



BARBADOS BOY SCOUTS ASSOCIATION

INFORMATION SHEET

ACCOUNTING AND AUDIT REQUIREMENTS FOR SCOUT GROUPS AND DISTRICTS

The Barbados Boy Scouts Association is a registered charity (No. 213) established under the Charities Act Cap. 243. As affiliates of the Association, Scout Groups and Districts are not required to be individually registered. However, they must ensure that their accounting processes are in compliance with all relevant regulations.

The Regulations and Rules of the Barbados Boy Scouts Association (R&R), sets out the accounting guideline for Scout Groups and Districts. This Information Sheet, which is part of the Regulations and Rules, further details the responsibilities of Scout Groups and Districts. This includes such areas as the layout of the Statement of Financial Activities and of the Balance Sheet, how to account for charitable activities undertaken, support costs and governance costs. Related specimen reports and accounts are available on www.barbadosscouts.org/res/reg_isheet.html.

TYPE OF FINANCIAL STATEMENTS

Subject to the rules in R&R, the Executive Committee of each Scout Group or District will also have to decide whether they prepare financial statements on the Cash or the Accruals basis. The relevant rules are included in Appendix 1B and summarised in Appendix 2.

It is important to understand that R&R requires financial statements to be produced for the entire Scout Group or District, not individual Sections. The financial statements must consolidate all the activities carried on in the name of the Scout Group or District. Ensuring that this is done is the responsibility of the Scout Group or District Treasurer who may have to obtain information from other members who may keep financial records for individual Sections. R&R requires all bank accounts to be in the name of the Scout Group or District and that the Treasurer should be a signatory to the bank/other accounts held (**R&R requires that a minimum of two persons must sign all cheques**). Failure to comply with these requirements could prejudice the position of all Executive Committee members as they have a joint responsibility.

CASH BASIS FINANCIAL STATEMENTS

It is expected that most Scout Groups and Districts with gross income in the year below \$50,000 will choose the Cash basis, as explained below in the *Cash Basis Financial Statements* Section.

If a Scout Group or District had straightforward activities, e.g., it does not operate a Campsite, a Scout Shop or hold regular fundraising events, it should consider using one of the specimen accounts provided at www.barbadosscouts.org/res/reg_isheet.html in producing their annual financial statements.

If the financial statements of the Scout Group or District are more complex, the specimen financial statements may need to be amplified. One way of doing this, without rewriting the whole specimen financial statements, would be to insert additional sheets in the spreadsheet where these are necessary in order to include all the information required.

If the Scout Group or District has a subsidiary company or charity or if it has any arrangement under which it shares the running of an activity with another organisation, this must be explained within the financial statements. The notes to the financial statements should include the terms of the agreement, a summary of the financial statements of the joint activity and a note indicating whether the auditor or examiner's report of the financial statements has been qualified.

ACCRUALS FINANCIAL STATEMENTS

Scout Groups and Districts with high levels of income or particularly complex operations may opt for the Accruals basis of preparing financial statements.

If the Scout Group or District has a subsidiary company or charity or if it has any arrangement under which it shares the running of an activity with another organisation, this must be explained in the financial statements. An activity would include, e.g. running a building or a campsite. More information is available from Scout Headquarters.

AUDIT AND EXAMINATION

Detailed information is set out in Appendix 1 and summarised in Appendix 2, along with an explanation of the relevant income thresholds. The Executive Committee will need to consider the rules in R&R.

A specimen Scrutineer's Report and a specimen Independent Examiner's Report are available at www.babadosscouts.org/res/reg_isheet.html.

If the Independent Examiner has any difficulty with the wording of the specimen report and the work required, they will need to discuss this matter with the Group or District Treasurer. Additional information is available from Scout Headquarters.

The specimen Scrutineer's Report must not be changed unless a qualification of the report is considered necessary. The Scrutineer must be suitably independent from the Scout Group or District on which the report is to be made.

CASH BASIS FINANCIAL STATEMENTS

The preparation of Cash basis financial statements is not acceptable if your income exceeds \$50,000.

The following comments relate to the specimen Cash financial statements. They cover both the single fund version and the multi fund version – this is where the Scout Group or District has Restricted Funds and/or Endowment Funds as well as Unrestricted Funds (also known as general fund). If only unrestricted funds exist, the single fund version should be used and some of the following comments do not apply.

Specimen Income and Expenditure Accounts for both single funds and multi funds are available to download as excel files from www.babadosscouts.org/res/reg_isheet.html. The specimens cover the income and expenses, assets and liabilities that occur in most Scout Groups and Districts.

INCOME AND EXPENDITURE ACCOUNTS

There are up to four columns (in the multi fund version) in which figures can be entered.

Unrestricted (or General) Funds: These are funds that the Executive Committee may spend in accordance with its constitution.

There is another type of Fund known as a **Designated Fund**. This type of Fund arises when the Executive Committee decides to set some of the Unrestricted Funds aside for a special purpose. It continues to be part of Unrestricted Funds and so no separate column is provided.

If a Scout Group or District has a Designated Fund and wishes to give details in the accounts, this can be done:

- by description given in the Executive Committee' Report
- by a note attached to the accounts

Restricted Funds: These are not Endowment Funds but are Funds where the Executive Committee is bound by conditions that have either been imposed by donors, or by the terms of an appeal. Therefore, the fund can only be spent in line with the restriction. It is important that these funds are kept separate from both the Unrestricted Funds and the Endowment Funds and therefore a separate column is provided.

Endowment Funds: These are funds that the Executive Committee are unable to currently spend. Often the funds can only be spent once specified conditions have been met and in many instances, they have to be held indefinitely. It is important that these funds are kept separate from both the Unrestricted Funds and the Restricted Funds and therefore a separate column is provided.

The **Total** column adds Unrestricted, Restricted and Endowment Funds together. The **previous year's** figures are only shown in total.

Membership subscriptions that are "paid on", i.e. those collected on behalf of the District and/or Headquarters, should be deducted from membership subscriptions collected and these should be shown net in the Income details. This is because these subscriptions are paid to the District and/or Headquarters and the Group is in effect acting as an agent of them.

Where the specimen has the term 'Detail' e.g. Detail 2, please replace this with a very brief description of the activity you have undertaken. For example, under Fundraising (gross), instead of Detail 2, describe one of your main fundraising activities e.g. bag packing.

The line "**transfers between funds**" will only be used if the Executive Committee have decided it is proper to make a transfer. This could happen, e.g., if the restriction on a restricted fund ends and the fund becomes available for general purposes.

The amount(s) of **current year Cash funds** should agree with the Sub Total(s) of Cash funds shown on the Statement of Assets & Liabilities.

STATEMENT OF ASSETS & LIABILITIES

The values of monetary assets and liabilities have to be shown but some non-monetary assets may just be described. In this case, as well as a description of the assets, information about their age, original cost and current value should be given. It will be helpful to indicate the value of all assets and the Executive Committee's view of the estimated market or insured value may be a helpful guide.

Contingent liabilities and future obligations should be described. These would include any disputed legal claims against the charity and future rent payments, which are not yet due. An example of this might be "Rent payable in the future \$500 per annum for remainder of lease – 5 years".

NOTES TO THE FINANCIAL STATEMENTS

It is often not necessary to provide notes with Income and Expenditure Accounts and no space is included for these. However, they should be provided if they would increase the reader's understanding of the financial statements. If there are related party transactions, trustee's remuneration or significant non-monetary resources, these should always be explained.

APPROVING THE FINANCIAL STATEMENTS

The financial statements should be approved by the Executive Committee and signed on their behalf; each member should receive a copy even if they cannot attend the meeting where the financial statements are approved.

CONCLUSION

All Scout Groups and Districts are required by Regulations and Rules to produce an annual report and financial statements which must be submitted in accordance with Regulation and Rules.

APPENDIX 1

ELIGIBILITY FOR APPOINTMENT AS AUDITOR, INDEPENDENT EXAMINER OR SCRUTINEER

- 1. Where gross income does not exceed \$5,000.** The Executive Committee may appoint a Scrutineer, i.e., an independent person who is reasonably believed by the Executive Committee to have the requisite knowledge and practical experience to carry out the work programme for Scrutineers. The terms of engagement should be specified in writing, referring to the Work Programme in Appendix 3. Alternatively, they may, if they wish, appoint an Independent Examiner or a Registered Auditor.
- 2. Where gross income is more than \$5,000 but does not exceed \$50,000.** The Executive Committee will normally appoint an Independent Examiner who must have a recognised accounting qualification that the Executive Committee believe is appropriate in the circumstances. They may not appoint a Scrutineer, but they may, if they wish, appoint a Registered Auditor.
- 3. Where the gross income exceeds \$50,000.** The Executive Committee must appoint a Registered Auditor to carry out an audit. The Auditor must be a member of the Institute of Chartered Accountants of Barbados in good standing. The appointee cannot hold any other position in the Scout Group or District, as appropriate.

TYPES OF FINANCIAL STATEMENTS

- 1. Gross income does not exceed \$50,000.** Cash basis financial statements together with a Statement of Assets and Liabilities may be adopted or, if the Executive Committee wish, they may produce Accruals basis financial statements. If the Cash basis is chosen, the accounts must comply with the relevant regulatory guidance which is based on the Charities Act Cap. 243.
- 2. Gross income exceeding \$50,000.** Accruals basis financial statements must be produced.

APPENDIX 2

SUMMARY OF TYPE OF ACCOUNTS AND TYPE OF AUDIT/EXAMINATION

Gross Income Threshold	Type of Accounts	Minimum External Scrutiny
\$0 - \$4,999	Income and Expenditure & Statement of Assets and Liabilities	A Scrutineer
\$5,000 - \$49,999	Income and Expenditure & Statement of Assets and Liabilities	An Independent Examiner
\$50,000 +	Accrual in accordance with IFRS for SMEs	A Registered Auditor

APPENDIX 3

WORK PROGRAMME FOR A SCRUTINEER OR ADDITIONAL WORK FOR AN INDEPENDENT EXAMINER

- Check cash book(s) balance at the start of the year agrees with previous accounts.
- Vouch a selection of expenses including reimbursement of expenses.
- Vouch a selection of income.
- Test entries with bank statements.
- Obtain a copy of bank reconciliation(s), check and agree with bank statement(s).
- Test additions in cash book(s) and other accounting records.
- Check figures entered on accounts from cash book(s)/day books via summaries or ledgers if necessary.
- Ensure all activities (including all Sections) have been accounted for and included in the above tests. If not, ensure notes to the accounts disclose this or state it in the scrutineer's/external examiner's report to the Executive Committee.
- Obtain written confirmation of cash balances held by officers (i.e., any floats etc).
- Inspect vehicle logbooks.
- Review liabilities for reasonableness and test documentation.
- Review assets for reasonableness.
- Confirm that a stock count has been made of major items of equipment, badge stocks, etc.
- Read relevant Minutes.
- Confirm no income or receipts were subject to special restrictions which need to be shown in the accounts.

APPENDIX 4

INDEPENDENT EXAMINATION OF ACCOUNTS

Before appointing a person as scrutineer, independent examiner or auditor the Executive Committee will need to ensure that the person has the necessary skills and is sufficiently 'independent'. It is easy to recognise that a Leader or Group executive member is not independent, but sometimes less obvious that the spouse or close relative of a Leader is not sufficiently independent.

WHO IS AN INDEPENDENT PERSON?

THE SHORT ANSWER

An examiner must be independent of the body whose accounts are being reviewed. Independence means that the examiner is not influenced, or perceived to be, by either close personal relationships with the Executive Committee or by a day-to-day involvement in the administration of the charity/entity being examined.

IN MORE DETAIL

For an examiner to be independent that individual should have no connection with the Executive Committee which might inhibit the impartial conduct of the examination. An examiner cannot independently review his or her own work and so the person who is the bookkeeper cannot be the examiner. However, this does not mean an examiner cannot be a member or supporter of the Scout Group or District and often some involvement brings an added quality of personal enthusiasm and familiarity to the role of examiner.

Where a potential independent examiner is a member of the Scout Group or District, provided they have not been involved in the day-to-day decision making or administration of the Scout Group or District, for example by serving on a committee or sub-committee, and are not connected with the Executive Committee, then normally they may act as an examiner, subject to their having the necessary ability, experience and qualification required. Also the right to take part or attend as a member in an annual general meeting (AGM) would not preclude the examiner from conducting an independent examination although active participation in the administration of the charity/entity would, for example through tabling resolutions at an AGM. Whether a connection with the Scout Group or District affects independence will depend upon the particular circumstances but the following persons will not normally be considered to be independent:

- a. The Executive Committee or anyone else who is closely involved in the administration of the Scout Group or District
- b. A major donor to or major beneficiary of the Scout Group or District; or
- c. A child, parent, grandchild, grandparent, brother or sister, spouse, common law partner, business partner or employee of any person who falls within sub-paragraph (a) or (b) above.

REFERENCES

1. **Regulations & Rules of the Barbados Boy Scouts Association.** 2021 Edition. Barbados Boy Scouts Association, "Hazelwood", Upper Collymore Rock, St. Michael BB11604, Barbados.
2. **Accounting & Audit Requirements for Group Districts, Counties/Areas & Scottish Regions.** 2021 www.scouts.org.uk. The Scout Association, Gilwell Park, Chingford, London, England E4 7QW.