference for the investment committee setting out the objective, the authority, its roles and responsibilities.
- (c) Investment committee will assess the investment environment from time to time and issue investment directions for the actual implementation by authorized staff appointed.
- (d) Investment committee should establish 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 of respective Scout Units.
- (b) If deviations from established investment guidelines are due to changes in investment objectives which render the existing guidelines obsolete, investment committee should update the investment policies/guidelines and ensure they are in line with current investment objectives. Major changes should be reported to the Executive Committee concerned.
- (c) Minutes should be prepared by the investment committee to document the rationales for the investment decisions (can be in summary form) for record.

13.4 Investment Account Reconciliation

- (a) Investment account reconciliation should be prepared monthly for each investment account. The preparing person should sign and date on the reconciliation statement.
- (b) The reconciliation should be reviewed, checked and verified by the Unit-in-charge concerned who should counter sign and date on it to evidence the review.
- (c) Any outstanding items shown on the statement should be followed up promptly, with deadline(s) set by the Treasurer concerned.

13.5 Reporting of Investment

Investments and their gains/losses shall be separately shown in the financial statements.

SECTION FOURTEEN

INCOME RECOGNITION AND ACCOUNTS RECEIVABLE

14.1 Principle of Income Recognition

- (a) Main source of income (including Programme/Training/Activity Fees, Camp Fee, Room Booking Fees, etc.) is accounted for on an accrual basis.
- (b) Revenue from the sales of goods is recognized on the transfer of risks and rewards of ownership, which in general coincides with the time when the goods are delivered to customers and the title has passed.
- (c) Interest income (if it carries a significant effect on the financial statements, say 5% of total income for District and 1% for other Scout Units) is recognized on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.
- (d) Donations, Lay Members' subscriptions and annual contributions are recognized when received.
- (e) Miscellaneous income is recognized when received, unless it carries a significant effect on the financial statements, say 5% of total income for District and 1% for other Scout Units, then it is accounted for on an accruals basis at the end of each financial year.

14.2 Accounts Receivable

- (a) The Association adopts the principle that **NO CREDIT** will be given to service users, i.e. users should **pay before services are rendered**.
- (b) Each Scout Unit should set its own detailed procedures to ensure payment has been settled by service user before service is rendered.
- (c) In exceptional case, credit can only be given at the discretion of Budget Holder whose approval should be in writing with justifications clearly documented. Written approval must be obtained before the credit is given. Unit-in-charge is required to follow up for settling, within 1 month, the outstanding payment.
- (d) In case the outstanding amount is not settled within 1 month, an Ageing Summary (Sample at Annex 14-1) should be prepared every month and brought to the attention of the Treasurer concerned and/or immediate supervisor of Unit-in-charge. A reminder should be issued by Scout Unit concerned to the service user for immediate settlement.
- (e) If the outstanding amount remains not settled within 3 months, Budget Holder should report to the finance committee concerned or the Executive Committee concerned if

no finance committee is established in Scout Unit concerned.

- (f) If the outstanding amount remains not settled within 6 months, Budget Holder should report to the Executive Committee concerned and recommend any further action such as legal proceedings, written off, etc. to be taken.
- (g) In all cases, all outstanding amounts should be accounted for in the financial statements of the financial year concerned.

SCOUT ASSOCIATION OF HONG KONG

Name of Scout Unit

Register of Cheque Books

[Name of Bank] [Bank Account No.] (e.g. HSBC 004-xxxxxxx-xxx)

RECEIVED						ISSUED			COMPLETED OR OBSOLETE FORMS			REMARKS
No.	Date	Cheque Number		Custodian		Date	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												

SCOUT ASSOCIATION OF HONG KONG**Name of Scout Unit****Bank Reconciliation Statement****[Name of Bank] [Bank account number]**

	HK\$	HK\$								
Balance per Bank Statement as at dd/mm/yyyy		XXX								
Less : Unpresented cheques										
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Cheque date</u></th> <th style="text-align: left;"><u>Cheque No.</u></th> <th style="text-align: left;">Subsequent presented date</th> <th style="text-align: right;"><u>Amount</u></th> </tr> </thead> <tbody> <tr> <td style="height: 20px;"></td> <td></td> <td></td> <td style="text-align: right;">_____</td> </tr> </tbody> </table>	<u>Cheque date</u>	<u>Cheque No.</u>	Subsequent presented date	<u>Amount</u>				_____		XXX
<u>Cheque date</u>	<u>Cheque No.</u>	Subsequent presented date	<u>Amount</u>							

Add : Autopay not yet recorded in cash book/ledger		XXX								
Income received but not yet bank-in		_____XXX								
Balance per Cash Book/Ledger		====XXX								

	Name	Position	Signature	Date
Prepared by:				
Reviewed by:		Unit-in-charge		

SCOUT ASSOCIATION OF HONG KONG

Name of Scout Unit

Claim Form for Minor Expenses

Claimed by _____ (Name of recipient)
the sum of HK\$ _____
being _____

Applied by : Signature _____ Post _____ Date _____	Approved by : Signature _____ Post _____ Date _____
---	--

SCOUT ASSOCIATION OF HONG KONG**Name of Scout Unit****Supplier/Vendor Assessment Form**

(A) Company Particulars				Ref. No. :	
Company Name	(English)				
	(中文)				
Business Address					
Telephone			Fax		
E-Mail			Web Site		
Contact Person	Name	Position	Telephone	Mobile phone	
Company Structure	<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> Limited Company				
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:						
	Name	Position	Signature	Date		
Prepared by:						
Reviewed by:						

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

*Please ✓ where appropriate

SCOUT ASSOCIATION OF HONG KONG**Name of Scout Unit****Comparison on Quotations****Subject/Description:** _____

	Name of Company	Quantity	Unit Price (HK\$)	Total (HK\$)	Remarks
1.					
2.					
3.					
4.					
5.					

Recommendation: _____

	Name	Position	Signature	Date
Prepared by:				
Recommended by:				
Approved by: (Budget Holder)				

SCOUT ASSOCIATION OF HONG KONG**Name of Scout Unit****Tender Opening Record**

Tenders for _____ have been invited and those received before the submission deadline were opened on _____ [date & time]. A total of _____ tenders in respect of the above-mentioned project were received, names of which and their respective tender prices are listed below:

Name of Tenderer	Tender Price (HK\$)
1.	
2.	
3.	
4.	
5.	

Opened and Witnessed by:

Name	Position	Signature

Date: _____

SCOUT ASSOCIATION OF HONG KONG**Purchase Request Form (PRF)**

PR No.: _____

(Central purchasing for Association Headquarters)

*(assigned by the procuring Scout Unit)***Notes:**

1. Procuring Scout Units herein refer to Administration Branch (for stationery/general items), IT Office (for computer hardware/software & accessories) and Estate Branch (for furniture/fixtures).
2. Part A shall be completed by the requesting Scout Unit, bearing signature of Unit-in-charge concerned. If there is insufficient space, please give details on a separate sheet to be attached to the PRF.
3. Part B shall be completed by the procuring Scout Unit upon receipt of the PRF.
4. Part C shall be completed by the requesting Scout Unit upon receipt of purchased items from the procuring Scout Unit.
5. Duties of the procuring Scout Unit:
 - 5.1 a sequential number on the PRF upon receipt the form from the requesting Scout Unit shall be assigned;
 - 5.2 all original PRFs must be retained;
 - 5.3 a register shall be maintained which at least contains the items listed below:
 - i. PRF number;
 - ii. Progress of procurement at all times; and
 - iii. Completion date of the PRF.
 - 5.4 Unit-in-charge of the procuring Scout Unit shall regularly review the register in order to ensure all PRFs are handled on a timely basis.

Part A (to be completed by the requesting Scout Unit)

To : _____ Branch

From : _____

Type:	<input type="checkbox"/> Stationery supplies & all general items	<input type="checkbox"/> Furniture & Fixtures	<input type="checkbox"/> Computer hardware/software/accessories
Description:			
Justification:			
Expected Delivery Date:			
Total Estimated Amount for this request	HK\$	Budget	HK\$
		Spent (not include this request)	HK\$
		Balance	HK\$

	Name	Position	Signature	Date
Prepared by:		Unit-in-charge		
Recommended by:		Immediate supervisor of Unit-in-charge		
Approved by: (Budget Holder)				

Part B (To be completed by the procuring Scout Unit)

Name	Position	Signature	Date

Part C (To be completed by the requesting Scout Unit upon receipt of goods)

Name	Position	Signature	Date

SCOUT ASSOCIATION OF HONG KONG
Supplementary form to Purchase Request Form
 (Central purchasing for Association Headquarters)

PR No.: _____

To : _____ Branch	To be completed by the requesting Scout Unit for purchase request		To be completed by the procuring Scout Unit after procurement (Note 1)		
From : _____					
Description	Quantity	Unit Price (HK\$)	Estimated Amount (HK\$)	Unit Price (HK\$)	Actual Amount (HK\$)
TOTAL:				TOTAL:	

Note 1: no need to fill in if an invoice is provided for issuing debit/demand note.

For Computer hardware/ software/accessories Purchase Request, please fill in the following:

End User's Name & Rank: _____ Site Location: _____

Type (see remarks):	<input type="checkbox"/> Hardware	<input type="checkbox"/> Software	<input type="checkbox"/> Accessories
Installation Service:	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
Supplementary Information:			

Recommended by SE(IT): _____ Date: _____

Remarks:

Hardware – includes workstation, server, printer, scanner and monitor etc. (please specify any configuration if needed.)

Software – includes OS and applications such as Windows, Office, Anti-Virus, Corel Draw and Photoshop etc. (please specify the software version or language if needed)

Accessories – include switch, hub, print server, CDR/W Rom, DVDR/W Rom and tape drive etc.

SCOUT ASSOCIATION OF HONG KONG**Name of Scout Unit****Ageing Summary as at** _____**Reporting Date:** _____

Name	Description	Event/Due date	Outstanding Payment (HK\$)			Total Amount	Remarks
			Exceeding 1 month	Exceeding 3 months ⁽¹⁾	Exceeding 6 months ⁽²⁾		
		TOTAL					

Note 1: Outstanding payment over 3 months should be brought up to finance committee concerned for attention.

Note 2: Outstanding payment over 6 months should be brought up to the Executive Committee concerned for any further action.

	Name	Position	Signature	Date
Prepared by:		Unit-in-charge		
Reviewed by:		Immediate supervisor of Unit-in-charge		

cc. Treasurer concerned