

# Accounting Procedures for Hong Kong Paragliding Association Limited

(Effective from June 2022)

## **1 Introduction**

- 1.1 This Accounting Procedures Guidelines ("the Guidelines") provide the basic principles and essential procedures to be followed by all staff and Executive Committee Members of the Hong Kong Paragliding Association Limited ("the Association") in handling financial transactions so as to establish an effective internal control system within the Association.
- 1.2 The Association can make reference to the Guidelines and draw up its accounting procedures to suit its business operation and provide guidelines to its staff and officials to carry out their duties effectively and efficiently.

## **Basic Principles**

- 2.1 Separate ledger accounts should be maintained for subvented programmes and non-subvented activities. All accounting transactions should be properly entered into the ledger accounts.
- 2.2 The designated approving officers for receipts, payments, cheques and amendments to bank instructions and so on should be properly authorised and delegated by the Executive Committee.
- 2.3 **Deployment of receipts to other purposes is not allowed.** Official receipts are required to be issued for all income collection. All receipts should be properly recorded and banked promptly.
- 2.4 All expenses must be properly classified and duly authorised before payments are made. **No pre-signed cheques are allowed.**
- 2.5 The policies on making cash payments, accommodation and meal expenses, scope and ceiling for entertainment expenses as well as transportation expenses like taxi fares and so on should be set by the Executive Committee where applicable. Unless under exceptional circumstances, staff and officials should use the most economical means of transport. Hotel accommodation for athletes, officials and coaches are restricted to standard rooms.
- 2.6 The transaction limit for each purchase should be set and approved by the Executive Committee.

- 2.7 There should be a ceiling set on the amount of cash advance and time frame for settlement of cash advance. Such a ceiling should be approved by the Executive Committee.
- 2.8 Minor corrections or alterations should be rectified by striking off or adding in, with initial of responsible officer, instead of correction fluid. If there are any corrections or alterations of critical information made on official receipts such as the amount and name of payer, the official receipts must be cancelled and retained. Fresh official receipts should then be issued.
- 2.9 The accounting procedure guideline should be approved by the Executive Committee.

3 **Income**

*Responsible Officers:*

Treasurer

3.1 ***Maintenance of Official Receipts***

- 3.1.1 Treasurer records and maintains all the receipts

3.2 ***Issue of Official Receipts***

Treasurer issues pre-numbered official receipts in duplicate in date sequence and in consecutive order for income collections. Details of particulars of the receipts should be stated. The original should be provided to the payer while the copy should be kept properly for audit trail. The official receipt stubs should be properly kept. For payment through electronic means, manual official receipts are not necessary as long as receipt reference is generated automatically by the collection system.

- 3.2.1 In case of spoiled or cancelled official receipts, Treasurer marks "CANCELLED" immediately on both the original and the duplicate copies of spoiled or cancelled official receipts.
- 3.2.2 Treasurer crosses all cheques which have not yet been crossed by the paying party. Post-dated cheques should not be accepted.
- 3.2.3 Treasurer should keep all receipts properly.
- 3.2.4 For Acknowledgement of Receipts by proforma requested by the payer, such acknowledgement should be signed by one of the following:  
Chairman/Vice Chairman/Treasurer/Secretary.

### 3.3 ***Supervisory Checking of Income and Physical Stocktaking of Official Receipts***

3.3.1 Treasurer conducts supervisory checking periodically throughout the financial year. He/she checks the official receipts to ensure the following are tally:

- the total amount of income stated in official receipt duplicates; and
- the bank-in slips and collections on hand; and

For electronic receipt and payments, this will be done using the reports generated by the payment processors and membership management systems.

3.3.2 Treasurer checks whether income collections are banked promptly in accordance with the prevailing policy (as stated in para. 3.3.1).

3.3.3 Treasurer records the inspection result and initials with dates on the inspection report. The inspection report should include the date, scope and result of checking. He/she also reports to the Executive Committee if there are any discrepancies found. In addition, he/she conducts investigation and reports to the Executive Committee on the findings and course of actions to be taken.

## **4 Payment**

### ***Responsible Officers***

Treasurer

### 4.1 ***Preparation of Payments***

4.1.1 All invoices / receipts should be submitted for certification of payment within TWO WEEKS of receipt.

4.1.2 The staff or user making the payment request ensures the receipt of goods or services in good and satisfactory condition as specified in the purchase order or service order. He/she should provide the original invoices / receipts, delivery notes and supporting documents such as the purchase orders / service orders to substantiate all expenses incurred (including those incurred overseas) to Treasurer for checking and certification.

4.1.3 Treasurer checks the original invoices / receipts against the purchase/ service orders, delivery notes and other supporting documents, and certifies on the original invoices / receipts with date.

4.1.4 Upon certification, Treasurer prepares the payment

4.1.5 Treasurer checks the price and calculation on the invoices / receipts and matches them with the approved purchase/ service orders and delivery notes.

4.1.6 For personnel expenses paid through autopay or crossed cheques, Treasurer attaches relevant supporting documents to payments only when there are special payments/deductions and changes in monthly salary, such as the employment contracts, approved instructions on changes in payment details and written approval on granting of salary top-ups for posts of slide-down appointment and so on for verification.

4.1.7 Treasurer ensures adequate supporting documents are attached and record the payments in the ledger including at least the following details:

- Serially assigned payment number;
- Date of payment
- Name of payee;
- Particulars of the payment of full details of the goods and services provided;
- Currency and amount; and
- Mode of Payment

4.1.8 For documentary evidence and certification in support of payment, Treasurer should observe the following:

- Special circumstances where only the electronic copy/ faxed copy / photocopy of invoices / other supporting documents are available

The copy should be certified correct, marked with the wordings of "Certified true copy and no previous payment has been made", and initialed and dated by the supervisor or programme-in-charge.

- Payment of official fees

Proper attendance records of officials and other documents such as the course timetable and attendance records of participants should be maintained and attached to the payments. Officials should have signed on the attendance records of officials and participants with full name and signatures.

- Payment of taxi fare, entertainment expenses, meals and other special items

Sufficient information such as the reasons for taking taxi instead of the most economical means of transportation, the guest lists and the events / programmes related should be documented. Proper approval should also be obtained in accordance with the prevailing approving authority.

- Payment of entry fees

The list of participants should be provided.

- Foreign currency transactions

The exchange slips for currency exchange or exchange rate quotes from reliable source should be attached to the payments.

## 4.2 *Approval of Payments*

4.2.1 Treasurer reviews the details of payment items against the supporting documents attached to the payment requests. In case of payment in cash instead of cheques, he/she should satisfy that this arrangement is complied with the prevailing policy for cash payment of the Association.

4.2.2 Treasurer checks if the maximum per capita for entertainment expenses is exceeded and whether sufficient justification and proper approval have been given in case the ceiling is exceeded.

4.2.3 Treasurer records the payment in the ledger if the payment is in order.

#### 4.3 ***Effect of Payment***

4.3.1 Treasurer prepares cheques with details in the payment ledger.

4.3.2 Cheque signing officer and cheque countersigning officer, as specified in Section 5.1 below, check the payment details against the approved payment record and sign on the cheques or autopay instruction forms.

4.3.3 Treasurer sends out the signed cheques to the payees and stamps all paid invoices / receipts and supporting documents with "PAID" immediately after payment.

4.3.4 In case of payment in person, Treasurer ensures the recipients MUST sign with date to acknowledge receipt of the amount. If another person is authorised to receive payment on behalf of the entitled payee, the supporting document for such authorisation should also be retained.

### 5 **Operation of Bank Accounts**

#### ***Responsible Officers***

Treasurer

#### 5.1 ***Authorisation of bank Instructions and Cheques***

5.1.1 All bank instructions and cheques (including autopayment) must bear the signatures of TWO authorised officers. The cheque signing officer and cheque countersigning officer should be different persons. Any endorsed change of the authorised signatories by the Executive Committee should be notified to the respective banks for prompt updating.

#### 5.2 ***Maintenance of Cheque Books***

5.2.1 Treasurer should also keep the cheque books under lock when they are not in use.

5.2.2 Treasurer applies for a new cheque book when the current cheque book is completely used up or becomes obsolete.

### 5.3 *Preparation of Cheques*

- 5.3.1 Treasurer checks the proper bank accounts to be drawn and prepares cheques in sequential order in accordance with the details contained in the approved payment application forms.
- 5.3.2 "Crossed" cheques should be issued unless with justifiable reasons. In case "cash" cheques are to be issued, the name of the intended recipients (instead of "cash") should be entered. The word "bearer" should be struck off.
- 5.3.3 Treasurer marks on the cheque stub the dates, names of payee and amount.

### 5.4 *Issue of Cheques*

- 5.4.1 The designated cheque signing officer (as stipulated in para. 5.1.1) checks the details stated in the cheque against the supporting documents. He/she signs the cheques. All cheque stubs should be retained.
- 5.4.2 The designated cheque countersigning officer (as stipulated in para. 5.1.1) checks the details stated in the cheque against the supporting documents and the authenticity of the cheque signing officer. He/she signs the cheques.
- 5.4.3 Treasurer stamps "PAID" on paid invoices/ receipts. The cheques are to be sent out to the payee promptly by post or by hand. All spoiled cheques are stamped with "Cancelled" and attached to the cheque stubs.

### 5.5 *Monthly Bank Reconciliation*

- 5.5.1 Treasurer reviews the bank reconciliation statement for each bank account and saves the respective bank statement onto an online system.
- 5.5.2 For dishonoured or returned cheques, Treasurer liaises with the responsible staff / officials to take appropriate follow-up actions (e.g. to check if any replacement cheques have been received or to contact the payee to arrange replacement cheques for payment).
- 5.5.3 For long outstanding unrepresented cheques (such as after six months of issue), Treasurer should investigate the reasons and cancel the cheque if appropriate. If the payment is still to be made, a fresh cheque should be issued, the procedures on issue of cheques should be followed.
- 5.5.4 If it is decided that the payment is not to be made for unrepresented cheques, e.g. due to failure to contact the payee, proper update to the accounting records should be made. If such payment is in connection with subvented programmes, the Treasurer should inform the relevant government departments.

## 5.6 *Supervisory Check*

- 5.6.1 Treasurer checks the physical stock of cheques regularly on a monthly basis. He/she also checks if any missing cheques in cheque books.
- 5.6.2 Treasurer initials and dates on the cheque book register or inspection report after the checking. If any discrepancies are identified, he/she should conduct investigation and reports to the Executive Committee on the findings and course of actions to be taken.

## 6 **Fixed Assets**

### *Responsible Officers*

Treasurer

### 6.1 *Maintenance of Fixed Assets*

- 6.1.1 Fixed assets are those property, plant and equipment items which have a useful life of more than one year and an original acquisition cost of HK\$2,000 or above, for example, furniture, photocopiers and personal computers.
- 6.1.2 Every fixed asset shall be recorded into a register with the following minimum information:
- unique asset number;
  - description of asset (including model number if applicable);
  - classification of asset;
  - date of purchase / date of completion;
  - cost of purchase / completion;
  - useful life;
  - source of funding;
  - current location;
  - written approval of disposal / write-off; and
  - date of disposal/ write-off.
- 6.1.3 Treasurer promptly updates the details of the fixed assets received into a register upon receipt of the fixed assets. Each fixed asset is assigned with a unique asset number.
- 6.1.4 Treasurer affixes the labels of the assigned unique asset numbers to the fixed assets.
- 6.1.5 Treasurer updates the register promptly with all movements of fixed assets, including trade- in and disposal. The approval on disposal / write-off should also be marked on the register and kept properly on file. The monetary sales / disposal amount should be recorded into the register, where appropriate.

## 6.2 *Fixed Assets on Loan*

- 6.2.1 Treasurer maintains a loan register for fixed assets which are on loan to staff/officials. The borrowers have to acknowledge the loan and specify the period of loan with signature and date as evidence of receipt of the fixed assets.
- 6.2.2 On return of assets, Treasurer checks if the fixed assets are in satisfactory physical condition and signs the return on the loan register with date.

## 6.3 *Disposal of Fixed Assets*

- 6.3.1 Users provide full justifications for disposal of fixed assets which are of no use to the Association and the recommended means of disposal to Treasurer for approval. The disposal procedures as stated in the Procurement Guidelines should be followed.
- 6.3.2 Treasurer reviews and makes his decision in writing.
- 6.3.3 Treasurer updates the register.
- 6.3.4 In case there are proceeds from disposal, Treasurer records the income received.
- 6.3.5 No item of fixed asset should be removed from the Association or disposed without proper written approval.

## 6.4 *Physical Check*

- 6.4.1 Treasurer conducts physical check on fixed assets including all subvented fixed assets at least once a year. Upon checking, he/she should initial and date on the inspection report or register. The inspection report should include the date of physical check, the result of checking and the signature of the physical checking and the reviewing officer, etc.
- 6.4.2 Treasurer investigates discrepancies identified (if any) and reports to the Executive Committee on the findings and courses of action to be taken.