

COMOS ACCOUNTING POLICY

The accounting system:

A practical accounting system for an COMOS typically consists of the following:

Funding Agreement

The funding agreement between the NSC and the COMOS outlines all aspects regarding the project and should include the following activities:

- to achieve the deliverable ,funding of the project reporting on activities, narrative report,
- financial report ,
- periods of reporting ,
- management of funding and procurement of goods ,
- stipulations in the budget regarding how the funding is to be applied

Budget

The budget includes all planned activities listed by type of activity. It is a financial framework listing all activities and deliverables as stipulated in the agreement. Each line item in the budget indicates the costs which may be incurred for the specific activity (for example, the number of workshops to be presented, the number of persons to attend, the venue rental costs, the presenter costs). Travelling costs and per are either provided for in a separate line item or aligned with specific activities.

Provision for administrative costs may include:

- bookkeeping fees, audit fees, telephone costs, rental, stationery, other office costs;
- Office costs may be subdivided into specific costs or may be provided for as a lump-sum for overhead costs for the total project. If divided into specific costs, actual costs are claimed per month as they occurred, according to specification. If specified as a lump sum, the total overhead provision may be transferred to a dedicated account from which running costs are paid monthly in total

Bank Accounts

A dedicated bank account must be opened for COMOS. The President/ Vice President, Secretary and Treasurer are authorized signatories of the bank account. They are responsible for the approval of payments, the signing of cheques, electronic transfers, and the handling of petty cash.

Cheques: Two signatories co-sign cheques according to a resolution of the Executive Committee of the organisation.

Within an organisation, the same person should therefore not be performing the following duties:

- preparation of bank reconciliations and approval thereof;
- preparation of requisitions and approval of expenses;
- accounting entries and approval of expense reports;
- Bank reconciliations should be conducted on a monthly basis by the financial officer and approved by the Executive Committee.

Non-expendable items should not be removed from the office building unless for purposes relating to a programme. In such a case, prior authorisation must be given by the Executive Committee. A prescribed consent form must be completed prior to the removal of the item from the office building. If a staff member removes a non-expendable item from the office without prior consent and it is damaged or stolen, the staff member will take responsibility for the damage or loss of property. A policy does not normally allow for the lending out any nonexpendable items to a person or organisation. However, the Executive Committee may use his or her discretion if the need arises for lending out specific items. In such cases, the lender will take full responsibility for damages to or theft of the property.

Payments

Payments are usually made by cheque. The procedures for paying electronically by internet banking or by cheque are as follows:

- payment of an invoice is authorised by the Treasurer's or Secretary's signature and an indication of the budget line item on the invoice;
- the Executive Assistant completes the cheque requisition form, writes out the cheque and attaches the cheque and the invoice to the requisition form;
- the signatories sign the cheque as well as the cheque requisition form;
- the cheque number, the date of the cheque and the project which funds the payment.

Trial balance

The trial balance lists all general ledger accounts. The totals of the debit and the credit balances should be equal, proving that debit and credit entries were posted equally and are balancing. This does not prove that costs have been allocated correctly.

Balance sheet and income statement

The balance sheet and income and expenditure statement are extracted from the trial balance. The income and expenditure statement includes all monies the organisation has earned or received and balances this against how much has been spent. Essentially, the statement presents total income received and the nature thereof, as well as the costs and expenses charged against this income. For COMOS this statement typically reflects funding sources compared against programme expenses, administrative costs, and other operating commitments. Revenues and expenses are further categorised in the income statement by the donor restrictions on the funds received and expended. Whereas the income statement depicts the overall status of the organisation's surplus or deficits by looking at income and expenses over a period of time, the balance sheet depicts the overall status Fundamentals of COMOS Management 16 of the organisation's finances at a fixed point in time – usually at the end of its financial year. All assets are added and all liabilities subtracted to compute the organisation's overall net worth.

Other Points

The audit is usually done as soon as possible after the close of the organisation's financial year. In preparation of the audit the following documents should be ready:

- a copy of the organisation's constitution;
- copies of contracts, agreements, or letters setting out the conditions of grants, donations or other income received for specific purposes;
- copies of budgets for ongoing work or special projects
- copies of grant application forms;
- copies of the minutes of board meetings;
- income and expenditure analysis records;
- supporting documentation for income;
- receipt books if receipts for money received are issued;
- petty cash analysis records;
- supporting documentation for petty cash records
- bank statements for the year;
- bank reconciliations for the year;
- cheque stubs (counterfoils) for all cheque books used during the year, and the one currently in use if it was used for the year under audit;
- cheques returned to the organisation by the bank once they have been cleared;

- all deposit book records;
- a list of creditors (everyone to whom the organisation owed money) at the end of the financial year;
- a list of debtors (everyone by whom the organisation was owed money) at the end of the financial year;
- a list of creditors and debtors from the end of the previous financial year;
- records of statutory payments made, particularly on staff salaries;
- Details of all assets.
- The President shall be authorized to sign the filling of GST returns and TDS using his/her DSC.