

## **Suggested Accounting Procedures for Alumni Organizations**

Accounting procedures for any organization should insure the proper handling of money as it flows through the organization, so that financial reporting for class purposes and other purposes (e.g. tax return preparation) is simplified. These procedures are intended to help the organization treasurer in the performance of his duties.

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### ***Cash Receipts***

1. All receipts, in the form of cash or checks should be deposited promptly, usually no later than the second business day after receipt.
2. In the case of checks, a restrictive endorsement (e.g. for deposit only, Class of \_\_\_\_ ) should be placed on all incoming checks as soon as received.
3. All checks should be made payable to the organization, and not a particular individual.
4. Cash receipts should be controlled in such a manner that knowledge of the receipt of revenue is known by the organization officer so that its non-receipt would be noted and investigated promptly.
5. No cash expenditures should be made from cash receipts. All expenditures should be by check.
6. In the case of direct deposits to organization checking accounts:
  - a. The deposit ticket should be properly filled out listing all checks individually.
  - b. Validated deposit tickets received from the bank should be appropriately filled out for later reconciliation purposes.
  - c. The validated deposit ticket becomes the source for entering these receipts in the appropriate cash receipts journal indicating the proper source of receipt (e.g., type of revenue).
7. The cash receipts journal should be completed (as explained later) for each receipt.

### ***Cash Disbursements***

1. Only original vendor invoices should be paid.
2. Verification that the goods or services were actually received should be indicated on the invoice. The receiving individual should sign the invoice.
3. The check number, date paid, type of expense and the initials of the organization's officer approving the payment also should be on the invoice.
4. After the check is made out, the vendor invoice and all other documentation should be stamped "PAID."
5. The vendor invoices should be filed by check number.
6. The cash disbursements journal should be completed (as explained later).

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For individuals requesting reimbursement for “out-of-pocket” expenditures, the following procedures should be used:

1. The individual should fill out a standard check request form (see attached sample) stating:
  - a. Person to be reimbursed.
  - b. Description of item purchased.
  - c. Amount of check.
  - d. Date of check request.
2. All check requests should have receipts supporting the expenditures. (No reimbursement should be made for amounts not documented by a receipt.)
3. The check request should then be signed by the individual requesting reimbursement and approved by an authorized individual of the organization.
4. When the check is made out, the check and expense amount should be recorded in the proper column in the cash disbursements journal.
5. After the check is made out, the check request and all attached receipts should be stamped paid.
6. The check request should be filed by check number.

### ***Cash Receipts and Disbursements Journals***

The main objective of a cash receipts and cash disbursements log is to standardize accounting procedures and create a system that is easy to use.

The receipts and disbursements should be on separate accounting sheets, and there should be a set of sheets (both cash receipts and cash disbursements) for each account where receipts and disbursements occur. Both schedules should allow for transaction by transaction listing of either receipts or disbursements as they occur during the year. As a transaction takes place, it should be posted in the schedule in a total and then that total distributed into the appropriate categories associated with it. In this way, financial statements can easily be created monthly or yearly by determining a cutoff and totaling the various categories.

A quick reconciliation by month can be made by comparing total receipts for the month with total deposits in the bank account, and comparing total disbursements for the month with the total withdrawals for the month. Any discrepancies can easily be followed up by noting charges not posted or detailed posting not recorded in the accounts. After reconciling, all bank statements, duplicated valid deposit tickets, and checks (in numerical order) should be filed by month.

A financial report prepared either at year end or after a change of treasurer should contain an analysis of all accounts and the activity occurring for the period. The beginning balance should include the University accounts, cash bank accounts, and invested funds accounts. By adding to this balance all receipts for the period and subtracting all disbursements from the appropriate journals, the ending balance in the accounts can be determined. This balance should then agree to the actual funds available from all sources.

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## *Check Request (Sample)*

Check Number \_\_\_\_\_

Date of Check Request \_\_\_\_\_

Date Payment Needed \_\_\_\_\_

Amount of Check \_\_\_\_\_  
(in words)

\$ \_\_\_\_\_  
(in numbers)

Name of person to receive payment: \_\_\_\_\_

Describe item purchased or reason for expenditure: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Expense code: \_\_\_\_\_

Authorized approval: \_\_\_\_\_

Payment received by

Signature: \_\_\_\_\_

Date: \_\_\_\_\_