



# **TREASURER'S HANDBOOK**

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REVISED BY CHAD LECLAIR**

## **Introduction**

This booklet is designed to help you, in your role as Treasurer, properly maintain your society's revenue and expenses. While this is designed to be an introduction to the responsibilities of a society Treasurer, the booklet is far from a comprehensive accounting guide. Instead, the following information is designed to guide you through some of the obstacles and duties you may encounter as Treasurer. If you require further information, you can contact the DSU VP (Finance & Operations). Both resources should be able to answer any questions you may have.

Hopefully, this booklet will also clear up some of the confusion that occurs during audits. When the DSU was incorporated, the government recognized the DSU as the only official society on campus. As the University grew, so too did the number of societies. As the only government recognized student body on campus, the onus of representing everyone fell on the shoulders of the DSU. In the interest of adequately representing all students, the DSU recognized the importance of faculty-based societies. Since all society members are Dalhousie students, the DSU VP (Finance & Operations) was given the right and issued the responsibility to ensure their funds were not misappropriated. Consequently, the DSU VP (Finance & Operations) audits the books of all societies that receive levies to ensure their authenticity, and will perform spot audits on selected other societies. Ideally, every society receiving a levy will have their books audited once each semester. In order to complete a proper audit, a standard bookkeeping process has been outlined in this booklet. By following this process, the annual audit will be easier for you and the length of time to complete the audit will be drastically reduced.

Included is some reference and informative material regarding the DSU's accounting procedures, purchasing policies, and the process involved in applying for a DSU grant.

During the past fifteen years, our Student Union and the other student societies have grown by leaps and bounds. The days of \$50.00 societies have come and gone. With this new growth has come the opportunity for societies to expand their endeavors and provided the opportunity for Treasurers to handle significant funds. Regardless of how your society compares to other DSU societies, it is the responsibility of the Treasurer to ensure funds are properly handled. Your peers have selected you to handle the society's money. Please never forget the weight of responsibility that comes with this new found opportunity.

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## **Budgeting**

One of your first duties as a new Treasurer is to develop a comprehensive budget. Ideally, this budget should be prepared in consultation with your predecessor. By consulting with the previous Treasurer, you will gain from their experience and avoid the duplication of mistakes. If communication with the previous treasurer is not feasible, the records of the previous years and other previous executive members may be helpful. The budget should be based on the actual expenses of the preceding year. If you receive a direct levy from the DSU (i.e. CKDU, NSPIRG, and Women's Centre) you can get a copy of the financial activity related to your fees from the DSU VP (Finance & Operations).

Essentially, the budget is an estimation of revenues and expenditures. Frequently consulting with your budget will allow you to keep track of where your money is going. In addition, adherence to the budget will ensure you do not overspend in a particular area.

When creating a budget it is important to determine the source and amount of your society's revenues. By accurately estimating the year's revenues, you will be in a better position to decide where to distribute your funds. Clearly, it is essential your society does not spend more money than your various revenue sources provide.

After you have compiled your budget, you must have the document approved by your council. The budget cannot be considered a valid working document until your council passes it. Remember to ensure you are following the quorum guidelines set out in your society's constitution.

Surprisingly, some societies have misplaced the only copy of their budget. In order to avoid future problems, please drop off a copy of your budget and the supporting minutes to the DSU VP (Finance & Operations). This will ease the future audit process and will serve as a valuable safety net in case, for some strange reason, all copies are misplaced.

### **A Note About Budget Categories**

By creating categories, you will be in a better position to record information in your ledger. The tricky thing with categories is to make them general without being vague and comprehensive without being too specific. For example: Telephone, Postage, Supplies are all appropriate. On the other hand, pens, paper, and erasers are too specific. Avoid using the "miscellaneous" category if at all possible. While the "miscellaneous" category can seem like an easy solution, utilizing "miscellaneous" makes accurate record tracking difficult and rather messy. When you are forced to use "miscellaneous", record the exact amount and note exactly what item was purchased.

**Sample Budget (simple)**

**Revenues**

<u>(Description)</u>	<u>(Amounts)</u>	<u>(Notes)</u>
Balance forward	1500.00	carried from previous year
Society Fee	3000.00	200 enrollment * \$15.00 fee
Ticket Sales - Formal	2000.00	100 people @ \$20.00
T- Shirts	500.00	50 shirts @ \$10.00
Socials	<u>2500.00</u>	
<b>Total Revenues</b>	9500.00	9500.0

**Expenses**

Orientation	3000.00	
Photocopying	100.00	
Telephone	200.00	
Postage	75.00	
Special Events	3000.00	
Advertising	100.00	
T - Shirts	300.00	
Miscellaneous	<u>400.00</u>	
<b>Total Expenses</b>	7175.00	7175.00

**Total:** **2,325.00 surplus**

**Sample Budget (detailed)**

Operating Budget 2004-2005  
(FISCAL YEAR MAY 1st, 2004 - APRIL 30th,2005)

	Budget 2002-2003	Actual 2003-2004	Budget 2004-2005	Actual YTD 30-Sep	Notes
<b>REVENUES:</b>					
Student Fees					
<b>Social Events:</b>					
Graduation Revenue					
<b>Activities:</b>					
Orientation Rev.					
Charity Fundraising					
<b>Conferences:</b>					
Moneycon					
<b>Other Revenues</b>					
<hr/>					
<b>Total Revenues</b>					
<hr/>					
<b>EXPENSES:</b>					
<b>Social Events:</b>					
Christmas Dance					
Spring Ball					
Graduation Ball					
Total Social Events					
<b>Activities:</b>					
Orientation					
Pub Crawl/Brewery Tour					
Charities – money raised					
Total Activities					
<b>Conferences:</b>					
Career Day					
Moneycon					
Total Conferences					
<b>Office Expenses:</b>					
Phone & fax					
Photocopying & printing					
Supplies					
Service Charges					
Total Office					
<b>Miscellaneous Expenses:</b>					
Marketing & Promotions					
Newsletter					
Other Ad Hoc Expenses					
Total Miscellaneous					
<hr/>					
<b>Total Expenses</b>					
<hr/>					
<b>Revenues Over</b>					
<b>Expenditures</b>					

# **Bookkeeping**

While bookkeeping can become someone's worst nightmare, proper maintenance can make the process relatively painless. There are certain accepted accounting practices that will ease the entire process. Below are five basic practices.

## **Ledger**

A general ledger (record book) is an essential piece of equipment. A ledger is a legal document that records all the transactions of your society. The size of your ledger is dependent upon the size of your society's Finances. At a minimum, a ledger should be a hard bound book, with columns for the date, debits, credits, cheque #, current balance, and a description of transactions. If you are familiar with computers, please feel free to supplement a computerized spreadsheet for the ledger, but it is necessary to maintain a current hard copy also, in case of hard drive disaster.

The first column is for the date. All transactions should be dated for easy reference. The second column is traditionally used for your description. Each transaction should be recorded with a specific description. Note that "stuff" or "miscellaneous supplies", etc. do not qualify as specific descriptions. The following column is for the exact amount of the transaction. For clarity, it is often easier to use two columns, one for debits (money out) and another for credits (money in). The final column is for the running balance. You may also find it eases reconciliation with bank statements to have an additional column to record cheque numbers.

Note that the ledger may be considered a legal document. As such, if an error is made, do not remove pages or use whiteout. Errors in a particular line or entry may be crossed out with a single line and initialed. Errors covering several pages may be crossed off with a single line though the page and the pages may be stapled together. Lastly, Always Use Pen!

## **Recording**

At the beginning of your term, you need to put a balance forward from the previous year. If your previous council had a surplus, that amount will be your balance forward.

Regardless of the size or nature of the transaction, immediately record the amount in the ledger. Write down all the necessary particulars, so others can understand and verify your work. In the past, societies have run into financial problems because a Treasurer failed to record the little items. Eventually, little details add up. Please ensure you record every transaction.

If you have an external account, every cheque should have a corresponding number. The date, payee, cheque number and amount should all be indicated. Incidentally, bank charges often sneak by Treasurers, so watch out for those hidden external bank charges. (It is a good idea to find out what these charges are at the start of the year.)

When recording transactions, do not forget to identify the item as a debit or credit. A debit is an expense you have incurred, while credits are your deposits, revenue, and interest earned on your external bank account.

An important part of recording is the running balance. By keeping track of your running balance, you will have a better concept of your society's cash flow. Identifying your present balance can illustrate budgetary errors and help avoid the dreaded red zone.

### **Receipts/Invoices**

Recording an item is important, but somewhat meaningless without supporting proof. Please keep all your receipts/invoices. Organize them in whatever manner suits you best. Generally, organizing receipts monthly will ease reconciliation and aid in tracking transactions. Receipts should be labeled and dated and will be easier to justify if they are organized to correspond with ledger entries. You should attach your receipts/invoices to a form describing the transaction. This will clarify where all those little pieces of paper came from and will produce uniform size receipts that will be easier to file and sort through. **Always get a receipt!!!**

### **Bank Reconciliation**

If you have an external account (with a bank), you will receive a bank statement monthly. Incidentally, internal account (an account with the DSU) statements are also issued monthly. When you receive your statement you should reconcile the banks records to ensure bank records match your own. If at all possible you should get an account where the cancelled cheques are returned to you with the monthly statement. This serves as an additional check and helps with reconciliation. (See: *Reconciliation*).

### **Cash Payments**

While the term 'paper trail' conjures images of mass bureaucracy, maintaining transaction records is essential. Unless it is absolutely necessary, **do not pay in cash**. If you are forced to pay in cash, use petty cash and be sure to collect a receipt. If a receipt is missing, the money is technically missing. You can also get someone to pay for the item using their own cash and, as long as they keep a receipt, you can write a cheque to reimburse them.

If you are collecting cash for a product your society is selling, be sure to issue a receipt to the purchaser for the purchase. Simply taking incoming cash and using it for other purchases is not an acceptable accounting practice. As a general rule try to separate all transactions. Deposits must be separated from withdrawals, and deposits and withdrawals to different sources from each other *i.e.* if you are depositing revenue from a pool tournament and money generated from membership dues, make two separate deposits, not one combined.

If a float is required for some purpose or society function, it should be recorded in the ledger exactly when and how much is withdrawn to make up the float. The float should be out of the account for as short a time as possible. When the float is returned to the account, it should be recorded in the ledger as a deposit of float, separate from any profits made at the function. "Money in equals money out" must be your rule for floats.

**Sample Ledger Page:**

Date (2004)	Description	Debits (-)	Credits (+)	Current Balance	Cheque #
10 Sept	Balance Forward		\$1000.00	\$1000.00	
12 Sept	Deposit of Membership Dues		\$250.00	\$1250.00	
15 Sept	IGA: Purchase of Pop and chips for welcome party	\$48.50		\$1201.50	001
16 Sept	Cash Withdrawal for float for welcome party	\$50.00		\$1151.50	
17 Sept	Deposit of float from welcome party		\$50.00	\$1201.50	
17 Sept	Deposit of proceeds from welcome party		\$112.60	\$1314.10	
18 Sept	Dal Bookstore: Purchase of office supplies	\$36.10		\$1278.00	002
23 Sept	Maritime Silkscreening: Purchase of 30 T-shirts Invoice #1234	\$318.00		\$960	003
29 Sept	Deposit of proceeds from sale of 15 T-shirts @\$15 ea.		\$225.00	\$1185.00	
1 Oct	Interest from month of Sept		\$0.83	\$1185.83	

**Sample Transaction Record**

- Date: (The date of the transaction)
- Debit or Credit: (What type of transaction it was. Remember debits = money out, credits = money in)
- Amount: (The amount of the transaction)
- Cheque #: (If relevant, not all transactions are cheques)
- To/From: (The actual name on the cheque or invoice)
- Particulars: (Include as many relevant details as you can)

(Attach all returned cheques, invoices, receipts and supporting paperwork to this form)

## Reconciliation

The following information was taken from *Financial Accounting* by R.F Meigs, WB Meigs and WP Lam, 1991.

Whether you have an account with the DSU or an external bank, each month you will be provided with a statement of account.

Essentially, reconciliation is a schedule used to describe any differences between the balance shown on your books and the balance shown on your bank statement. After receiving your statement, you should prepare a reconciliation to verify your records are in agreement with the bank statement.

More often than not, your statement will not match the bank's. There are a few common variances to watch for:

- A particular cheque has not been returned to you
- Failure to record all issued cheques
- Service charges
- Credits for interest earned
- NSF cheques (Non Sufficient Funds)
- Outstanding cheques
- Deposits in transit

During the reconciliation process you will adjust your balances to match the bank's. The following are a few basic steps required to complete a reconciliation:

- Compare the deposit listed on the bank statement with the deposit shown in your general ledger. If deposits are not noted in your bank statement, they are Deposits in Transit. Any Deposits in Transit from the previous month should appear in the following month's statement.
- Compare your records to the returned cheques. If cheques have been issued but not yet paid by the bank, they should be listed as Outstanding Cheques. All Outstanding Cheques should be deducted from the statement balance.
- Deduct debit memos and add credit memos.
- Correct all bank discrepancies. If the bank issued the cheque at \$100.00, make sure your records match.
- Check to make sure your final bank statement balance matches your records.

\_\_\_\_\_ Society  
Bank Reconciliation  
For the Month Ended \_\_\_\_\_, \_\_\_\_\_

Balance as per bank statement.....\_\_\_\_\_ (*get from statement*)

Add outstanding Deposits: (*money that has yet to be deposited, or has been deposited since statement date*)

Date	Chq#	Name	Amount
_____	_____	_____	_____
_____	_____	_____	_____

Total.....\_\_\_\_\_

Less outstanding cheques: (*compare cheque numbers on statements and returned cheques with what is recorded in your ledger*)

Date	Chq#	Amount
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Total.....\_\_\_\_\_

Adjusted Bank Balance.....\_\_\_\_\_

Balance as per General Ledger.....\_\_\_\_\_

*(this is taken straight from your G/L)*

Adjustments: (*i.e. bank charges & interest*)

Adjusted General Ledger.....\_\_\_\_\_

*(This should match your Adjusted Bank Balance)*

## **Obtaining Fees**

### **'A' societies**

"A" societies are defined as those societies which have a seat on council and receive a direct levy e.g. Arts Society, Commerce Society. The DSU collects fees on behalf of the various 'A' societies on campus. By mid-October the DSU has received these fees from the University. In order to collect your fees, you must your books to be audited. Once your audit is successfully completed you will receive your first installment of society fees. Your society will receive the second installment of fees after your second audit is completed by the end of February.

The DSU VP (Finance & Operations), with the permission of Council, has the right to withhold any society's fees that have significant accounting discrepancies uncovered after the completion of the audits.

### **'B' Societies**

'B' societies are those societies that have a seat on council yet are not readily identified by the registrar's office to permit collection of a society fee based on registration information or faculty. Since these societies do not receive a direct levy, they rely on membership dues and the DSU for supplemental funding in the form of grants.

### **'C' Societies**

This includes societies that do not have a seat on council but receive a direct student levy. The CKDU FM society is an example of this type of society. These societies must be audited twice annually in order to receive their levies. These societies may apply to the DSU for additional funding but usually appeal to the community at large.

### **'D' Societies**

Since by definition, 'D' societies fall under a larger faculty category, the first funding source for 'D' societies is their umbrella 'A' society. For example: Before seeking funding from the DSU, the English society would have to approach the Arts society.

### **'E' Societies**

While the majority of societies fall within the confines of a University faculty, obviously societies like the Outdoors Club and the Rowing Club cannot be regulated to one particular faculty. If your society falls within this category, your primary source of funding is your membership dues. Understandably, many societies cannot Finance their endeavors solely on dues. Grant funding is available to supplement expenses; however, grant funding is limited and is far from guaranteed. (*See: How to apply for a grant*).

Where a levy is collected for 'A' and 'C' societies, the rules concerning its disbursement are found in the DSU constitution in the financial regulations section and they are reprinted below for your convenience.

#### **Section XIV Societies Receiving Direct Levies (A+C)**

- a) The DSU will issue society membership fees in two installments of approximately equal value. The first installment will be issued before October 30 and the second installment before February 28 of each regular academic session provided Clauses 'B' and 'C', below, are met.
- b) Each year the VP (Finance & Operations) must audit the accounts of every society receiving a direct levy before issuing any Society fees. The audit process must be substantiated with formal written communication that should indicate areas for improvement, if needed.
- c) If there are any significant accounting discrepancies with a society, the problem may be brought to the attention of Council and the funds may be withheld from said society.
- d) The VP (Finance & Operations) must publish the results of each society audit in the Gazette by October 30 of each year. This must note if a society has passed, failed or not submitted their records for auditing.
- e) All 'A' and 'C' societies must submit their financial records to the DSU VP (Finance & Operations) before April 15. Including, but not limited to, receipts, ledger, canceled cheques, and bank statements.
- f) All 'A' and 'C' societies' financial records can only be released upon authorization from the DSU VP (Finance & Operations) or Council.
- g) To increase an 'A' society fee, the society must follow the procedure outlined in By-Law V11, the Council shall refer the increase to the Board of Governors and require the final approval of the Board of Governors before taking effect.
- h) 'A' and 'C' societies must be ratified by the DSU before receiving any society fees.
- i) 'A' and 'C' societies must also provide a copy of the minutes in which the said society has approved a budget before receiving any society fees.

## How to Apply for a Grant

Each year the DSU sets aside funds to be distributed by the Grants Committee to societies and students in need of funding. The funds are intended to help defray the costs societies incur throughout the Union's fiscal year. It is the Grants Committee that makes the recommendations during the school year. Please remember that only registered and ratified societies are eligible for grant funding. Before you can receive any funds you must first follow the ratifying process with the DSU VP Internal.

Since grant funding is limited, applying early is probably in the best interest of your society. Please do not depend on grant funding. Not every application is guaranteed. Upon making a request, the following information should be submitted a minimum of three weeks before the event, as the grants process is somewhat prolonged. There are four main steps to receiving a grant that prolong the process: (1) meeting of the Grants Committee, (2) recommendations have to be passed in a council meeting (held every two weeks during the academic year), (3) all societies that applied have to be contacted, and (4) necessary paperwork has to be completed and a cheque cut.

The Grants Committee needs the following information from you:

- A detailed budget relating to your grant request (all revenues and expenses with explanations, if something is unclear).
- List all other solicited sources of revenue.
- A copy of your society's budget. Please note why you are unable to find the funds within your own budget.
- Explain the rationale behind the grant request.
- Note the number of Dalhousie students who will benefit, if the grant is awarded.
- Note the size of your society and how long it has been in operation.
- **More details on the application form will save time by allowing the grants committee to vote without prolonging the request to receive answers from you for specific questions.**

For your information, the section of the DSU constitution, which describes the Grants Committee, has been reprinted below.

**Grants Committee:**

1. This regulation may be referred to as the "Grants Committee Regulation."
2. There shall be a Grants Committee, hereinafter called "the Committee," that shall be composed of:
  - (a) The Vice-President (Internal), who shall chair the committee,
  - (b) Two non-Executive members of the Council,
  - (c) The Vice President (Finance & Operations), who shall be a non-voting member.
3. The Committee shall be appointed by the incoming Council on or before May 1 in each year.
4. An "applicant" shall be defined as:
  - (a) any society ratified by Council,
  - (b) any Dalhousie student, whose application will be reviewed on a case by case basis.
5. The Committee shall meet according to the schedule as defined by the Committee at the beginning of each academic term. Meetings shall be scheduled at least once every three weeks during the regular academic year.
6. The Committee shall:
  - (a) review and evaluate applications, and
  - (b) make recommendations to Council on grant requests.
  - (c) not award any society a grant greater than \$1000, and shall not award any individual a grant greater than \$100.
  - (d) Report to council if special exceptions are made to (c)
7. All applications shall include the following:
  - (a) detailed description of all revenues and expenditures of any program, event, or undertaking for which the grant is requested,
  - (b) where the applicant is an organization that exists on an on-going basis, details of its overall financial situation be included in the application,
  - (c) details of alternate fundraising undertaken in the past and those proposed for the future,
  - (d) details of any anticipated benefit to the Dalhousie community or the greater community.
8. Additionally:
  - (a) Grantees agree in accepting any grant, that the grantee shall report subsequently on the expenditure of the grant,
  - (b) any applicant who received a grant in the preceding fiscal year and failed to adhere to all clauses in the Grants Committee Regulation may only apply for

- a grant equal to or less than 50% of the amount received in the previous year,
- (c) any society that receives a grant, shall explicitly mention the support and sponsorship of the Dalhousie Student Union.
  - (d) societies and individuals are limited to applying for one grant per academic term
9. The deadline for submission of grant applications for consideration by the Committee shall be March 1 in each year.
  10. Additional guidelines may be voted upon by the Committee at the first meeting in May.
  11. Applicants not observing those guidelines adopted by the Committee in accordance with Section 7 above shall not be eligible for a grant under this Regulation.
  12. Grants allotted under this Regulation shall be drawn from the line item for Unallocated Grants in the Council department budget.
  13. The Committee shall provide an Annual Report that shall include a list of the grants made by the Committee during its term and recommendations for future guidelines to be considered under Section 7 above.

Additionally, the constitution has this to say in Section 6 - Financial Regulation:

**Section XV Grants for societies not receiving a direct levy**

- a) Where possible, all grants should be issued in 50% installments.
- b) In order to receive the second installment of a grant, a recipient must submit records verifying the completed expenditure of the first grant allotment.
- c) The Vice-President (Internal) must notify each grant applicant of the Grants Committee recommendations two days before taking the information to Council, if possible.
- d) Grants are not intended to be carried over from year to year. Thus, all cheques not picked up by April 30<sup>th</sup> shall be cancelled.
- e) The Vice-President (Finance & Operations) must archive a record of all grant allotments issued in a given year.
- f) Each archived grant record must be accompanied by the original application or a photocopy.
- g) Every society who receives a grant must submit a report detailing the activity for which they received the grant.

- h) Any society that receives a grant shall advertise or mention the Dalhousie Student Union's support and sponsorship for the grant.
- i) Any society that does not submit a final report, or acknowledge the DSU grant funding, will have a DSU funding cap equal to 50% of the previous year's grant total imposed for a period of one year.

## **How to Prepare for an Audit**

### **Purpose of an Audit**

The purpose of an audit is to test the completeness, accuracy and existence of cash records of the society under audit.

### **How to Prepare**

- In order to have a successful audit you must follow the procedures outlined in the bookkeeping section of this handbook.
- You must submit the following to the DSU VP (Finance & Operations) twice annually, before the end of October and before the end of February;
  - ❑ **General Ledger**
  - ❑ **Cheque Book**
  - ❑ **Deposit Book**
  - ❑ **Bank Statements**
  - ❑ **Bank reconciliation**(must be done monthly)
  - ❑ **Transaction records**(with supporting receipts/invoices)
  - ❑ If it is your first term audit, you must submit your **budget** for the year as well as the council **minutes** where it was approved.
- You can expect for the DSU VP (Finance & Operations) to have your books for up to one week to complete the audit. At completion of the process you will be given a list of problem and/or recommendations. You will be expected to improve in the areas where problems were found before your next audit.

## **Conclusion**

I have tried to make this book as easy to understand as possible. However, it is possible we have left something out or that you still may have questions. Please feel free to stop by my office with any questions or concerns. More information and resources are available at the DSU offices, Room #222. Good luck in the upcoming year and I look forward to meeting you at our society roundtable!

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