



Recordkeeping and Bookkeeping

Recordkeeping and bookkeeping can be daunting, but if you start right and follow through it allows your organization to achieve its goals. These two simple rules will make recording easier.

1. Keep it simple.
2. Keep all records in one place
3. Make it digital

Once you have a place to keep your records you need to develop a method for arranging them. A few common ones are:

1. Check number order
2. Alphabetically in file folders
3. In envelopes per month
4. Chronologically by deposit or payment date
5. Keep hard copies of ballots, but upload all the information and agendas online

Records should be self-explanatory:

A good way to approach record keeping is to think of it in a way that anyone should be able to walk in and take over without ANY questions. That implies that your system should be easily understandable and all records accessible with all pertinent information, i.e. deposit information filed chronologically, paid bills filed numerically by check number. It is actually a good idea to have a backup perform functions periodically such as when the regular person is on vacation.

Most organizations have at least four major categories: Receipts, Disbursements, Correspondence and Miscellaneous. This section will discuss what you need to include in each of these categories.

Receipts:

All monies received either cash or check need to be recorded immediately. This can be through a cash receipt book, where the payer receives a receipt and you have a carbon intact in the book. Use a book that is already pre-numbered, and keep the use consecutive. Ideally, the person opening the mail, writing the receipt and stamping the check "deposit only" should not be the same person making the deposits or doing the bookkeeping. At a special event where currency is received, two people should collect and count the cash. Deposits should be made timely and intact in an account authorized annually by the Board of Directors. Do not pay expenses from cash receipts. List the payers on the deposit slip. Carbon deposit slips should be used. A good way to record the items for deposit is in the same order as the receipts were written. This avoids a missed or overlooked item. If there is a check remittance advice or other document attached to the check, this should either be kept with the deposit slip or attached to the corresponding receipt. After the deposit is made, the bank receipt should be stapled to a carbon copy of the deposit slip.

Disbursements

A cash disbursement is the payment for a good or service. A checking account should be used for this purpose. A financial institution that returns the cancelled check is best. Carbon copies are another option. Avoid cash payouts whenever possible.



Recordkeeping and Bookkeeping (Ctnd.)

Recordkeeping and Bookkeeping

Disbursements (continued)

For a few minor payments, a petty cash system can be utilized. It should be an imprest system – meaning that any given time the total amount of cash and receipts add up to the amount setup as petty cash. Ex. If the petty cash is up to \$50, the cash and receipts for payments ALWAYS need to equal \$50. The petty cash fund should be the responsibility of one person.

No matter which system is used, all documents need to have the same information on it.

That information needs to include:

- Date of purchase
- Amount of service/product
- Name of vendor
- What the product/service is for

All documentation needs to be ORIGINAL. In the case of reimbursing someone who put a cost on their charge card, you need to keep the original receipt and they get a photocopy for their records. For an individual requesting mileage or payment for service, they should handwrite an invoice noting the above information and SIGN it BEFORE payment. Do NOT pay from statements. When a payment is made – The invoice should be noted as PAID listing the date and check number.

Optimally, at least two people should be involved at all times. One should authorize the expenditures and the other should actually write the check. All checks should require two signatures of individuals authorized by the Board of Directors. Invoices should be available for the signers review. NEVER sign a blank check. If the amount cannot be determined in advance (because the check is needed at an event) at least fill in the payee and date. Mutilate voided checks.

Bank reconciliations should be prepared by someone not making deposits or writing checks. If this is not possible, the bank reconciliations should be reviewed and signed by a second individual, preferable the Board President.

Correspondence

All pertinent information, letters received should be kept in the organization's record for a length of time. I have included a guide for the keeping of some documentation. This information can be kept in a file marked "correspondence" or put in a monthly file/envelope or scan the correspondence and keep them online and on your computer.

Miscellaneous

Try to set a specified time aside regularly to do organization's stuff. At ALL costs do not co-mingle your organization's and your personal monies or expenses. In the case of purchasing items along with your personal shopping, have the organization's item rung up on a separate receipt where possible. Otherwise circle the appropriate items on your receipt, total them and use for your backup and get reimbursed through the regular disbursement process. Do not "net" revenue and expenses at an event. If you MUST, keep detailed records of what was paid from the revenue and record this in your accounting records. This gives you a better picture of the true revenue and expenses of the event and insures that controls are in place. Because appearances are so important, every step should be taken to insure the safeguarding of the organization's assets. Ex. If the organization has a copy machine and you use it for the organization business but use your electricity – can you use it for personal business?

Again appearances are important. I would suggest that some sort of agreement be in writing allowing for example, so many copies at no charge for personal use to offset your electrical expense. Again two or more people need to be involved, not a trust issue as much as an appearance and CYA. Common sense and courtesy should be foremost here.