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HANDBOOK
ON
FINANCIAL MANAGEMENT
OF
COOPERATIVE SERVICES

A.I.D.
Reference Center
Room 1656 NS

OFFICE OF THE CONTROLLER
INTERNATIONAL COOPERATION ADMINISTRATION
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F O R E W O R D

This Handbook on Financial Management for Cooperative Services has been prepared as part of the Agency's Financial Management Improvement Program. It provides guidance to Directors and Business Managers of Cooperative Services; USOM Controllers or officers assigned the USOM Controller functions and personnel performing the various functions inherent in the financial operation of a Cooperative Service.

It is hoped that adherence to the guideline, policies and principles contained herein will develop high standards in all phases of financial management in the Cooperative Services.

Handbook on Financial Management of Cooperative Services.

658.1147 International Cooperation Administration. Office of the Controller.
161 Handbook on Financial Management
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1. Cooperatives - Finance. 2. Financial management - Cooperatives. I. Title.

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CHAPTER 100 - INTRODUCTION

Section

110. GENERAL

111. Purpose of this Handbook. Consistent with the mutual objectives of the International Cooperation Administration and cooperating governments to establish and maintain efficient financial management controls in the operation of Cooperative Services, this Handbook has been prepared to provide general guidelines, policies and principles relating to the efficient operation of Cooperative Services. It should serve as a guide to Directors and Business Managers of Cooperative Services; USOM Controllers or officers assigned to USOM Controller functions and personnel employed by the Cooperative Services. The guidelines herein set forth should serve to stimulate the development of the highest standards of financial management and continual orderly improvement in the operations of Cooperative Services.

Insofar as it is practical, ^{a. b. c.} this Handbook, written in general terms, stresses the policies and principles involved rather than specific procedures. In this manner, it is hoped that these guidelines can be adapted [?] by the USOM's to meet the needs of their particular operations.

112. Description of Cooperative Services. A Cooperative Service (usually referred to as a "Servicio") is an operating entity, established pursuant to a bilateral agreement to carry out activities in a particular field or fields in the ICA aid

Section

110. GENERAL (continued)

112. Description of Cooperative Services (Cont.) program in that country. It is an agency of the cooperating government, and its policies, procedures and operating activities are jointly agreed upon by ICA and that cooperating government. Cooperative Services are financed by joint contributions by ICA and the cooperating government in accordance with agreed upon amounts or proportions. The fund is jointly administered in accordance with the terms of the bilateral agreement.
113. Relationship to Agency Operations. While a Cooperative Service is a separate cooperating government entity, the ICA Mission has direct responsibilities for jointly administering the Cooperative Service with the cooperating government. In the approval of individual transactions, the Mission must assure that ICA policies and procedures are being followed. The Mission, through its participation in the management of the Cooperative Service and approval of policies and procedures, must assure the application of sound financial management principles.

CHAPTER 100 - INTRODUCTION

Section

120. RESPONSIBILITIES RELATED TO THE OPERATION OF COOPERATIVE SERVICES

121. USOM Controller. Responsibilities of the USOM Controller (or the person assigned the duties of a Controller in a Mission) are contained in detail in ICA Manual Orders. (See Appendix A). In effect, in the average Mission, the Controller is a member of the Mission's senior management team, the other members normally including the Mission Director, Program Officer and Executive Officer.

With respect to Cooperative Services, the USOM Controller is responsible for taking such steps as are necessary to assure that the financial affairs are effectively carried on in accordance with generally-accepted principles of good financial administration, and a close interest is maintained in the joint entity's system of internal control, its audit of vouchers prior to payment and its system of recurring professional-type audits of its operations.

The Controller is responsible for negotiating with the joint entity in arranging for an appropriate system of recurring external audits on an annual basis; has the responsibility for prescribing the audit program to be undertaken; and assuring that effective action is taken on the findings and recommendations. The Business Manager of a Cooperative Service, where a USOM Controller is also present, should look to the Controller for

Section

120 - RESPONSIBILITIES RELATED TO THE OPERATION OF COOPERATIVE SERVICES (Continued)

121 - USOM CONTROLLER (Continued)

guidance and advice in the conduct of the financial affairs of the Cooperative Service.

122. Business Manager. Responsibilities of the Business Manager of a Cooperative Service are contained in detail in ICA Manual Orders. (See Appendix A). As a member of the Cooperative Service Staff he reports to the chief of the USOM technical division in the latter's capacity as director or co-director of the Cooperative Service. The Business Manager's primary responsibility is the administrative and financial management of the Cooperative Service to the full extent of ICA's responsibility for its joint direction. Specifically his duties include general management functions, effective personnel administration, budgeting, accounting, auditing, disbursing, property management, procurement and management of certain administrative services.

for administrative functions, general areas.
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CHAPTER 100 - INTRODUCTION

Section

130. AGREEMENTS FOR U. S. CONTRIBUTIONS

131. Basic Data Contained in Cooperative Service Agreements. Ordinarily the basic Cooperative Service Agreement will specify that:

- a. The Cooperative Service is an Agency of the cooperating government;
- b. The Cooperative Service is to be administered jointly, in that (1) its activities are to consist of projects jointly agreed upon between representatives designated by ICA and the particular ministry of the cooperating government; and (2) policies and procedures of the service relating to administrative matters such as procurement, personnel and fiscal management are to be jointly agreed upon by such representatives; and
- c. The operations of the service are to be financed with cash contributions from ICA and the cooperating ministry, deposited to the account of the Cooperative Service. In addition to deposits of cash, ICA and the cooperating ministry may make direct contributions of commodities or services in connection with the projects to be carried out by a Cooperative Service.

Section

130. AGREEMENTS FOR U. S. CONTRIBUTIONS

132. Execution of Cooperative Service Agreements. The USOM is authorized to conclude Cooperative Service cash contribution

Section

130 - AGREEMENTS FOR U. S. CONTRIBUTIONS (Continued)

132. Execution of Cooperative Service Agreements (Continued)

agreements subject to instructions contained in the various ICA Manual Orders. Such agreements are to be signed by the Director/USOM or his designee and by the head of the cooperating ministry or agency of the cooperating country. Where the U. S. Ambassador to the cooperating country, in consultation with the USOM Director, determines it preferable that the cash contribution agreement be executed at the diplomatic level, steps should be taken for obtaining State Department authorization and clearance.

133. Financial Aspects of Cooperative Service Agreements. The obligation of ICA funds by execution of a Cooperative Service agreement can be made only after completion of the necessary procedures for over-all country program approval, allotment of funds, budget execution and project approval. Further details on this phase of Cooperative Services operations are contained in Section 210 General Budget Principles and Guidelines.

CHAPTER 200 - BUDGET

Section

210. GENERAL BUDGET PRINCIPLES AND GUIDELINES

211. Need for Budgetary Control System. The nature of the Cooperative Service organization and financial management responsibilities inherent in its operation lead to the need for systematic pre-planning of programs to be undertaken, and provision of resources therefor, through the budgeting of funds. The system should provide means for budgetary control which will limit total authorization of funds for various agreed purposes (Cooperative Service project agreements) to the total fund availability. It should assure that control is exercised through the accounting records in such a manner as to avoid overobligation or over-expenditure of the amounts established for each authorization.
212. Purpose of Budgeting. The fundamental purposes of budgeting for a Cooperative Service are to provide:
- a. Coordination of financial and technical planning in the types and scopes of projects to be undertaken to implement the basic technical assistance agreement;
 - b. Estimates of the costs involved in project implementation, as well as to present justification for the resources required; and
 - c. Control in the allocation of resources, made available through signature of contribution agreements or other source documents, in such manner as to most advantageously attain programmed objectives.

Section

210. GENERAL BUDGET PRINCIPLES AND GUIDELINES (Continued)

213. The Budget - A Coordinated Plan of Action. Each Cooperative Service budget should be a coordinated plan of financial action for the ensuing fiscal year. It is incumbent on the Director of the Cooperative Service and the Business Manager, in conjunction with technicians assigned to the Cooperative Service, to develop careful plans for future operations, and in turn to carry them out within available funds.
214. Advantages Derived from Budgeting. Several specific advantages are derived from budgeting such as:
- a. Coordinated planning by the Director and technicians for the overall Cooperative Service program;
 - b. Inquiry into every aspect of proposed expenditures;
 - c. Control of obligations and expenditures as they relate to budgeted costs;
 - d. Measurement of actual financial and operational progress against current program plans; and
 - e. Evaluation of past accomplishments prior to formulation of future programs and budgets.
215. When to Prepare the Budget. The budget should be prepared in draft by the Cooperative Service sufficiently in advance of the ensuing fiscal year so as to provide adequate time for review and consideration, from a funding and program planning point of view, by both the Director of the USOM and the appropriate officials of the cooperating government, and to permit coordination of the Cooperative Service budget with the budget to be submitted by the USOM to ICA/W.
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Section

210. GENERAL BUDGET PRINCIPLES AND GUIDELINES (Continued)

216. Information to be Included in the Budget. All proposed projects, as well as currently operating projects for which additional funds will be required, such as administration, public health facilities, model or central schools, experimental farms, etc., should be presented in such detail as to provide sufficient information and identification of the purpose, manner, and costs of each item budgeted. The budget or program document used by the USOM to submit the mission's budget to ICA/W is the Country Program Book. Instructions for the preparation of the Country Program Book are included in ICA Manual Orders (See Appendix A). However, the information required by ICA/W is the minimum necessary for Congressional presentation purposes and the Cooperative Service budget will normally include more detail than the Country Program Book presentation.

CHAPTER 200 - BUDGET

Section

220. BUDGET FORMULATION PROCEDURES

221. General. As a general policy the Mission Controller and the Business Manager will be guided by the principles, standards and guidelines for project assistance set forth in Section (III) of the Budget Handbook for the Mission Controller, to the extent applicable to projects financed through Cooperative Services.

222. Program Review. The Mission Controller will review the Cooperative Service segment of the mission's proposed program for:

- a. Adherence to established criteria governing types of projects eligible for Cooperative Service financing. For example, where use of Technical Cooperation funds is planned, he should determine that proposed projects qualify for financing from the TC appropriation.
- b. Justification for additional financing in light of Cooperative Services' past performance and financial resources already available, taking into account particularly availability of unearmarked reserves.
- c. Adherence of proposed program with general criterion set forth in governing ICA Manual Orders, that regular ICA cash contributions to a Cooperative Service will normally cover ICA's share of cost of one year's operation. The Manual Orders provide also that regular cash contribution will normally be made to a Cooperative Service only in amounts sufficient to cover new fund requirements of Cooperative Service projects which can be proposed in detail, approved, and obligated by the Cooperative Service during the time period the contribution is designed to cover.

Section

230. BUDGET EXECUTION PROCEDURES

231. General. As a general policy the Mission Controller and the Business Manager will be guided by the principles, standards and guidelines concerning project implementation set forth in Section (IV) of the Budget Handbook for the Mission Controller, to the extent applicable to projects financed through Cooperative Services.
232. Document Review. The Mission Controller will also:
- a. Review and clear from a financial management standpoint provisions included in proposed basic Cooperative Service agreements.
 - b. Review and clear from a financial standpoint the document (formerly a Cooperative Service Proposal and Approval-CSPA presently the OPAR and related CPB Form E-1s) approving annual funding of a Cooperative Service, and revisions thereto.
 - c. Review and clear from a financial management standpoint proposed cash contribution agreements. Since these agreements obligate U.S. funds, the Controller will ensure that allotted funds are available for obligation before clearing the proposed agreement.
 - d. Transfer funds to Cooperative Service only after assuring that any commitment made by cooperating government considered a prerequisite to such transfer has been carried out. Justified delays in transfer of U.S. funds to a Cooperative Service should be discussed and cleared with the Mission Director.
 - e. Assist and advise the Cooperative Services, as possible, in development of a sound system of financial management.

CHAPTER 200 - BUDGET

Section

240. GENERAL SUPPORT BUDGETS

241. Responsibility of Business Manager. The Business Manager of the Cooperative Service will normally have no direct contact with the ICA Administrative Expense budget which supports the Mission's general overhead costs or housekeeping expenses. Similarly, he will not be involved in the Technical Support budget (Project 99-000) which finances those overhead program costs that cross project lines and cannot be allocated to any particular project, or field of activity. It is also unlikely that he will have a direct interest in the Administrative Support budget financing similar services provided by the State Department for both ICA program and ICA administrative purposes. However, the Business Manager should understand that the "906" or "administration" project represents the Cooperative Service's equivalent of these general support or overhead budgets. It may be feasible, in certain instances, to work in conjunction with the Executive Officer or the Mission Controller in preparing a periodical analysis of the Mission's total overhead costs under all the overhead budgets or the format utilized in preparing one of the other budgets may be of aid in preparing the Cooperative Service's administrative budget. It is the Business Manager's responsibility to assure that his "906" Project includes only those costs that are properly chargeable to the Cooperative Service. ICA is required by Congress to maintain a separation between administrative and program expenses as explained in

Section

240. GENERAL SUPPORT BUDGETS (Continued)

241. Responsibility of Business Manager. (Continued) ICA Manual

Orders and the Business Manager is expected to verify that his 906 Project supports only program expenses. Ordinarily, the program expense category in the Latin American region is divided between the technical support project and the various administration projects of the Cooperative Service, but the allocation of program overhead costs between these projects will be largely a matter of individual mission procedure.

CHAPTER 300 - ACCOUNTING PRINCIPLES AND PROCEDURES

Section

310 - GENERAL

311. Basic Principles. Detailed guidelines which provide a basis within which Cooperative Services may establish accounting systems and accounting procedures are contained in Appendix B. While Mission or Cooperative Service personnel are expected to develop and issue accounting procedures specifically designed to meet the requirement of a particular entity, the basic principle is that there be established an effective system of accounting which will meet basic accounting objectives.

312. Accounting Objectives. The principal objective of an accounting system is to provide a source of financial data for which management determinations can be made and to establish methods for recording and reporting the receipt and expenditure of funds and resources. An adequate accounting system should provide, among other things:

- a. Source data for the preparation of timely and comprehensive financial reports to management;
- b. Control over the receipt and expenditures of funds and resources;
- c. Accounting support for budget requirements;
- d. A basis for the verification of the accountability of persons administering funds and property;
- e. Historical record of financial transactions; and
- f. Financial data for review and appraisal.

Section

310 - GENERAL (Continued)

313. Requirements of a Basic Accounting System. A basic accounting system should provide financial management controls, including internal controls within the scope of the management principles and standards set forth in published Manual Orders with respect to financial management of Cooperative Services. The system so designed must provide for complete and reliable records stated in monetary terms of the operations, and provide the basis for reports of the financial condition and operating results of the Cooperative Service. The system should further provide for adequate control over assets and liabilities including fiscal detail on contributions, accounts receivable, property, disbursements, and collections consistent with generally accepted accounting practices.

314. Financial Records. Basic accounting records should include, but not be limited to:

- a. a General Ledger
- b. a Project Ledger
- c. a Cash Disbursement - Journal Voucher Register
- d. a Collection Register

Subsidiary financial records to supplement the above records should include:

- a. Accounts Receivable Records
- b. Travel Advance Records
- c. Time and Attendance Records
- d. Individual Payroll Records

Section

310 - GENERAL (Continued)

314. Financial Records. (Continued)

- e. Property Records
- f. Perpetual Inventory Records
- g. Imprest funds and Project Disbursing Officers' Records
- h. Journal Vouchers

Section

320 - PROPERTY ACCOUNTING

321. General. As indicated in Section 310, a basic accounting system will include property records. The accounting records will reflect separate controls for stores, operating equipment and real property. Property received in-kind, and donations, will be recorded in the aforementioned accounts, as appropriate.
322. Stores. Adequate control over the receipt and issuance of stores encompasses basic management policies with respect to (a) fixing responsibility for the custody and access to stores inventory, (b) maintenance of perpetual inventory records, (c) property authorized issuance, (d) periodical physical inventories, and (e) reconciliation of quantities and value to control accounts.
323. Operating Equipment. Non-expendable personal property or operating equipment should be subject to management controls including proper reflection at cost in the general property accounts; and annual or periodical physical inventory. Physical inspection and count of property, to be appropriately internally controlled, should be undertaken by persons other than those having the responsibility for maintenance of the records reflecting such property.
324. Real Property. Land and buildings to which the Cooperative Service has full title and which may be disposed of in a manner decided by the Cooperative Service should be reflected in the accounting records, in accordance with generally accepted accounting principles. Determination as to capitalization or of writing off to expense such improvements, betterment or repairs should follow the above stated principles, in order that the statement of financial condition will properly reflect the value of this asset.

Section

320 - PROPERTY ACCOUNTING (Continued)

325. Property Received In-Kind and Donations. Where agreements contain provision for the contribution of property in-kind or for donations, the agreed upon value in the agreement is reflected in the appropriate property account. Treatment of various circumstances under which property is received in-kind or donations is discussed in detail in Appendix B.

Section

330 - RECEIPTS AND DISBURSEMENTS

331. General. All funds received by the Cooperative Service should be deposited promptly in officially designated depositaries on bank-approved deposit slips. Withdrawals from such depositaries should be made only by check supported by appropriately authorized documents.
332. Income From Operations. Income derived from a project or activity should be appropriately reflected on the books in separate accounts, preferably by each project in separately maintained project ledgers controlled by accounts in the general ledger.
333. Internal Control of Disbursements. Sound financial management principles require certain safeguards with respect to the internal control of disbursements. These require, among other things the following:
- a. Written procedures for the proper control of checks from the time obtained until signed and mailed or delivered to the payee;
 - b. Each check should be signed by the authorized individual or individuals. It is desirable that provisions be made to require two co-signers, one occupying a top position in the Cooperative Service and the other a designated official of the cooperating government ministry.
 - c. Checks obtained from depositaries should be pre-numbered consecutively, and damaged or cancelled checks should be voided and retained with the bank reconciliation documents. When checks are destroyed, it should be so done in the presence of at least two witnesses and a signed statement prepared indicating the checks destroyed.

Section

330 - RECEIPTS AND DISBURSEMENTS (Continued)

333. Internal Control of Disbursements. (Continued)

- d. In the event a co-signer is no longer authorized to sign checks, written instructions should be forwarded to the banking institution as promptly as possible.
- e. Person authorized to sign checks should be bonded in an amount consistent with the amount of funds to be handled.
- f. Reconciliation of bank accounts should be done periodically, usually on a monthly basis, by persons other than those charged with the responsibility of maintaining the cash records.
- g. Where disbursements are made in cash, pursuant to a Petty Cash or Cash Imprest Fund as described in Appendix B, the system of internal control should require that the person disbursing the cash obtain a signed receipt from the payee. Such receipt should be dated, indicate amount paid and a brief description of the nature of the disbursement.

334. Voucher Procedures. Internal control of disbursements is greatly facilitated by the adoption of a voucher system. The Cooperative Service should adopt a standard voucher form or make use of the vendors' invoices by rubber stamping required information. Generally, to be effective vouchers should contain at least the following information:

- a. Consecutive numbering
- b. Place and date of preparation
- c. Name and address of payee
- d. Concise description of the articles purchased or services rendered

Section

330 - RECEIPTS AND DISBURSEMENTS (Continued)

334. Voucher Procedures. (Continued)

- e. Contract date; order date; contract number, order number
- f. Date of delivery or period covered by services
- g. Other information, if required, such as evidence of receipt of goods or services; account to be charged; name of bank, through which paid; check number and date.

334.1. Supporting Documentation

Further, each voucher should be supported by an invoice containing the firm name of the payee to which the check is to be drawn, the details of the amount claimed and documentary evidence of receipt, inspection and acceptance of materials and services for which claim is made. Such supporting documentation should be signed by a Cooperative Service employee who has knowledge of the facts. Where services have been rendered, there should be attached to the voucher, a memorandum or statement from a responsible officer of the Cooperative Service certifying that the services have been so rendered.

334.2. Payroll Procedures

Vouchers should be prepared to reflect the disbursement for personal services, in accordance with the practice of the Cooperative Service, bi-weekly, semi-monthly, etc. The payroll voucher should indicate the name of the employee, title, salary for the period, annual or monthly salary, deductions from salary and amount to be paid to the employee. Where possible, time and attendance records substantiating the payment to the employee should be attached to the payroll voucher.

Section

330 - RECEIPTS AND DISBURSEMENTS (Continued)

334.2. Payroll Procedures (Continued)

Where it is the practice to pay employees in cash, provision should be made for obtaining a receipt from the payee or the employee's signature on a payroll register, if one is in use.

CHAPTER 300 - ACCOUNTING PRINCIPLES AND PROCEDURES

Section

340 - FINANCIAL REPORTING

341. General. Sound financial management requires that accounting results be conveyed to management through periodical reports. To be of optimum value, reports must be timely, reflect full disclosure of the financial condition and financial activities of a stated period. The content of reports prepared for internal purposes of the Cooperative Service should be so designed as to keep the internal management currently informed. Being thus currently informed, management is required to review the results of operations by analyzing the effects of decisions made by them and to then arrive at possible decisions affecting future operations. Reports to be of maximum value must be prepared on a basis consistent with those prepared in prior periods so as to assure proper continuity. Current requirements for the submission of reports to ICA/W are contained in Manual Orders and are shown in Appendix A.

CHAPTER 400 - AUDITING PRINCIPLES AND PROCEDURES

Section

410 - GENERAL

411. Responsibilities. The head of each executive agency of the Government has the specific responsibility for making appropriate audits of all funds, properties, and other assets for which the agency is responsible. In like manner, funds contributed for Cooperative Services should be subject to the same scrutiny and verification as monies spent directly in furthering the agency's program. Effective internal management controls should be established over the activities of Cooperative Services through adequate and systematic audit procedures and techniques.

CHAPTER 400 - AUDITING PRINCIPLES AND PROCEDURES

Section

420 - BASIC PRINCIPLES FOR VARIOUS TYPES OF AUDITS

421. Voucher Audit. Vouchers submitted to the Cooperative Service for reimbursement or which are submitted as evidence of the expenditure of US local currency funds advanced under project agreements should be covered by an adequate system of administrative examination or audit prior to certification and payment. Detailed instructions with respect to the examination, settlement and certification of vouchers are contained in the Handbooks underlying ICA Manual Orders.
- Basically, before reimbursement is made, there must be positive assurance that (1) necessary authorization for procurement exists; (2) commodities or services were received as ordered; (3) quality and quantity of commodities or services are in accord with contract terms; (4) vendors' invoices reflect appropriate discounts and are properly computed.
422. Counterpart Fund Audit. Where agreements exist which require the cooperating country to deposit foreign currencies in a special account with the understanding that such funds may be used only for purposes mutually agreed upon in advance by ICA and the cooperating country, sound financial management practices require certain safeguards. There should be established effective auditing procedures to insure that (a) deposits are made promptly; (b) counterpart funds are released in accordance with program agreements; and (c) the funds so released are used for the purposes specified in the agreements.

Section

420 - BASIC PRINCIPLES FOR VARIOUS TYPES OF AUDITS (Continued)

422. Counterpart Fund Audit. (Continued)

Agency policy with respect to the review and observation of cooperating country counterpart funds are contained in detail in Manual Orders. (See Appendix A)

423. Contract Audit. All transactions under ICA financed contracts are subject to review and audit. Normally, long term contracts are scheduled for an interim audit after significant activity has been undertaken, usually after 9 months to one year of operations. Final audits of long term contracts are made after work performed under the contract has been completed. On short-term contracts, the first and final audit is made after expiration of the contract. The Co-director of a Cooperative Service is responsible for insuring that the provisions of contracts executed by Cooperative Services are in accordance with established U.S. contracting practices, and that the financial provisions protect the United States interest as a joint contributor to the Cooperative Service. Thus, as an example, it would be wrong for a Cooperative Service to enter into a cost-plus-a-percentage-of-cost contract, which is deemed illegal in the United States and which is not permitted under ICA rules. Generally, the USOM Controller will cooperate with the Business Manager in providing either for the direct audit of contract operations under the Cooperative Service contracts, or for such audit by a public accounting firm engaged by the Cooperative Service. Policies with respect to the engagement of a public accounting firm and detailed procedures with respect to the conduct of a contract audit are contained in the various Manual Orders.

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Section

420 - BASIC PRINCIPLES FOR VARIOUS TYPES OF AUDITS (Continued)

424. Self-Audit Activities. The extent and methods of approach in the conduct of self-audit activities must be adapted to the circumstances prevailing in each Mission and, similar to other forms of internal check, is left to the judgment and discretion of the Business Manager. Since the objective of the self-audits is to assure management that the Cooperative Service financial management is being maintained adequately and effectively on a current basis, the frequency, nature and extent of the audits will depend generally on the size and nature of the Cooperative Service's operations, and the caliber and availability of manpower to perform the self-audit functions. Self-audit activities may be in the form of (a) surveys, for the purpose of appraising the adequacy and effectiveness of prescribed procedures; and, (b) examinations of records and supporting data, for the purpose of verifying compliance with prescribed regulations, policies, and other directives. Analyses of accounts, or other forms of review, also accomplish the stated objectives. In considering the need for self-audits, the Business Manager should review all areas of financial management control, such as accounting, procurement, property records, etc. Current Manual Orders provide guidelines and procedures for the conduct of self-audits. They should be consulted where applicable to the Cooperative Service operations.
425. Audit of Cooperative Services. Audits of Cooperative Services should ordinarily be made annually. The USOM should be the focal point in negotiating with the Cooperative Service in arranging such audit program. Preferably, contracting should be with a

Section

420 - BASIC PRINCIPLES FOR VARIOUS TYPES OF AUDITS (Continued)

425. Audit of Cooperative Services. (Continued) professional firm of United States certified public accountants of established reputation. The cost of such audits are properly chargeable to the funds of the Cooperative Service.

In those instances where the USOM is unable to negotiate arrangements with the Cooperative Service for the engagement of outside public accountants, it is the USOM's responsibility for performing or causing to be performed an appropriate periodic audit. The Mission may, under these circumstances perform the audit by employing an American and such locals as may be required to perform a satisfactory audit. Alternatively, it may employ, on its own account, an independent public accounting firm. When these methods are utilized the cost of the audit is borne by the Mission. Where not any of the above arrangements can be made by the Mission, it may, as a last resort, arrange for the Business Manager of one Cooperative Service to audit the books and records of another Cooperative Service. Current Manual Orders contain specific instructions with respect to the engagement of independent public accountants to audit Cooperative Services as well as the review and observation of ICA financed project-type assistance.

ICA MANUAL ORDERS RELATING

TO COOPERATIVE SERVICES

APPENDIX A

<u>Manual Order No.</u>	
229.2	Office of the Controller
232.2	Functions of the USOM Executive Officer
235.2	Functions of Cooperative Service Business Manager in Administration and Financial Management
251.9	Revised Memorandum of Agreement Between ICA and the General Services Administration
323.1	USOM Administrative Reports (Excluding Fiscal)
704.3	Review and Observation of ICA Financed Assistance: Project Type Assistance Pages 5 and 6 of M.O.
732.1	Allotment Accounting Procedures for Field Missions
732.3	USOM Accounting for Project Assistance
742.1	Basic Financial Management Principles and Standards for Cooperative Services
744.1	Accounting for Dollar Trust Fund Account 72X8502
756.4	Cooperative Service Reports
771.1	Criteria for Determining Administrative and Program Charges
781.1	Auditing - General - Basic Auditing Plan
781.2	Engagement of Independent Public Accountants - Cooperative Services
791.2	Audit of Contracts - USOMs
792.1	Audit of Cooperative Services
1004.1	Definitions of Project and Non-Project Assistance
1021.1	Summary of Steps in the ICA Programming Process
1084.1	Instructions for the Preparation and Use of Form FOA 10-2- Cooperative Service Proposal and Approval
1085.2	Procedure for Concluding Agreements - Providing Cash Contributions to Cooperative Services

ICA MANUAL ORDER REFERENCES
RELATING TO COOPERATIVE
SERVICES

APPENDIX A(C)

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MANUAL ORDER TRANSMITTAL LETTER	General -	Date
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MATERIAL TRANSMITTED:

M. O. 742.2 - Accounting Principles and Procedures for Joint Entities
(Cooperative Services and Joint Funds)

This manual order sets forth accounting principles and procedures for the guidance of USOM Controllers and Business Managers in the development and installation of accounting systems for joint entities, i.e., Cooperative Services, Servicios, joint funds, etc.

The system for joint entities has been designed within the principles outlined in M.O. 742.1 "Basic Financial Management Principles and Standards for Cooperative Services," and to facilitate the preparation of reports to ICA/W under M. O. 756.4, "Joint Entity (Cooperative Service and Joint Fund) Reporting."

It is expected that the system will be adapted to individual situations and that USOM Controllers, in conjunction with Cooperative Service Business Managers or appropriate officer of the Cooperating Government in the case of joint funds, will review the accounting systems and procedures and make necessary revisions and installation at the earliest opportunity.

ACCOUNTING PRINCIPLES AND PROCEDURES
FOR
JOINT ENTITIES

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I. Introduction

A. Purpose

1. The accounting system and related procedures contained in this Manual Order are for guidance only. They are designed for use by Joint Entities (Cooperative Services and Joint Funds) in developing systems and procedures for their operations within the applicable provisions contained in operating agreements with cooperating governments regarding the expenditure, audit, and accounting for funds. This Order prescribes the principles governing the maintenance of the general ledger, the project ledgers, and other subsidiary records, ledgers, and journals. It contains procedures for the establishment and maintenance of accountability records for contributions to Cooperative Services in accordance with the general principles outlined in Manual Order 742.1, "Basic Financial Management Principles and Standards for Cooperative Services."
2. Although it is recommended that this basic pattern be followed to the extent possible, the Joint Entity may deviate therefrom as necessary. The important principal is that an effective system of accounting be established. No attempt is made to prescribe every individual account, or to cover all types of transactions, but to provide the basis within which Joint Entities may build their systems and procedures.
3. The USOM Controller, in conjunction with a Cooperative Service Business Manager or appropriate officer of the cooperating government in the case of joint funds, are expected to develop and issue accounting systems specifically designed for the individual entity.

B. Accounting Objectives

The principal objective of the accounting system is to provide a source of financial data from which management determinations can be made and to establish methods for recording and reporting the receipt and expenditure of funds and resources accurately and adequately. It is the intent that the system:

1. Provide the source data for the preparation of timely and comprehensive financial reports to local management and to ICA/W under reporting requirements set forth in M.O. 756.4.
2. Provide control over the receipt and expenditure of funds and resources.
3. Provide accounting support for budget requirements.
4. Provide a basis for the verification of the accountability of persons administering funds and property.
5. Provide a historical record of financial transactions.
6. Provide the financial data for audit review and appraisal.

II. Definitions

A. Joint Entities

Joint entities, as used herein, is a broad term encompassing those separate entities (normally instrumentalities of the cooperating country), established by agreement between an ICA Mission and a cooperating ministry or agency of the other country, to which contributions to provide operating capital are made by the respective parties and deposited to an account of the joint entity. Ordinarily the basic agreement establishing the joint entity specifies that:

1. The Joint Entity is an agency or instrumentality of the cooperating government or ministry.

2. The Joint Entity is to be jointly administered.
 - a. Its activities are to consist of projects jointly agreed upon between representatives designated by ICA and the Cooperating Country.
 - b. The policies and procedures of the Joint Entity relating to administrative matters, such as procurement personnel and fiscal management, are to be jointly agreed upon by such representatives.
3. The operations of the Joint Entity are financed with cash contributions from ICA, the cooperating country, third parties, and miscellaneous items of income. Such contributions are deposited to the account of the Joint Entity. In addition to such deposited funds, the contributors may make contributions of commodities or services directly to projects carried out by a Joint Entity.

B. Joint Entity Annual Contribution Agreement

An annual agreement signed by the USOM Mission Director (or his delegate) and the designated representative of the Cooperating Government which provides funds to continue the Joint Entity operation for a year. This agreement, usually referred to as a "Contribution Agreement" specifies the dates of payments and the amount of cash contributions to be contributed by each Government, and specifies any additional contributions to be made by either or both Governments.

C. Miscellaneous Income

Miscellaneous Income represents all income and/or earnings not derived from Contributions or Donations to the Joint Entity. Miscellaneous Income includes interest income, sale of services or property, income from an operating project, or similar revenue items.

D. Project Agreement

An agreement signed by the Director of the Joint Entity (who is also, generally, the Chief of the USOM activity) and by the Cooperating Governments' Chief of the activity field related to the Joint Entity program, such as the Minister of Health, or his designee, in the case of a Public Health Program. Occasionally, a third party likewise intends to contribute funds, materials, or services to a specific project and may sign the agreement to that effect, or a separate Third Party Project Agreement may be executed. The agreement cites the problem and its history, the project objectives, the proposed program, fiscal planning and financing plans for one year, and the organization which will be responsible for continuation or maintenance upon achievement of the project objectives. Yearly amendments are normally executed setting forth the yearly plans (or program), proposed objectives, and the financial plan (or budget) for the year.

E. Third Party

Any contributor to the resources of the Joint Entity other than the United States and the Cooperating country agency making contributions in the annual Contribution Agreement. Such Third Parties may include other agencies or instrumentalities of the cooperating government, a private individual, or any other organization. The obligation of such third party is normally formalized, in a "Third Party Contribution Agreement" or by Third party signature of a Project Agreement.

III. Basic Accounting Plan

The accounting system and related procedures herein prescribed provide financial management controls, including internal controls, within the scope

of the basic management principles and standards set forth in Manual Order 742.1. The system as designed provides for a complete and reliable record, stated in monetary terms of the operations, and provides records for reports of the financial condition of the Joint Entity. The system provides for control over assets and liabilities, including fiscal detail on contributions, accounts receivable, property, disbursements, and collections consistent with generally accepted accounting practices.

The basic accounting records prescribed are: i) the General Ledger, ii) the Project Ledger, and iii) the Cash Disbursements Journal-Voucher Register. These records are to be supported, as applicable, by vouchers for the payment of goods and services, collection schedules, journal vouchers, and other documents which will provide evidence of and include the authority for the fiscal transactions.

Government depository facilities or appropriate banking institutions will be designated official depositories by the joint ICA-Cooperating Government Representatives and should be used for the transaction of Joint Entity business.

IV. General Ledger

The General Ledger serves as the basic record in the accounting system and consists of accounts in which are recorded in detail or in summary the financial transactions relating to assets, liabilities, income, expenses, budgetary and the net worth of the Joint Entity.

The General Ledger Chart of Accounts and Account Descriptions are included as Appendix A, and Pro-Forma Entries are included as Appendix B to this manual order. The account descriptions indicate the title and type of

account, the purpose, the entries representing the most common types of transactions, the posting media to be used and the contra account involved. The pro-forma entries include the basic entries, however, when it is necessary to make an entry which is not prescribed, such transaction shall be recorded in a manner consistent with generally accepted accounting practices, and in accord with the general principles outlined herein. When necessary for special management purposes, additional accounts may be required. Such additional accounts should be susceptible of consolidation with the basic accounts prescribed. (See Appendices E and F for suggested forms for General Ledger Accounts.)

The Accounting system contained herein follows generally the accepted practice of maintaining the General Ledger on an accrual basis. The Project Ledgers, however, do not show accrual data. This difference in basis for maintaining the General Ledger and Project Ledgers recognizes the present reporting instructions contained in M.O. 756.4 which calls for the report 7-100 on a cash disbursement basis. However, if in actual practice it is found desirable to maintain the accounting system completely on an accrual basis, i.e., by recording accrual data to the Project Ledgers as well as the General Ledger, at the end of each reporting period, the accrual basis should be used. Under those circumstances, reporting under M.O. 756.4 on report 7-100 and 7-101 completely on the accrual basis will be permissible.

V. Project Ledger

The Project Ledger, (Appendix C) is a record of funds programmed by project agreement and made available to a specific project. This ledger combines

for a project the allotments, obligations, and the distribution of expenditures against project funds. It is subsidiary to and controlled by the general ledger. The ledgers serve as books of original entry and as subsidiary records to budgetary control accounts in the general ledger. A ledger account is maintained for each active project.

VI. Cash Disbursements Journal-Voucher Register

The Cash Disbursements Journal-Voucher Register, (Appendix D) serves to provide a chronological record of all vouchers issued, whether cash or non-cash vouchers, and payments made. It includes a consecutive record of checks issued against each bank account, the payee, and the general ledger account(s) affected.

VII. Collection Register

No entries to a collection register have been included in this M.O. for the reason that it is expected that the number of collections during an accounting period may not be of sufficient volume to warrant a separate register. The system as designed herein provides for collections to be recorded direct to the accounts receivable, cash or other general ledger account(s) affected from the collection document. If, however, the volume of collections becomes so great as to make recording them direct to the general ledger undesirable, a collection register should be established. Such a register would provide a permanent record of the receipts and disposition of collections received. As a minimum, this register would show the date the remittance was received, name of remitter, type of remittance, amount of remittance, and the general ledger account affected.

VIII. Subsidiary Records

To the extent deemed necessary and consistent with sound accounting practices subsidiary records and accounts have been established. This section of the M. O. contains a brief description and explanation of the use of the subsidiary records maintained. Such subsidiary records and accounts are balanced or reconciled periodically with the related control accounts in the general ledger.

- A. Accounts Receivable Files. These files consist of documents evidencing amounts due for agreed contributions, goods or services sold for reimbursement, and for the refund of overpayments. These files are maintained by debtor and are subsidiary to the related general ledger receivable control accounts. Periodically all receivables should be reviewed to determine the status of amounts outstanding for more than a reasonable period, e.g., 90 days, and follow-up action should be taken on those accounts determined to be delinquent. Appropriate conditions for write-off of uncollectibles should be established and should include provision for approvals by responsible officials. No employee who is responsible for the maintenance or control of accounts receivable shall be responsible for receiving collections.
- B. Travel Advance Records. An individual record should be maintained controlling the amounts advanced to each employee. These records are subsidiary to the related general ledger Travel Advance account. Travel advances should be made only to employees of the Joint Entity when performing official travel.

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- C. Time and Attendance Records. Records are maintained to show for each employee the hours in a pay or non-pay status, the leave earned and taken, and the balance of leave to the credit of the employee. These records are used as a means of control over the employees' time and serve as the basis for preparing the payroll.
- D. Individual Payroll Records. These records are maintained to show for each employee the gross earnings, deductions, if any for retirement, taxes, etc., and the net amount paid to the employee for each pay period. These records are subsidiary to related general ledger control accounts, such as "Employee Deductions Withheld," etc.
- E. Property Records. These records are maintained to show the necessary identification, including project number, location, and cost information relative to property, including real property, which has been capitalized except for "warehouse" or "stores" property. As a minimum, the record should contain a description of the property, property or serial number, capitalized value, date of acquisition, and location of the property. With respect to nonexpendable personal property the name, number or symbol of the accountable officer will also be included as a part of the record. These records serve as a written control over the property and are subsidiary to the applicable general ledger property control accounts.
- F. Perpetual Inventory Records. These records are maintained to show the quantity and value of stores received, issued, or otherwise disposed of, and the quantity and value of stores on hand. They provide a basis for comparison with results of periodic physical inventories, furnish data essential to maximum effectiveness in

planning and purchasing activities, and utilization, and serves as a control over the stores on hand. From these records it is possible to determine at any time the investment in inventory. These records are subsidiary to the general ledger stores control account.

- G. Joint Entity Records of Advances to Imprest Fund Cashiers and Project Disbursing Officers. Records are maintained by the accounting office for each imprest fund cashier and project disbursing officer. The records support the related control account in the general ledger (See account No. 1080 and 1090) and consist of a card or ledger record for each imprest fund cashier or project disbursing officer, showing the name of the cashier or officer, reference to his "Designation," the amount advanced, and the maximum amount authorized. All cashiers should be bonded. The maximum amount authorized to be advanced to a cashier should not exceed the amount specified in his designation and should ordinarily not be in excess of the bond coverage. Advances to cashiers are generally made by check(s) drawn against un-earmarked funds. The advance will be in the form of an "Imprest Fund." The term "Imprest Fund" shall mean a fixed cash or petty cash fund in the form of currency, coin, or checks which has been advanced without charge to an allotment, to be used for cash payments, payrolls, or other cash requirement purposes as specified in the cashiers designation. The fund is usually a revolving type, replenished to the fixed amount spent or used on submission of a replenishment voucher supported with evidence of each expenditures. Cash funds advanced to cashiers are held by them at their personal risk. Such funds shall be safely held by the cashier having regard to the con-

ditions under which he acts, the needs of the entity, and other circumstances upon its security. Funds should never be advanced unless adequate facilities for safeguarding the cash in the custody of cashiers are available for their use.

It is expected that a handbook or manual will be prepared by responsible officials of the joint entity, prescribing detailed procedures and providing for uniform methods of operation, for use of designated cashiers. As a guide in the development of such handbook or manual, "Manual of Procedures and Instructions For Cashiers' Operating Under Executive Order No. 6166" prepared by the Division of Disbursement of the U.S. Treasury Department and General Accounting Office Policy and Procedures Manual, Title 7, Chapter 5100, are recommended for use.

- H. Journal Vouchers. Journal Vouchers are prepared when other suitable posting media are not available, for each transaction or group of transactions to effect postings to the general ledger in those cases where Books of Original Entry are not maintained. Journal vouchers are supported by other documents reflecting additional detail related to the transaction (s) or refer to the supporting documentation in the explanation. Journal Vouchers provide for a reference, an explanation of the entry, and debit and credit account numbers and amounts. (See Appendix G). Signatures of the preparing and approving officials are also required. The journal vouchers are dated and numbered consecutively to provide a control over their use. A new series of numbers should be used each year. Journal vouchers are filed by voucher number in a binder or file, and taken together they constitute a General Journal.

IX. Obligating Concepts.

Obligations should be incurred only within the budget limitations or financial plan for approved projects, as specified in signed project agreements. In general, their incurrence should be further limited to the extent of the unobligated cash resources available to the Joint Entity. This would include earnings and miscellaneous income. Agreed contributions receivable during a current fiscal year, may be considered as available for obligation when in the judgment of the management, the following conditions prevail: i) payment for any such incurred obligations will not fall due prior to the agreed payment date of the contribution, and ii) the contributors have made adequate budgetary provisions for their contributions, and finally iii) the experience of the Joint Entity over the years provides substantial assurance that the contributors will make their contributions as scheduled.

Adequate provision must be made for administrative control over obligations and expenditures. One way to make certain that obligations are incurred only when there is an unobligated balance available for the purpose is to require pre-validation of each obligating document prior to its release. Under this method all obligating documents flow to the accounting section responsible for the maintenance of the project ledgers to determine whether there is a sufficient unobligated balance in the allotment. If there is a sufficient balance, the unobligated balance of the allotment is reduced by the amount of the obligation and the document is marked "pre-validated," with the date and the initials of the employee performing the action, thus indicating a sufficient balance before releasing the obligating document.

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Although all obligations must be recorded prior to the end of an accounting period, pre-validation of all obligations is not necessary. For example, it is not necessary to pre-validate recurring charges such as payrolls, rents, small purchases, and small requisitions from Stores. Instead, administrative instructions and limitations as to any one amount which may be expended without pre-validation may constitute effective control. These alternatives are appropriate only when the unobligated balances are relatively large in relation to such proposed expenditures for the project. When unobligated balances are relatively small, it may be necessary that each proposed obligation be "pre-validated."

Obligations shall be recorded promptly and accurately in the project ledger affected. When the exact amount of the obligation is not known at the time it is incurred, an estimated amount, based on the best available information, shall be used. Routine or nominal adjustments of obligations are made in the current period. Retroactive adjustments of records or reports are not required.

X. Allotments

Allotments should be made to projects on a quarterly basis to finance projects within available funds. The allotments should not exceed amount of cash resources available (except as described in paragraph IX above). When scheduled contributions have not been received, the requirements for each project should be reviewed, and allotments in reduced amounts or for an interim period should be issued.

The funding plan for each project should be reviewed prior to issuance of quarterly allotments, and the amount allotted should be revised upward or downward in all cases where the original project plan has been revised.

XI. Payment of ICA Contribution to Joint Entities.

The following statement of policy relative to the payment of the ICA Contributions to Entities is furnished for the guidance of USOMs.

- A. USOMs are authorized to meet their obligation as of a given date to make an agreed contribution to a Joint Entity providing that the Cooperating Government's contributions up to that date, prescribed by the Basic and Supplemental Agreements, have been paid.
- B. If there is reason to believe that a Cooperating Government's contribution may not be made when due, it is considered that this is not sufficient justification for the USOM to fail to meet its contribution if the provision in paragraph A., above, has been complied with.
- C. Should the contribution for a prior period not have been made by the Cooperating Government, USOMs are to withhold contributions until the Cooperating Government becomes current. No deviations are authorized without specific ICA/W approval.

XII. Property Accounting

- A. Purpose. For the purpose of this manual order, property is referred to as either real property or personal property. Personal property is in turn classified as expendable and nonexpendable. For control within the general ledger system, property transactions (other than Real Property) are recorded to two basic control accounts, i.e., "Stores," and "Equipment-Operating." A separate control account is maintained for "Real Property."

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B. Stores

1. Stores consist of those items of supplies, materials, and equipment when carried in stock, which are maintained in storerooms for issue as needed by the various projects. The projects are charged with the cost of the stores at the time of issue and the credit flows back to general funds and may be used to replace stores inventory, as and when needed. Special accounting treatment for equipment drawn from stores to a project is described below under "Equipment-Operating."
2. The Accounting plan is based on the precept that all material received will be processed (from an accounting view point) through the Stores accounts. The pro forma entries reflect this treatment. However, in all instances where a Stores Inventory is not maintained, or where items are frequently ordered for direct delivery to a particular project, this procedure may be modified to provide for the charging of such purchases of material directly to the individual projects.
3. In order to fix responsibility for the custody of the stores inventory, access to storerooms should be restricted to the individual(s) to whom responsibility for custody has been delegated. Other individuals should be permitted access to the storage area only when authorized.

4. The operation of the General ledger stores control account has been designed to record and to disclose the results of all supply and material transactions (including equipment not charged to project) and to control subsidiary stores records.
5. Perpetual inventory records should be maintained for each item or class of stores items included in the general ledger control account. The perpetual inventory record should be maintained by an employee(s) who has no responsibility in connection with custody of the storeroom or the receipt of stores.
6. The value of stores items recorded in the accounts and records will be the cost price shown on the receiving copy of the purchase order less commercial or trade discounts. To the extent practicable, transportation expenses will be added to the value of the stores. However, those transportation costs which are not included in the amount paid to the vendor and which do not represent a significant portion of the cost of the item involved, are charged as overhead costs and are not included in the value of the item. Cash discounts shall not be considered in determining the value of stores, but will be credited to the general ledger account for "Income--Miscellaneous."
7. Receiving reports are the basis for recording increase entries to the perpetual inventory records and are used to support invoices from vendors for payment, or to verify earlier payment on a commercial or Government Bill of Lading.
8. Stores issues are made only on properly authorized requisition forms. Copies of such forms are the basis for decrease entries to perpetual

inventory records and are also forwarded to the employee responsible for the maintenance of the Cash Disbursement Journal-Voucher Register and the Project Ledgers. Stores requisitions should be recorded currently.

9. A physical inventory should be taken at least annually of all store-room items on hand. To accomplish a complete inventory at one time is in some cases impracticable; therefore, cycle inventories of a certain class or classes of inventory items, taken when opportunities present themselves throughout the year, may be appropriate in these circumstances. Persons performing the actual inventory count and tallies thereof should be thoroughly instructed and properly supervised by a disinterested third party (i.e., some one other than the warehouse superintendent or other store accountable officer). Copies of the inventory listings are forwarded to the employee who maintains the perpetual inventory records and to the employee maintaining the general ledger accounts for appropriate reconciliation and adjustment of accounts and records. Unusual overages are thoroughly investigated and significant shortages are the subject of a Report of Survey. Journal entries required as a result of the inventory will be supported by the report of investigation or survey action as appropriate.
10. Materials returned from a project should not normally be credited to a project. This policy is designed to discourage projects from ordering excess supplies and then returning them to stores when obsolescence is imminent. This does not preclude consideration of the development of a policy for return of stores items for credit to a project as appropriate.

11. Specific instructions relative to the operation of the stores and the perpetual inventory accounts should be in writing. Such instructions should include control procedures, arrangements for periodic reviews of overall stores management, determination and disposal of obsolete and excess items, maximum monetary value of material in stores, controls to prevent excess purchasing, inventory procedures, review of administrative cost of operations and costs due to obsolescence, shrinkage shortages, etc.
12. When payment for material is made on a Bill of Lading prior to receipt, the cost will be charged to a "Stores in Transit" account until the material is actually received.

C. Equipment-Operating

1. Non-expendable personal property, (i.e., other than realty) categorized in the accounts of this manual order as "Equipment-Operating," is an article of property which i) is complete in itself; ii) does not lose its identity or become a component part of another article when placed in use; and iii) is of a durable nature with an expected useful life of more than one year. In addition to the three foregoing inherent qualities, such property must be significant as to unit price, quantity, or nature. A replacement value of approximately \$25.00 shall be considered as a reasonable guide line as to unit price in determining whether or not the property should be capitalized. Examples of articles which may be exceptions to the general criteria because of quantity or nature are certain type of precision instruments, office and household furniture, etc., articles of a precious

nature, such as gold and other precious metals and articles partially made thereof when the value is significant; and seals and other devices indicating official approval or authority.

2. It is intended that all non-expendable property will be initially charged to the "Stores" account when received in the Stores warehouse, and will subsequently be capitalized in the "Equipment-Operating" account when issued to a project. A sample entry for this transaction is shown in the attached appendixes. When equipment is ordered for direct delivery to a project, the costs should be charged directly to the "Equipment-Operating" account and recorded on the appropriate project ledger.
3. Non-expendable personal property shall be recorded at "cost" if purchased. Cost shall include transportation and installation expenses where appropriate (See paragraph B.5. above for guidance). Cash discounts for payments within a specified time will not be deducted from the purchase price in arriving at the cost to be capitalized, but will be recorded to "Income-Miscellaneous."
4. Non-expendable personal property sold, transferred, donated, or otherwise disposed of shall be removed from the general ledger accounts upon receipt of notice of such disposing. Normally, when property is released by a project, the cost of the property would not be treated as a reduction in cost of the project. Some dispositions, however, may be considered to be for credit to the affected project. In cases where credit is given the project giving up the property, notice of the transaction and the estimated residual value

of the property is used to adjust the cost to the project in the affected Project Ledger as well as to make adjusting entries in the general ledgers. (See sample of both types of transactions in attached appendices)

5. The general ledger account provided for "Equipment-Operating" includes only that equipment owned and in use by the projects. Equipment, if stocked as an inventory item, is considered to be a "Stores" item and carried in the Stores General Ledger account until issued to a project or otherwise disposed of.
6. Physical inventories of non-expendable personal property should be taken annually. The inventory should be performed or supervised by disinterested personnel to provide the proper degree of internal control. In the count of items of property, items shown on property records but not on hand should be listed for subsequent Report of Survey action. Items on hand that are not on the property records should be listed for subsequent investigation and documentation to assure that they are picked up in the appropriate records. Appropriate adjustment entries, supported by property documented approvals of the inventory changes, should be made to the general ledger accounts and properly record cards.

D. Real Property

1. Real property consists of land and buildings to which the Joint Entity has full title and which may be disposed of in a manner decided by the Joint Entity. Such property when acquired shall be capitalized at "cost." Cost includes all costs, fees, etc., incurred in the acquisition of the property.

2. Improvements or betterments which materially increase the value of the property shall be capitalized. Cost of repairs, overhauls, and ordinary replacement shall be charged as expense.
3. The general ledger account provided for recording "Real Property" will include only that property owned by the Joint Entity. Rental property, and property on loan to the Joint Entity as specified in a Project Agreement, are not included in this account, unless title to the property is transferred to and in the name of the Joint Entity. The general ledger account will control subsidiary property records maintained for the specific items of property.
4. Real property created by a project is normally vested in a third party, since the structure is normally erected on land owned by a third party. This type of property should not be recorded in the asset account "Real Property" but should be recorded as a project expense. This principle should be followed even in the rare instance where title vests in the Joint Entity during the period of the construction (or development) of the demonstration project. If the title is vested in the Joint Entity after completion of the project, the cost of the real property should be established in the accounts by a journal entry debiting "Real Property" and crediting "Net Worth."

E. Property Received In-Kind and Donations.

1. Property received in-kind as specified in contributions agreements will be recorded to the respective accounts included above. The value at which such property is capitalized depends on the value placed on the property in the contributions agreement. Property

contributed as in-kind contributions is distinguished from property donated in that in-kind contributions are received in lieu of cash and when such contributions are received they are treated in the accounts the same as cash. For example, equipment received in-kind would be recorded as a liquidation of the receivable established at the time the contributions agreement was signed and the value of the equipment would be recorded first in the stores account and subsequently, if issued to a project, in the Equipment-Operating account in the same manner as other equipment issued to a project. In some instances a donation or in-kind contribution of equipment is intended for a project and is in excess of the fiscal plan for the project. In those cases, an allotment increase to the project may be required when the accounting transfer is made from the Stores account to the Project account.

2. Property donated will be recorded at the estimated fair value at the time of the donation. Donated property is distinguished from in-kind contributions in that such property is not received per a contributions agreement and the value placed on the property is not a part of the agreement. In addition, unless the donated property represents property in addition to that programmed for the project receiving the property, no additional allotment is made to the affected project. Instead, the value of the donation results, in effect, to increase the amount of the general unearmarked resources available.

XIII. Accounting Policies relative to Income Producing Operations

A. In instances where a project or activity is of an Income producing nature, such as a demonstration Machinery Pool Operation, the following principles will be followed:

1. Any monies received will be considered and reported as Miscellaneous Income. Reports to ICA/W will be footnoted to show the amount received from the Income producing activity. A separate account in the Income series of the General Ledger should be established, and all receipts recorded to that account. Subsidiary information relative to the nature of the income should be maintained in order that business-type statements of the operation can be developed and issued. These receipts are available for any programming activity of the Joint Entity as agreed to by the Co-Directors.
2. A business-type Cost Accounting procedure should be prescribed for the operation as a subsidiary to the Project Ledger for that project. The Project Ledger will reflect the entire costs of operating the activity. The subsidiary cost accounting records will provide costs categorized to provide meaningful comparative operating costs. Care should be taken to assure that all costs applicable to the project are charged to such an operation. Estimated gross costs of such projects will be included in each year's extension project agreement budget.
3. Separate operating statements of a business-type, including a profit and loss statement and balance sheet for each such project will be prepared at the end of each month.

- B. The entries relative to the Stores Account permit this account to be operated as a project with the record maintained on a Project Ledger. In this case, as transfers are made from the Stores Warehouse to the individual projects, the Stores account will be credited. Normally, the material issued from Stores to a Project will be charged at cost. The balance in the Stores Account will always represent the cost value of the material in stock.

XIV. Collecting and Disbursing

A. Depository Accounts

All funds received should be deposited promptly to officially designated depositories. Such depositories are specified by the Co-Directors of the Joint Entity. In no case should funds be withdrawn therefrom except by a check supported by an appropriate payment voucher or other authorized document.

B. Checks

1. Each check drawn upon the checking account shall be signed by the individual(s) authorized by the Co-Directors. It is desirable that provisions be made to require two co-signers occupying any of the following positions; Director, Co-Director, Business Manager, and the Cooperating Government Minister or his designee. It may be desirable to require that the authorizing document be countersigned by the above-named officials in which case only one signature would be required on the checks.
2. Checks are obtainable from the bank(s) in which funds are deposited. The checks should be pre-numbered consecutively. Damaged or cancelled checks should be retained and "voided." After retention for a period of one year, or until audited whichever is later, a list of the check numbers of voided checks should be prepared and such checks destroyed

in the presence of two authorized co-signers. The witnesses to the destroying of the checks should sign the list of checks destroyed to the effect that "The above-cited damaged and cancelled checks were today destroyed in our presence", the signatures should be dated.

3. Deposit of cash and checks should be made the same day received, except when such deposit would not be practicable, in which case it should be made the following business day.
4. Deposits will be prepared on bank-approved deposit slips which when receipted will be recorded on a schedule of collections and provide the accounting document for recording to the general ledger.
5. An individual no longer authorized to sign checks will have his name removed by the bank from the list of approved signers through instructions in writing acceptable to the banking institution.
6. Each signer should be properly bonded in an amount consistent with the amount of funds generally on deposit. A blanket surety bond may often be obtained to cover all signers.
7. Procedures in writing for proper control of checks from the time signed until mailed or delivered to payee should be issued.

C. Reconciliation

Accounting office personnel shall be responsible for reconciling all checking accounts with the bank statements received periodically from the bank(s). The reconciliation shall be effected promptly, and appropriate action taken to adjust any reconciling items. Working papers supporting such periodic reconciliations shall be made a part of the official file of the accounting office.

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D. Audits

Audits of check stock (pre-numbered) should be made at reasonable intervals and should include a review of the adequacy of controls over undeposited funds, petty cash funds, and issuance of checks.

XV. Vouchering Procedures

A. General

A standard voucher form should be adopted, or vendors' invoices may be used in vouchering for all purchases and services, other than personal.

B. Content

Vouchers or invoices should contain the following information:

1. The place and date of preparation, the name and address of payee, and the number of the voucher. Vouchers should be numbered consecutively for each joint entity fiscal year, i.e., the first voucher in fiscal year 1960 would carry number 60-1, or 0-1, etc.
2. A concise description of the articles purchased or services rendered, reference to the pertinent contract or purchase order, date of contract or order, and date of delivery of articles (or bill of lading when payment is made prior to receipt), or period of service covered by the voucher. Additional information such as total value of contract and amount paid prior to preparation of the current voucher should be included where appropriate.
3. When a receiving report or memo is not attached, a certification to the effect that "the above-described materials were received in good condition; that services described were rendered and that they were required for the official use of the joint entity" shall be required.

4. Space for distribution of charges to the applicable project ledgers by class of expense.
5. Space for recording the name of the bank(s) against which checks are drawn in payment, the amount drawn, the check number, dates paid.

C. Supporting Documentation

1. Each voucher should be supported by an invoice containing the firm name of the payee (which is the name to which the check is drawn) and the details of the amount claimed for the articles or services provided.
2. Documentary evidence of receipt, inspection and acceptance of materials and services for which claim is made, signed by an employee who has knowledge of the facts, an attached memo from a responsible service officer that services have been received, or the certification described in sub-paragraph 3. above, shall be the minimum basis for authorization of payment of claims.

D. Personal Services

1. It is a customary practice to payroll on either a bi-weekly or semi-monthly basis. A voucher for personal services should be used in payment of salaries or wages of employed personnel.
2. The payroll voucher should cite the name, title and salary (by month or year) for each employee payrolled. Each employee is paid the net amount indicated after deductions from the gross pay. Each voucher must be based upon an accurate record of time and attendance for each employee for the period covered.

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XVI. Financial Reporting

Accounting results are conveyed to management through reports; to be of maximum value they must reflect a full disclosure of the financial activity and status, and be rendered promptly. The content and arrangement of reports for internal purposes should be designed to serve the objectives of keeping management currently informed and should be related to the assignments of management responsibility within the Joint Entity. Management has the obligation to review the reports to see that financial operations, including the effect of decisions made by them have been properly reflected.

The system of accounts contained in this M.O. has been designed to facilitate the preparation of external reports required under M.O. 756.4. These external reports which were designed basically for ICA/W use should be supplemented as needed by financial reports specifically designed for Joint Entity and USOM use.

All reports developed should disclose essential financial facts for the period covered and data reported should be on a consistent basis from one period to another to assure proper continuity.

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APPENDIX A
GENERAL LEDGER CHART OF ACCOUNTS
and
ACCOUNT DESCRIPTIONS

The account descriptions indicate the title and type of account, the purpose, the entries representing the most common type of transactions, the posting media to be used, and the contra account involved. The pro forma entries include the basic entries. However, when it is necessary to make an entry not prescribed, such transaction shall be recorded in a manner consistent with generally accepted accounting practices, and in accord with the general principles outlined herein.

When necessary for special management purposes, additional accounts may be required. When such additional accounts are established, they should be susceptible of consolidation with the basic accounts provided and within the account numbering plan indicated.

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When necessary for special management purposes, additional accounts may be required. When such additional accounts are established, they should be susceptible of consolidation with the basic accounts provided and within the account numbering plan indicated.

GENERAL LEDGER
CHART OF ACCOUNTS

CURRENT ASSETS

1020	Checking Account (name of local currency bank)
1030	Checking Account (name of U. S. currency bank)
1080	Cash - Advance to Project Disbursing Officers
1090	Cash - Imprest Funds
1130	Travel Advances
1210	Contributions Due and Not Received - USOM/(name of coop. gov't.)
1220	Contributions Due and Not Received - (name of coop. gov't.)
1230	Contributions Due and Not Received - Third Party
1240	Accounts Receivable - General
1310	Receivables - Contribution Agreement - USOM/(name of coop.gov't.)
1320	Receivables - Contribution Agreement - (name of coop. gov't.)
1330	Receivables - Third Party Agreements.
1410	Stores
1470	Stores In Transit.

FIXED ASSETS

1510	Equipment - Operating
1610	Real Property

CURRENT LIABILITIES

2010	Accounts Payable
2110	Accrued Liabilities
2210	Employee Deductions Withheld
2310	Suspense Deposits

INVESTMENT

3010	Net Worth
3110	Contributions and Income - Unprogrammed
3130	Contributions and Income - Anticipated
3140	Contributions and Income - Realized
3210	Programmed Funds - Unallotted
3220	Unobligated Funds
3230	Unliquidated Obligations
3240	Expended Funds

INCOME

4410	Income - Operating
4510	Gains and Losses on Foreign Exchange
4520	Gains and Losses on Disposition of Property
4530	Gains and Losses on Inventory Adjustments
4710	Income - Miscellaneous

EXPENSE

5010	Expense - Operating
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1020 CHECKING ACCOUNT (NAME OF LOCAL CURRENCY BANK)

is is a debit balance (asset) account maintained to show the amount of cash in local currency on deposit in the bank named. A separate account, within the account numbering plan indicated above, should be established for each bank with which the Joint Entity is involved.

Debit:

(5)a. Amount received in payment of an agreed contribution after the agreed date of payment.
Contra to account: 1210, 1220, 1230
Posting media: Collection schedule or other advice of receipt.

(5)b. Amount received in payment of an agreed contribution on or prior to the agreed date of payment.
Contra to account: 1310, 1320, 1330
Posting media: Collection schedule or other advice of deposit.

(5)a. Exchange of U.S. currency into local currency without a gain or loss on the exchange.
Contra to account: 1030
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(6)b. Exchange of U.S. currency into local currency with a gain on the exchange.
Contra to account: 1030, 4510 (amount of gain)
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(6)c. Exchange of U.S. currency into local currency with a loss on the exchange.
Contra to account: 1030
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(6)c. Repayment of an advance to close ; an Imprest Fund.
Contra to account: 1090
Posting media: Collection schedule.

Credit:

(8)a. or b. Establishing or replenishing an Imprest Cash Fund.
Contra to account: 1090, 1410, 5010
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(9)a. Making a cash advance to a traveler.
Contra to account: 1130
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(9)b(2). Paying a traveler the amount that his reimbursement voucher exceeds the amount of his outstanding cash advance.
Contra to account: 5010
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(10)a. or b. Establishing or replenishing an advance to a Project Disbursing Officer.
Contra to account: 1080, 1410, 5010
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(15) Amount of disbursement vouchers, other than payroll vouchers, paid.
Contra to account: 1410, 1470, 1610, 5010
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(21) Amount of payroll vouchers paid.
Contra to account: 5010
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

1020 CONTINUED

(9)b(1). Liquidation of a travel advance in whole or in part by a cash payment.

Contra to account: 1130

Posting media: Collection schedule.

(10)c. Repayment of an advance to close out a Project Disbursing Officers Account.

Contra to account: 1080

Posting media: Collection schedule.

(11) Interest received on bank deposits.

Contra to account: 4710

Posting media: Advice of interest received.

(12) Amount of collection received as refund of overpayments when no billing has been issued.

Contra to account: 1410, 1510, 1610, 5010

Posting media: Collection schedule.

(13)b. Amount of bills collected for reimbursable services furnished or goods and equipment sold.

Contra to account: 1240

Posting media: Collection schedule.

(14)b. Amounts collected for bills rendered for refund of overpayments.

Contra to account: 1240

Posting media: Collection schedule.

(18)a. Disposition of property by cash sale.

Contra to account: 1410, 1610, 4520

Posting media: Collection schedule.

(23)a. Amounts deposited to guarantee contract performance, etc.

Contra to account: 2310

Posting media: Collection schedule.

(22) Amount of employee deductions withheld for taxes, retirement, etc. paid.

Contra to account: 2210

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(24) Amount of contract deposits, etc., returned.

Contra to Account: 2310

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

1030 CHECKING ACCOUNT (NAME OF U. S. CURRENCY BANK)

This is a debit balance (asset) account maintained to show the amount of cash in U. S. currency on deposit in the bank named. A separate account, within the account numbering plan indicated above, should be established for each bank with which the Joint Entity is involved.

Debit:

(5)a. Amount received in payment of an agreed contribution after the agreed date of payment.

Contra to account: 1210, 1220, 1230

Posting media: Collection schedule or other advice of receipt.

(5)b. Amount received in payment of an agreed contribution on or prior to the agreed date of payment.

Contra to account: 1310, 1320, 1330

Posting media: Collection schedule or other advice of receipt.

(11) Interest received on bank deposits.

Contra to account: 4710

Posting media: Advice of Interest Received.

(12) Amount of collection received as refund of overpayments when no billing has been issued.

Contra to account: 1410, 1610, 5010

Posting media: Collection Schedule.

(14)b. Amount collected for bills rendered for refund of overpayments.

Contra to account: 1240

Posting media: Collection schedule.

Credit:

(6)a. Exchange of U.S. dollars into local currency without a gain or loss on the exchange.

Contra to account: 1020

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(6)b. Exchange of U.S. dollars into local currency with a gain on the exchange.

Contra to account: 1020

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(6)c. Exchange of U.S. dollars into local currency with a loss on the exchange.

Contra to account: 1020, 4510 (amount of loss)

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(15) Amount of disbursement vouchers, other than payroll vouchers, paid.

Contra to account: 1410, 1470, 1610, 5010

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

1080 CASH ADVANCES TO PROJECT DISBURSING OFFICERS

This is a debit balance (asset) account maintained to show the amount of advances made to Project Disbursing Officers which advances are periodically replenished. A subsidiary account will be maintained with each disbursing officer to whom an advance is made

<p>Debit:</p> <p>(10)a. Establish or increase an advance with a Project Disbursing Officer. Contra to account: 1020 Posting media: Monthly Summary of Transaction^s recorded in the Cash Disbursements Journal-Voucher Register.</p>	<p>Credit:</p> <p>(10)c. Repayment of an advance to close out or reduce a Project Disbursing Officers account. Contra to account: 1020 Posting media: Collection schedule.</p>
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1090 CASH - IMPREST FUNDS

This is a debit balance (asset) account maintained to show the amount of advances made to Imprest Fund Cashiers. A subsidiary account will be maintained with each cashier to whom an advance is made.

<p>Debit:</p> <p>(8)a. Establish or increase an Imprest Fund. Contra to account: 1020 Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.</p>	<p>Credit:</p> <p>(8)c. Repayment of an advance to close out or reduce an Imprest Fund. Contra to Account: 1020 Posting media: Collection schedule.</p>
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1130 TRAVEL ADVANCES

This is a debit balance (asset) account maintained to show the amount of outstanding advances made for the performance of travel. A subsidiary account will be maintained with each traveler to whom an advance of cash has been made.

Debit:

(9)a. Making an advance to a traveler.
Contra to account: 1020
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

Credit:

(9)b(1). Repayment of the advance received in cash.
Contra to account: 1020
Posting media: Collection schedule.

(9)b(2) or (3). Advance is liquidated in whole or in part by the application of the travelers reimbursement voucher.
Contra to account: 5010
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

1210 CONTRIBUTIONS DUE AND NOT RECEIVED - USOM/(NAME OF COOP. GOV'T.)

This is a debit balance (asset) account maintained to show the amount due from the USOM in accordance with the terms of the Contribution Agreement between the USOM and the Cooperating Government. The total amount due shall be shown whether the amount is due in cash and/or in-kind.

Debit:

(4) Amounts due and payable by the USOM per Contribution Agreement between the USOM and the Cooperating Government.
Contra to account: 1310
Posting media: Journal Voucher prepared from an analysis of the terms of the Contributions Agreement.

Credit:

(5)a. Amount of cash and/or property and services in-kind received in accordance with the terms of a Contribution Agreement, if received after the agreed date of delivery.
Contra to account: 1020, 1030, and/or 1410, 1610, 5010
Posting media: Collection schedule or receiving report whichever is applicable.

1220 CONTRIBUTIONS DUE AND NOT RECEIVED - (NAME OF COOP. GOV'T.)

This is a debit balance (asset) account maintained to show the amount due from the Cooperating Government in accordance with the terms of the Contributions Agreement between the USOM and the Cooperating Government. The total amount due shall be shown whether the amount is due in cash and/or in-kind.

Debit:	Credit:
(4) Amount due and payable by the Cooperating Government per the Contributions Agreement between the Cooperating Government and the USOM. Contra to account: 1320 Posting media: Journal Voucher prepared for an analysis of the terms of the Contributions Agreement	(5)a. Amount of cash and/or in-kind property or services received in accordance with the terms of a Contribution Agreement, if received after the agreed date of delivery. Contra to account: 1020, 1030, and/or 1410, 1610, 5010. Posting media: Collection schedule or receiving report whichever is applicable.

1230 CONTRIBUTIONS DUE AND NOT RECEIVED - THIRD PARTY

This is a debit balance (asset) account maintained to show the amount due from a Cooperating Third Party in accordance with the terms of an agreement between a Joint Entity and a Third Party. The total amount due shall be shown whether the amount is due in cash and/or in-kind. A subsidiary account will be maintained with each party to a Third Party Agreement.

Debit:	Credit:
(4) Agreement amounts due and payable by a Third Party. Contra to account: 1330 Posting media: Journal voucher prepared from an analysis of the terms of the agreement between a Joint Entity and a Third Party	(5)a. Amount of cash and/or property and services in-kind received in accordance with the terms of an agreement, if received after the agreed date of delivery. Contra to account: 1020, 1030, and/or 1410, 1610, 5010. Posting media: Collection schedule or receiving report whichever is applicable.

240 ACCOUNTS RECEIVABLE - GENERAL

This is a debit balance (asset) account maintained to show the amount of bills rendered or collection letters issued for goods or services sold, or for the refund of overpayments, which when collected will be available for future expenditure. A subsidiary account shall be maintained with each debtor.

Debit:

(13)a. Amount of bills rendered for reimbursable activities.
Contra to account: 4410
Posting media: Billing invoice, Sales Contract, or demand letter.

(14)a. Amount of bills rendered for refund of overpayments.
Contra to account: 1410, 1510, 1610, 5010
Posting media: Billing invoice or demand letter.

18)a. Amount of bills rendered in the disposition of property.
Contra to account: 1410, 1610, 4520.
Posting media: Billing invoice or demand letter.

Credit:

(13)b. Amount of reimbursable bills collected.
Contra to account: 1020
Posting media: Collection schedule.

(14)b. Amount of bills collected covering refund of overpayments.
Contra to account: 1020 or 1030
Posting media: Collection schedule.

1310 RECEIVABLES - CONTRIBUTION AGREEMENT - USOM/(NAME OF COOP. GOV'T.)

This is a debit balance (asset) account maintained to show the amount agreed for contribution by a USOM in accordance with the terms of a Contributions Agreement between a USOM and a Cooperating Government. The total amount agreed for contribution shall be shown whether the amount is to be paid in cash and/or in-kind.

Debit:

(1) USOM's agreed contribution, whether in cash or in-kind, per Contribution Agreement between USOM and Cooperating Government.
Contra to account: 3010
Posting media: Account copy of the Contributions Agreement or a Journal voucher prepared from an analysis of the Contributions Agreement.

Credit:

(4) Amounts accrued for payment by a USOM per a Contributions Agreement between a USOM and a Cooperating Government.
Contra to account: 1210
Posting media: Journal Voucher prepared from an analysis of the terms of the Contributions Agreement.

(5)b. Amount of cash and/or property and services in-kind received in accordance with the terms of a Contributions Agreement, if the payment is received prior to the agreed date or prior to the date accrued.
Contra to account: 1020, 1030, and/or 1410, 1610, 5010
Posting media: Collection schedule or receiving report whichever is applicable.

1320 RECEIVABLES - CONTRIBUTION AGREEMENT - (NAME OF COOP. GOV'T.)

This is a debit balance (asset) account maintained to show the amount agreed for contribution by a Cooperating Government in accordance with the terms of a Contribution Agreement between a USOM and a Cooperating Government. The total amount agreed for contribution shall be shown whether the amount is to be paid in cash and/or in-kind.

Debit:

(1) Cooperating Government's agreed contribution, whether in cash or in-kind, per Contribution Agreement between a Cooperating Government and a USOM.

Contra to account: 3010

Posting media: Account copy of Contribution Agreement or a Journal voucher prepared from an analysis of the Contribution Agreement.

Credit:

(4) Amounts accrued for payment by the Cooperating Government per the Contributions Agreement between a Cooperating Government and a USOM.

Contra to account: 1220

Posting media: Journal voucher prepared from an analysis of the terms of the Contributions Agreement.

(5)b. Amount of cash and/or property and services in-kind received in accordance with the terms of a Contributions Agreement, if the payment is received prior to the agreed date or prior to the date accrued.

Contra to account: 1020, 1030, and/or 1410,
1610, 5010

Posting media: Collection schedule or receiving report whichever is applicable.

1330 RECEIVABLES - THIRD PARTY AGREEMENTS

This is a debit balance (asset) account maintained to show the amount agreed for contribution by a Third Party in accordance with the terms of an agreement between a Joint Entity and a Third Party. The total amount agreed for Contribution shall be shown whether the amount is to be paid in cash and/or in-kind. A subsidiary account shall be maintained with each Third Party to an agreement.

Debit:

(3) Agreed Contributions, whether in cash or in-kind, per Agreement, with Third Parties.
Contra to Account: 3010
Posting media: Account copy of Agreements or a Journal Voucher prepared from an analysis of such agreements.

Credit:

(4) Amounts accrued for payment by a Third Party per an Agreement between a Joint Entity and a Third Party.
Contra to account: 1230
Posting media: Journal Voucher prepared from an analysis of the terms of the Agreement.

(5)b. Amount of cash and/or property and services in-kind received in accordance with the terms of an Agreement, if the payment is received prior to the agreement date or prior to the date accrued.
Contra to account: 1020, 1030, and/or 1410, 1610, 5010.
Posting media: Collection schedule or receiving report whichever is applicable.

1410 STORES

This is a debit balance (asset) account maintained to show the value of materials, supplies, and equipment purchased with Joint Entity funds contributed, in accordance with the terms of a Contributions Agreement, or donated and available for issue to projects. The value of which stores inventory is capitalized is acquisition cost, agreed value in the case of in-kind contributions, and in the case of donations, the amount estimated to be the cost of the stores if purchased on the date of the donation. This account will control the subsidiary stock record(s) maintained over the items or class of items in inventory.

Debit:

Credit:

(5)a. Value of stores received per the terms of a Contribution or Project Agreement, if received after the agreed date of delivery.
Contra to account: 1210, 1220, 1230
Posting media: Receiving report or other evidence of delivery.

(12) Amount of refunds collected for overpayment on stores purchases, without billing.
Contra to account: 1020 or 1030
Posting media: Collection schedule

(5)b. Value of stores received per the terms of a Contributions or Project Agreement, if received on or prior to the agreed date of delivery.
Contra to account: 1310, 1320, 1330
Posting media: Receiving report or other evidence of delivery.

(14)a. Amounts billed for refund of overpayments for stores purchases.
Contra to account: 1240
Posting media: Billing invoice or demand letter.

(8)b. Replenishing an Imprest Cash Fund for payments out of the fund for the purchase of stores or equipment.
Contra to account: 1020
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(18)a and b. Disposition of stores by sale or survey action.
Contra to account: 1020, 1240, 4520
Posting media: Sales contract, collection schedule, or survey report, or Journal-Voucher prepared from an analysis of the above documents.

(19) Amount of stores issued to Projects.
Contra to account: 1510, 5010
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

1410 CONTINUED

Debit:

(10)b. Replenishing a Project Disbursing officer for payments out of his advance for the purchase of stores or equipment.

Contra to account: 1020

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(15) Amount of disbursement vouchers paid for stores.

Contra to account: 1020, 1030, 1470 and/or 2310

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register. (See also entry (23)b.)

(16) Amount estimated to be the value of stores donated.

Contra to account: 4710

Posting media: Receiving report or a Journal voucher prepared from an analysis of the transfer documents.

(17)a. Return of Supplies and/or Property from a project to the Stores account (project not to receive credit)

Contra to account: 4520

Posting media: Journal voucher supported by a Stores credit slip.

(17)c. Return of Supplies and/or Property to the Stores account when the project is to receive credit.

Contra to account: 1510 and 5010

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(20)a. Upward adjustment of stores based on physical inventory.

Contra to account: 4530

Posting media: Journal voucher prepared from an analysis of inventorying schedules.

Credit:

(20)b. Downward adjustment of stores based on physical inventory.

Contra to account: 4530

Posting media: Journal Voucher prepared from an analysis of inventorying schedules.

(25)b. To reverse accruals for

(26)b. Stores at beginning of next fiscal period.

Contra to account: 2010, 2110

Posting media: Journal Voucher

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Debit:

(25)a. To record accruals for Stores

(26)a. at end of a fiscal period.

Contra to account: 2010 or 2110

Posting media: Journal voucher
supported by a listing of billed
and/or unbilled obligations.

1470 STORES IN TRANSIT

This is a debit balance (asset) account maintained to show the amount of goods, material or equipment for which payment has been made, but which have not been received by the Joint Entity.

Debit:

(15) Amount of Invoice paid in advance of receipt of goods (on bill of lading).
Contra to account: 1020 or 1030
Posting media: Monthly Summary of Transactions recorded in Cash Disbursements Journal-Voucher Register.

Credit:

(15) (Note 2) Amount of Invoice for material at time goods are received.
Contra to account: 1410
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

1510 EQUIPMENT - OPERATING

This is a debit balance (asset) account maintained to show the value of equipment owned and assigned to projects. This account will control a subsidiary record(s) maintained for each item or class of items of equipment. The amount at which the equipment is capitalized is the acquisition cost, the agreed value in the case of in-kind contributions, and in the case of donations, the amount estimated to be the cost of the equipment if purchased on the date of the donation.

Debit:

(19) Amount of stores vouchers issued for equipment.
Contra to account: 1410
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

Credit:

(12) Amount of refunds collected without billing for overpayment for equipment purchases after equipment is issued from stores to a project.
Contra to account: 1020 or 1030
Posting media: Collection schedule.

(14)a. Amount of bills rendered for refund of overpayments for equipment purchased after equipment is issued from stores to a project.
Contra to account: 1240
Posting media: Billing invoice or demand letter.

(17)b. Return of equipment from the project to the stores account (without credit to the project) requires this additional entry to transfer the original amount from the equipment account to Expense-operating.
Contra to account: 5010
Posting media: Journal voucher supported by a Stores credit slip.

(17)c. Return of equipment from a project when the project is to receive credit.
Contra to account: 1410
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

1610 REAL PROPERTY

This is a debit balance (asset) account maintained to show the value of real property to which a Joint Entity holds title and may sell or dispose of in a manner decided by it. The value at which the real property is capitalized is the acquisition cost, the agreed value in the case of in-kind contributions, and in the case of donations, the amount estimated to be the cost of the real property if purchased on the date of the donation.

Debit:

- (5)a. Value of real property received per the terms of a Contribution or Project Agreement, if received after the agreed date of delivery.
Contra to account: 1210, 1220, 1230
Posting media: Receiving report or other evidence of delivery.
- (5)b. Value of real property received per the terms of a Contribution or Project Agreement, if received on or prior to the agreed date of delivery.
Contra to account: 1310, 1320, 1330
Posting media: Receiving report or other evidence of delivery.
- (15) Amount of disbursement vouchers paid for real property.
Contra to account: 1020 or 1030 and/or 2310
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register. (See also entry (23)b.)

Credit:

- (12) Amount of refunds collected without billing for overpayment for real property purchases.
Contra to account: 1020 or 1030
Posting media: Collection schedule
- (14)a. Amount of bills rendered for for refund of overpayments for real property.
Contra to account: 1240
Posting media: Billing invoice or demand letter.
- (18)a and b. Disposition of real property by sale or survey action.
Contra to account: 1020, 1240, 4520
Posting media: Sales contract, collection schedule or survey report or a Journal Voucher prepared from the above documents.

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4010 ACCOUNTS PAYABLE

This is a credit balance (liability) account maintained to show the amount due and payable for goods and services received for which vendor's invoices have been received, but payment has not been made. The amount recorded to this account will be determined by inventorying the outstanding invoices at the end of each fiscal period for which financial statements are prepared. The amount so recorded will be reversed out of the account at the beginning of the next fiscal period. Subsidiary accounts will not be maintained by creditor since the inventory of outstanding invoices provides subsidiary listing.

Debit:

Credit:

(26)b. Amount established at the end of the previous period reversed.
Contra to account: 1410, 5010
Posting media: Journal Voucher.

(26)a. Amount due and payable for goods and services received for which vendor's invoices have been received, but payment has not been made.
Contra to account: 1410 and/or 5010
Posting media: Journal Voucher supported by a listing of the outstanding invoices payable.

2110 ACCRUED LIABILITIES

This is a credit balance (liability) account maintained to show the amount due and payable for goods and services received for which vendor's invoices have not been received or will not be received, such as for payroll items. The amount recorded in this account will be determined by inventorying the outstanding obligations at the end of each fiscal period for which financial statements are prepared. The amount so recorded will be reversed out of the account at the beginning of the next fiscal period. Subsidiary accounts will not be maintained by creditor since the inventory of outstanding liabilities provides a subsidiary listing.

Debit:

Credit:

(25)b. Amount established at the end of the previous period reversed.
Contra to account: 1410, 5010
Posting media: Journal Voucher.

(25)a. Amount due and payable for goods and services received for which vendor's invoices have not been received or will not be received, such as for payroll items.
Contra to account: 1410, 5010
Posting media: Journal Voucher supported by a listing of the unpaid obligations file for which invoices have not been received or will not be received.

2210 EMPLOYEE DEDUCTIONS WITHHELD

This is a credit balance (liability) account maintained to show the amount withheld from the salaries and wages of employees and on deposit in a checking account until paid in accordance with the purpose for which the funds were withheld. Separate account numbers and titles should be established, within the account number series and title indicated above, for each class of withholdings, i.e., taxes, retirement, etc. This account will control the individual amounts reflected in the subsidiary records maintained by the payroll activity.

Debit:

(22) Amount of payments of employee withholdings.
Contra to account: 1020
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

Credit:

(21) Amount of withholdings from employees salaries and wages for the payment of taxes, retirement, etc.
Contra to account: 5010
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

310 SUSPENSE DEPOSITS

This is a credit balance (liability) account maintained to show the amount of deposit liabilities. This account will include contract holdbacks, performance deposits, etc. Subsidiary accounts will be maintained with each depositor. Separate account numbers and titles, within the account number series and title indicated above, should be established if the number of a particular type of deposit becomes so numerous that a separate account is warranted.

Debit:

(24) Amounts of contract deposits, etc. returned.
Contra to account: 1020
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

Credit:

(23)a. Amount of cash deposited to guarantee contract performance, etc.
Contra to account: 1020
Posting media: Collection schedule

(23)b. Amount deposited by withholding from amount due contractor to guarantee contract performance, etc.
Contra to account: 1410, 1610, 5010
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

3010 NET WORTH

This is a credit balance (accountability) account maintained to show, without regard to sources of funds or contributions, the net worth resulting from Joint Entity operations, the value of assets purchased, contributed in-kind, or donated to a Joint Entity and in its custody, etc.

Debit:

(27)b(1). Annual closing of expenses.
Contra to account: 5010
Posting media: Journal Voucher

Credit:

(1) Agreed contributions, whether in cash or in-kind, per Contributions Agreement between a USOM and a Cooperating Government.
Contra to account: 1310, 1320
Posting media: Accounting copy of the Contributions Agreement or a Journal Voucher prepared from an analysis of the agreement.

(3) Agreed contributions, whether in cash or in-kind, per Contributions Agreement between a Joint Entity and Third Parties.
Contra to account: 1330
Posting media: Agreement or a Journal Voucher prepared from an analysis of the Agreement.

(27)b(2). Annual closing of income.
Contra to account: 4410, 4510, 4520, 4530, 4710
Posting media: Journal Voucher

10 CONTRIBUTIONS AND INCOME - UNPROGRAMMED

This is a credit balance (budgetary) account maintained to show the amounts contributed and earned which, when collected, will establish or increase the working capital and be available for programming.

Debit:

(2) Amount approved for programming per Project Agreements.
Contra to account: 3210
Posting media: Account copy of the Project Agreement or a Journal Voucher prepared from an analysis of the agreement.

(6)c. Exchange of U.S. Dollars into local currency with a loss on the exchange.
Contra to account: 3140
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(18)a. or b. Net loss on disposition of property where there is a loss on the transaction (This would be a credit to this account where there is a profit on the transaction)
Contra to account: 3140
Posting media: Collection schedule, Sales Contract, billing invoice or survey action.

(20)b. Downward adjustment in inventory of stores reduces the amount available for programming.
Contra to account: 3140
Posting media: Journal Voucher prepared from an analysis of inventory schedules.

Credit:

(1) Agreed contributions, whether in cash or in-kind, per Contributions Agreement between a USOM and a Joint Entity.
Contra to account: 3130
Posting media: Accounting copy of the Contributions Agreement or a Journal Voucher prepared from analysis of the Agreement.

(3) Agreed contributions, whether in cash or in-kind, per Agreements between the Joint Entity and Third Parties.
Contra to account: 3130
Posting media: Account copy of Agreements or a Journal Voucher prepared from an analysis of such agreements.

(6)b. Exchange of U.S. dollars into local currency with a gain on the exchange.
Contra to account: 3140
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(11) Interest income received on bank deposits
Contra to account: 3140
Posting media: Advice of interest received.

(13)a. Amounts of bills issued for reimbursable activities.
Contra to account: 3130
Posting media: Billing invoice, sales, contract, or demand letter.

(16) Amount estimated to be the value of stores donated to a Joint Entity and available for programming.
Contra to account: 3140
Posting media: Receiving report or Journal Voucher prepared from an analysis of the transfer documents.

Debit:

Credit:

(17)a. Amount of credit for property returned to stores.

Contra to account: 3130 or 3140

Posting media: Journal Voucher supported by a stores credit slip.

(20)a. Upward adjustment in stores inventory based on physical inventory increases the amount available for programming.

Contra to account: 3140

Posting media: Journal Voucher prepared from an analysis of inventory schedules.

3130 CONTRIBUTIONS AND INCOME - ANTICIPATED

This is a debit balance (budgetary) account maintained to show the amount of contributions and income expected to be received because of contribution agreements signed, income billed, and the like which when realized will be available for programming.

Debit:

(1) Agreed contributions, whether in cash or in-kind, per Contributions Agreement between USOM and a Cooperating Government.

Contra to account: 3110

Posting media: Contributions Agreement or Journal Voucher prepared from an analysis of the Contributions Agreement.

(3) Agreed contributions, whether in cash or in-kind, per Agreement between the Joint Entity and Third Parties.

Contra to account: 3110

Posting media: Agreement or a Journal Voucher prepared from an analysis of the Agreement.

(13)a. Amount of bills rendered for reimbursable activities.

Contra to account: 3110

Posting media: Billing invoice, sales contract, or demand letter.

(16)a(2) Amount of bills rendered for income on disposition of property.

Contra to account: 3110

Posting media: Billing invoice or demand letter issued.

Credit:

(5)a or b. An agreed contribution is realized in cash or in-kind payment from the parties to the Contributions Agreement.

Contra to account: 3140

Posting media: Collection schedule or receiving report, whichever is applicable.

(13)b. Amount of bills collected for reimbursable activities.

Contra to account: 3140

Posting media: Collection schedule

3140 CONTRIBUTIONS AND INCOME - REALIZED

This is a debit balance (budgetary) account maintained to show the amount of contributions and income realized in cash or in-kind and available for programming.

Debit:

(5)a or b. An agreed contribution is realized in cash or in-kind payment from the parties to the Contributions Agreement
Contra to account: 3130
Posting media: Collection schedule or receiving report, whichever is applicable.

(6)b. Exchange of U.S. dollars into local currency with a gain on the exchange.
Contra to account: 3110
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

11. Interest income received on bank deposits.
Contra to account: 3110
Posting media: Advice of interest received.

(13)b. Amount of bills collected for reimbursable activities.
Contra to account: 3130
Posting media: Collection schedule

(16) Amount estimated to be the value of stores donated to a Joint Entity and available for programming.
Contra to account: 3110
Posting media: Receiving report or Journal Voucher prepared from an analysis of the transfer documents.

Credit:

(6)c. Exchange of U.S. dollars into local currency with a loss on the exchange.
Contra to account: 3110
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(18)a or b. Net loss on disposition of property where there is a net loss on the transaction. (This would be a debit to this account when there is a profit on the transaction.)
Contra to account: 3110
Posting media: Collection schedule, sales contract, billing invoice, or survey action.

(20)b. Amount realized for programming reduced by a downward adjustment in stores inventory based on physical inventory.
Contra to account: 3110
Posting media: Journal voucher prepared from an analysis of inventory schedules.

(27)b(3). Annual closing of expended allotments.
Contra to account: 3240
Posting media: Journal voucher

3140 CONTINUED

Debit:

(17)a. Amount of credit for property returned to stores.

Contra to account: 3110

Posting media: Journal voucher supported by a stores credit slip.

(20)a. Amount realized for programming by an upward adjustment in Stores inventory based on a physical inventory.

Contra to account: 3110

Posting media: Journal voucher prepared from an analysis of inventory schedules.

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3210 PROGRAMMED FUNDS - UNALLOTTED

This is a credit balance (budgetary) account maintained to show the amount of funds programmed for projects but unallotted.

Debit:

(7)(a) Programmed funds allotted to projects.

Contra to account: 3220

Posting media: Advice of allotment

Credit:

(2) Amount programmed for projects.

Contra to account: 3110

Posting media: Account copy of the project Agreement or Journal Voucher prepared from an analysis of the agreement.

(7)(b) Amount of allotted funds reduced or eliminated.

Contra to account: 3220

Posting media: Advice of Allotment.

(12)b. Amounts of bills collected for reimbursable services furnished, or goods and equipment sold which is available to the project performing the service or selling the property.

Contra to account: 4950

Posting media: Collection schedule.

3220 UNOBLIGATED FUNDS

This is a credit balance (budgetary) account maintained to show the amount of funds programmed and allotted but unobligated. The amount reflected herein is the sum of the individual amounts reflected in the project ledgers as "unobligated balance." A subsidiary account will be maintained with each allottee.

Debit:

(7)b. Amount of allotted funds reduced or eliminated.

Contra to account: 3210

Posting media: Advice of allotment.

Credit:

(7)a. Programmed funds allotted to projects.

Contra to account: 3210

Posting media: Advice of allotment.

(27)a(1) The sum of the amounts reflected in the "obligations incurred" column of Project Ledgers.

Contra to account: 3230

Posting media: Journal Voucher prepared from an analysis of the Monthly Summary of Project Ledger Totals.

3230 UNLIQUIDATED OBLIGATIONS

This is a credit balance (budgetary) account maintained to show the amount of funds obligated for projects but unliquidated. The amount reflected herein is the sum of the individual amounts reflected in the project ledgers as the difference between the "obligations incurred" and "total expenditures" columns.

Debit:

(27)a(2). The sum of the amounts reflected in "total expenditures" columns of the Project Ledgers.
Contra to account: 3240
Posting media: Journal Voucher prepared from an analysis of the Monthly Summary of Project Ledgers Totals.

Credit:

(27)a(1). The sum of the amounts reflected in the "obligations incurred" column of Project Ledgers.
Contra to account: 3220
Posting media: Journal Voucher prepared from an analysis of the Monthly Summary of Project Ledgers Totals.

3240 EXPENDED FUNDS

This is a credit balance (budgetary) account maintained to show the amount of expenditures by the Joint Entity for Projects. The amount reflected herein is the sum of the individual amounts reflected in the project ledgers as "total expenditures".

Debit:

(27)b(3). To close.
Contra to account: 3140
Posting media: Journal Voucher.

Credit:

(27)a(2). The sum of the amounts reflected in the "total expenditures" column of Project Ledgers.
Contra to account: 3230
Posting media: Journal Voucher prepared from an analysis of the Monthly Summary of Project Ledger Totals.

4410 INCOME - OPERATING

This is a credit balance (income) account maintained to accumulate the amount of reimbursements for services rendered, materials and supplies furnished, etc. The amount reflected herein, when collected, will be available for programming.

Debit:

(27)b(2) To close annually.
Contra to account: 3010
Posting media: Journal Voucher.

Credit:

(13)a. Amount of bills rendered for reimbursable activities.
Contra to account: 1240
Posting media: Billing invoice or demand letter.

4510 GAINS AND LOSSES ON FOREIGN EXCHANGE

This is a debit or credit balance (nominal) account maintained to show the amount of gains or losses on the exchange of U.S. and local currencies. When the amounts recorded herein are gains they will be available for programming, losses will reduce the amount so available.

Debit:

(6)c. Exchange of U.S. Dollars into local currency with a loss on the exchange.
Contra to account: 1030
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

Credit:

(6)b. Exchange of U.S. Dollars into local currency with a gain on the exchange.
Contra to account: 1020
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(27)b(2) To close annually.
Contra to account: 3010
Posting media: Journal Voucher.

4520 GAINS AND LOSSES ON PROPERTY DISPOSITIONS

This is a debit or credit balance (nominal) account maintained to show the amount of gains or losses realized in the disposition of property.

Debit:

(18)a. or b. Amount of loss on the disposition of property by sale or survey.
Contra to account: 1240, 1410, 1610
Posting media: Collection schedule or report of survey action.

(27)b(2) To close annually.
Contra to account: 3010
Posting media: Journal Voucher.

Credit:

(17)a. Return of Supplies and/or Property to the stores account (when the project is not to receive credit).
Contra to account: 1410
Posting media: Journal voucher supported by a stores credit slip.

(18)a. Amount of income on the disposition of property by sale.
Contra to account: 1020, 1240
Posting media: Sales contract or collection schedule.

4530 GAINS AND LOSSES ON INVENTORY ADJUSTMENTS

This is a debit or credit balance (nominal) account maintained to show the amount of gains or losses in inventory discovered at periodic inventory taking. Losses recorded to this account result from a downward adjustment in the inventory and reduce the amount of funds available for programming. Gains recorded to this account result from an upward adjustment in the inventory and increase the amount available for programming.

Debit:

(20)b. Downward adjustments in Stores inventory based on physical inventory.
Contra to account: 1410
Posting media: Journal Voucher prepared from an analysis of inventory schedules.

(27)b(2) To close annually.
Contra to account: 3010
Posting media: Journal Voucher.

Credit:

(20)a. Upward adjustment in Stores inventory based on physical inventory.
Contra to account: 1410
Posting media: Journal Voucher prepared from an analysis of inventory schedules.

4710 INCOME - MISCELLANEOUS

This is a credit balance (income) account maintained to show the amount of income accruing to a Joint Entity for interest earned on bank deposits property donated to the Joint Entity, and other income not otherwise classified in the Chart of Accounts. The amount reflected herein, when collected, will be available for programming.

Debit:

(27)b(2). To close annually.
Contra to account: 3010
Posting media: Journal Voucher

Credit:

(11). Interest income received or credited on bank deposits.
Contra to account: 1020 or 1030
Posting media: Advice of interest received.

(16) Amount estimated to be the value of Stores donated to a Joint Entity.
Contra to account: 1410
Posting media: Receiving report or Journal Voucher prepared from an analysis of the transfer documents.

10 EXPENSE - OPERATING

This is a debit balance (expense) account maintained to show the total operating expense charged to the projects of a Joint Entity during each fiscal period. The amount reflected in this account will control and agree with the sum of the amounts reflected in the Project Ledgers as expenditures for all classes of expenditures except those for "equipment" and "real property."

Debit:

(5)a. Value of services received per the terms of a Contribution or Project Agreement, if received after the agreed date of availability.

Contra to account: 1210, 1220, 1230

Posting media: Receiving report or other evidence that the services were furnished.

(5)b. Value of services received per the terms of a Contributions or Project Agreement, if received on or prior to the agreed date of availability.

Contra to account: 1310, 1320, 1330

Posting media: Receiving report or other evidence that the services were furnished.

(8)b. Replenishing an Imprest Fund for payments out of the Fund for expenses.

Contra to account: 1020

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(9)b(2) and (3) The receipt of a reimbursement voucher for the performance of travel.

Contra to account: 1130, 1020

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(10)b. Replenishing a Project Disbursing Officer for payments out of his advance for expenses.

Contra to account: 1020

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

Credit:

(12) Amount of refunds collected without billing for overpayment of expenses.

Contra to account: 1020 or 1030

Posting media: Collection schedule.

(14)a. Amounts billed for refund of overpayments of expenses.

Contra to account: 1240

Posting media: Billing invoice or demand letter.

(17)c. Return of supplies from a project to a stores account when a project is to receive credit.

Contra to account: 1410

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(25)b. To reverse accruals at beginning of next fiscal period.

Contra to account: 2010, 2110

Posting media: Journal Voucher.

(27)b(1) To close annually.

Contra to account: 3010

Posting media: Journal Voucher.

5010 CONTINUED

Debit:

Credit:

(15) Amounts of payment vouchers paid for expenses other than personal services.
Contra to account: 1020 or 1030 and/or 2310
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register. (also see entry (23)b.)

(17)b. Return of equipment from the project to the stores account (without credit to the project) requires this additional entry to transfer the original amount from the equipment account to this account.
Contra to account: 1510
Posting media: Journal voucher supported by a stores credit slip.

(19) Amount of stores vouchers issued for supplies and materials.
Contra to account: 1410
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(21) Amount of payroll vouchers paid.
Contra to account: 1020, 2210
Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(25)a. To record accruals at end of a fiscal
(26)a. period.
Contra to account: 2010 or 2110
Posting media: Journal Voucher supported by a listing of billed and/or unbilled obligations.

APPENDIX B

INDEX TO PRO FORMA ENTRIES

and

PRO FORMA ENTRIES

Entry No.

1. Signing of the Contribution Agreement
2. Signing of a Project Agreement
3. Third Party Agreement
4. Contribution Receivable Due
5. Contribution Payment Received
6. Exchange of U.S. Currency into Local Currency
7. Allotments
8. Advances to Imprest Fund Cashiers
9. Advances to Travelers
10. Advances to Project Disbursing Officers
11. Interest Income on Bank Deposits
12. Collection of Refund When No Bill Issued
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16. Materials and Equipment Acquired by Donation
17. Return of Supplies and/or Property from a Project to a Stores Account.
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20. Stores Inventory Adjustments
21. Payment of Payroll Vouchers
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Entry No.

- 23. Receipt of Suspense Deposits (contract performance, etc.)
- 24. Return of Suspense Deposits
- 25. Recording Accrued Liabilities
- 26. Recording Accounts Payable
- 27. Closing Entries

1. Signing of the Contribution Agreement

Upon the signing of an agreement between ICA/USOM and a Cooperating Government to contribute cash and/or supplies, equipment, and services, to a Joint Entity for the purpose of carrying out an agreed joint program -

Dr. 1310 Receivables - Contribution Agreement - USOM (name of Cooperating Government)

Dr. 1320 Receivables - Contribution Agreement - (Name of Cooperating Government)

Cr. 3010 Net Worth

also

Dr. 3130 Contributions and Income - Anticipated

Cr. 3110 Contributions and Income - Unprogrammed

Posting media: Contributions Agreement (accounting copy) or a Journal Voucher prepared from an analysis of the Contribution Agreement.

Note: The U. S. Embassy buying rate at date of execution of the annual agreement, or such other agreed date, is used to convert the agreed U. S. dollar contribution to local currency for recording purposes. The amount of U. S. dollars contributed is recorded in description column of the Receivable Account affected for reporting purposes.

2. Signing of a Project Agreement.

Amount approved for programming in the project agreements -

Dr. 3110 Contributions and Income - Unprogrammed

Cr. 3210 Programmed Funds - Unallotted

Posting media: Project Agreement (accounting copy) or a Journal Voucher prepared from an analysis of the Project Agreement.

3. Third Party Agreement

Agreements with third parties calling for contributions in cash and/or supplies, equipment, and services for the purpose of carrying out a project or projects.

Dr. 1330 Receivables - Third Party Agreements

Cr. 3010 Net Worth

also

Dr. 3130 Contributions and Income - Anticipated

Cr. 3110 Contributions and Income - Unprogrammed

Posting media: Third Party Agreement (accounting copy) or a Journal Voucher prepared from an analysis of the Agreement.

4. Contribution Receivable Due

When contributions, whether in cash or in-kind, are due but payment has not been received on the agreed due date.

Dr. 1210 Contributions - Due and Not Received - USOM/(name of coop. gov't.)

Dr. 1220 Contributions - Due and Not Received - (name of coop. gov't.)

Dr. 1230 Contributions - Due and Not Received - Third Party

where applicable, and

Cr. 1310 Receivables - Contributions Agreement - USOM/(name of coop. gov't.)

Cr. 1320 Receivables - Contributions Agreement - (name of coop. gov't.)

Cr. 1330 Receivables - Project Agreement - Third Party

Posting media: Journal Voucher prepared from an analysis of the Contribution Agreements, and Third Party Agreements in the case of third parties.

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5. Contribution Payment Received

The receipt of payment covering an agreed contribution, whether in cash or in-kind -

a. If contribution payment is in arrears -

Dr. 1020 Checking Account (name of local currency bank)
and/or

Dr. 1030 Checking Account (name of U.S. currency bank)

Dr. 1410 Stores (if contribution in-kind in the form of material or non-expendable property)

Dr. 1610 Real Property (if contribution in-kind)

Dr. 5010 Expense - Operating (if a contribution in-kind in the form of services)

Cr. 1210 Contribution - Due and Not Received - USOM/(name of coop gov't.

Cr. 1220 Contribution - Due and Not Received - (name of coop. gov't.)

Cr. 1230 Contribution - Due and Not Received - Third Party

also

Dr. 3140 Contributions and Income - Realized

Cr. 3130 Contributions and Income - Anticipated

b. If contribution payment is received prior to or on agreed date -

Dr. 1020 Checking Account (name of local currency bank)
and/or

Dr. 1030 Checking Account (name of U.S. currency bank)

Dr. 1410 Stores (if contributions in-kind in the form of material or non-expendable property)

Dr. 1610 Real Property (if contribution in-kind)

Dr. 5010 Expense - Operating (if a contribution in-kind in the form of services)

Cr. 1310 Receivables - Contribution Agreement - USOM/(name of coop gov't.

Cr. 1320 Receivables - Contribution Agreement - (name of coop. gov't.)

5. b. Continued

Cr. 1330 Receivables - Project Agreement - Third Party

also

Dr. 3140 Contributions and Income - Realized

Cr. 3130 Contributions and Income - Anticipated

Posting media: Collection schedule or receiving report whichever is applicable.

6. Exchange of U.S. Currency into Local Currency

Exchange of U.S. currency into local currency -

a. If exchange is made without a gain or loss on the exchange -

Dr. 1020 Checking Account (name of local currency bank)

Cr. 1030 Checking Account (name of U.S. currency bank)

b. If there is a gain on the exchange -

Dr. 1020 Checking Account (name of local currency bank)

Cr. 1030 Checking Account (name of U.S. currency bank)

Cr. 4510 Gains and Losses on Foreign Exchange

also

Dr. 3140 Contributions and Income - Realized (amount of gain)

Cr. 3110 Contributions and Income - Unprogrammed (amount of gain)

c. If there is a loss on the exchange -

Dr. 1020 Checking Account (name of local currency bank)

Dr. 4510 Gains and Losses on Foreign Exchange (amount of loss)

Cr. 1030 Checking Account (name of U.S. currency bank)

also

Dr. 3110 Contributions and Income - Unprogrammed (amount of loss)

Cr. 3140 Contributions and Income - Realized (amount of loss)

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursement Journal-Voucher Register.

Note: In the foregoing entries record the net proceeds only, i.e., gross receipts from the exchange less any bank commissions, fees, etc.

7. Allotments

a. Making an allotment -

Dr. 3210 Programmed Funds - Unallotted

Cr. 3220 Unobligated Funds

b. Reducing or eliminating an allotment -

Dr. 3220 Unobligated Funds

Cr. 3210 Programmed Funds - Unallotted

Posting media: Advice of Allotment

Note: Enter also in the "Unobligated Balance" column of the Project Ledger affected, and in the "Cumulative Amount Allotted" column of Section I of the Project Ledger.

8. Advances to Imprest Fund Cashiers

a. Establish or increase an Imprest Fund -

Dr. 1090 Cash - Imprest Funds

Cr. 1020 Checking Account (name of local currency bank)

b. Replenishing an Imprest Fund -

Dr. 5010 Expense-Operating

and/or

Dr. 1410 Stores

and/or other asset accounts when applicable

Cr. 1020 Checking Account (name of local currency bank)

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

c. Repayment of an advance to close or reduce an Imprest Fund-

Dr. 1020 Checking Account (name of local currency bank)

Cr. 1090 Cash - Imprest Funds

Posting media: Collections schedule.

8. Continued

Note: The replenishment voucher will be recorded in the Cash Disbursements Journal-Voucher Register in detail.

9. Advances to Travelers

a. Making an advance -

Dr. 1130 Travel Advances

Cr. 1020 Checking Account (name of local currency bank)

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

b. Whole or partial repayment of an advance received -

(1) When repayment is in cash -

Dr. 1020 Checking Account (name of local currency bank)

Cr. 1130 Travel Advances

Posting media: Collection schedule.

(2) When the reimbursement voucher received from the traveler in repayment of the outstanding advance is in an amount greater than the advance outstanding -

Dr. 5010 Expense - Operating (amount of voucher)

Cr. 1130 Travel Advances (amount of advance)

Cr. 1020 Checking Account (amount the voucher exceeds the outstanding advance)

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

(3) When the reimbursement voucher received from the traveler in repayment of the outstanding advance is in an amount that is less than the advance outstanding -

Dr. 5010 Expense - Operating (amount of voucher)

Cr. 1130 Travel Advances (amount of voucher)

Posting media: Monthly Summary of Transactions recorded in the Cash
Disbursements Journal-Voucher Register.

10. Advances to Project Disbursing Officers

- a. Establish or increase an advance to a Project Disbursing Officer -

Dr. 1080 Cash - Advance to Project Disbursing Officers

Cr. 1020 Checking Account (name of local currency bank)

- b. Replenishing the advance to Project Disbursing Officer -

Dr. 5010 Expense - Operating

and/or

Dr. 1410 Stores

and/or other asset accounts when applicable

Cr. 1020 Checking Account (name of local currency bank)

Posting media for 10.a. and 10.b.: Monthly Summary of Transactions recorded
in the Cash Disbursements Journal-
Voucher Register.

- c. Repayment of an advance to close out or reduce an advance to a Project
Disbursing Officer -

Dr. 1020 Checking Account (name of local currency bank)

Cr. 1080 Cash - Advance to Project Disbursing Officers

Posting media: Collections Schedule.

Note: The replenishment voucher will be recorded in the Cash Disbursements
Journal-Voucher Register in detail.

11. Interest Income on Bank Deposits

When interest is received on bank deposits.

Dr. 1020 Checking Account (name of local currency bank)

Dr. 1030 Checking Account (name of U.S. currency bank)

Cr. 4710 Miscellaneous Income

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11. Continued

also

Dr. 3140 Contributions and Income - Realized

Cr. 3110 Contributions and Income - Unprogrammed

Posting media: Advice of interest received.

12. Collection of Refund When No Bill Issued

Amount of collections received as refund of overpayments when no billing has been issued -

Dr. 1020 Checking Account (name of local currency bank)

or

Dr. 1030 Checking Account (name of U.S. currency bank)

Cr. 1410 Stores

and/or

Cr. 1510 Equipment - Operating (if refund is received after equipment has been issued from Stores to a Project)

and/or

Cr. 1610 Real Property

Cr. 5010 Expense - Operating

Posting media: Collection schedule.

Note: Where appropriate (Credits to accounts 1510 and 5010), enter also in the appropriate Project Ledger as a reduction of the affected obligation and expenditure previously recorded.

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13. Billing and Collecting for Reimbursable Activities

Amount of bills rendered covering reimbursable activity which when collected will be available for programming -

a. When billed -

Dr. 1240 Accounts Receivable - General

Cr. 4410 Income - Operating

also

Dr. 3130 Contributions and Income - Anticipated

Cr. 3110 Contributions and Income - Unprogrammed

Posting media: Billing invoice, sales contract or demand letter.

b. When billing is collected -

Dr. 1020 Checking Account (name of local currency bank)

Cr. 1240 Accounts Receivable - General

also

Dr. 3140 Contributions and Income - Realized

Cr. 3130 Contributions and Income - Anticipated

Posting media: Collections schedule.

Note; See entry No. 14 for recording billing and collecting for refunds of overpayments.

14. Billing and Collecting for Refund of Overpayments

Amount of bills rendered and collections of refunds due -

a. When billed -

Dr. 1240 Accounts Receivable - General

Cr. 1410 Stores

and/or

Cr. 1510 Equipment - Operating (if billing for refund is made after
equipment has been issued from Stores to a Project)

and/or

Cr. 1610 Real Property

and/or

Cr. 5010 Expense - Operating

Posting media: Billing invoice or demand letter.

b. When billing is collected -

Dr. 1020 Checking Account (name of local currency bank)

or

Dr. 1030 Checking Account (name of U.S. currency bank)

Cr. 1240 Accounts Receivable - General

Posting media: Collection schedule.

Note: Enter also, in the appropriate Project Ledger, a reduction of the
affected obligation and expenditure previously recorded when
appropriate (e.g., accounts 1510 and 5010)

15. Payment of Vouchers Other Than Payroll

The amount of vouchers, whether vendors invoices, imprest fund replenishment vouchers, or project disbursing officers replenishment vouchers paid for services rendered (other than payroll) materials and equipment, and real property furnished -

Dr. 1410 Stores

Dr. 1470 Goods In Transit

Dr. 1610 Real Property

Dr. 5010 Expense - Operating

Cr. 1020 Checking Account (name of local currency bank)
and/or

Cr. 1030 Checking Account (name of U.S. currency bank)

Posting media: Monthly Summary of Transactions recorded in Cash
Disbursements Journal-Voucher Register.

- Note: (1) When charged to Account 5010, enter also in the "Total Expenditures" column and the appropriate class of expenditure column of the Project Ledger. Also adjust the obligation in the "Obligation Incurred" column to agree with the expenditure in the Project Ledger affected.
- (2) On basis of receiving reports a journal voucher will be prepared to transfer the value of goods received from account 1470 Goods in Transit, to account 1410 Stores.

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16. Materials and Equipment Acquired by Donation

Amount estimated to be the cost of materials and equipment as if purchased on the date of the donation -

Dr. 1410 Stores

Cr. 4710 Miscellaneous Income

also

Dr. 3140 Contribution and Income - Realized

Cr. 3110 Contributions and Income - Unprogrammed

Posting media: Receiving report or Journal Voucher prepared from an analysis of the transfer documents.

- Note: 1. All donations will be recorded to the Stores account whether or not the donation is made direct to a Project.
2. When the donation is made direct to a Project and the donation would constitute programming in addition to that planned and allotted for, then the amount credited to "Contributions and Income - Unprogrammed" for the amount of the donation should be programmed to the project and allotted to the Project. If the donation covers a requirement included in the original project plan, an entry to program the amount to the project followed by an additional allotment to the project is not required. In this latter case, the value of the donation increases the cash available for programming inasmuch as it replaces cash intended for this project. In both cases, an entry reflecting issue from Stores to the Project will be made.

17. Return of Supplies and/or Property from a project to the Stores Account.

Normally, the project will not receive credit for property or supplies once issued to them. If, however, the circumstances merit such credit, an alternative entry is provided.

- a. If project is not to receive credit for the items.

Dr. 1410 Stores (residual or estimated value of property or supplies)

Cr. 4520 Gain or loss on Disposition of Property

also

Dr. 3140 Contributions and Income - Realized

Cr. 3110 Contributions and Income - Unprogrammed.

Posting media: Journal-Voucher supported by Stores Credit Slip.

- b. If the item is in the Equipment-operation account, the following additional entry must be made.

Dr. 5010 Expense - operating

Cr. 1510 Equipment - Operating (original cost of property)

Posting media: Journal-Voucher supported by Stores Credit Slip.

Note: In the project ledger the entry would be to enter a credit in column 9 and a charge in columns 11 and 12 in the amount of the original cost of the property.

- c. If project is to receive credit for supplies and/or property.

Dr. 1410 Stores

Cr. 5010 Expense - Operating

and/or

Cr. 1510 Equipment - Operating

Posting media: Monthly summary of transactions recorded in the Cash Disbursements Journal-Voucher Register.

Note: Entries in the project ledger would be a reverse of initial issue to the project ledger. (See entry No. 19) This would decrease the "Obligation" and "Total Expenditure" columns and increase the "Unobligated Balance" column.

18. Disposition of Property

Disposing of real property, equipment, and/or stores inventory through sale or through survey action declaring the property surplus or worthless.

a. When disposition is by sale -

Dr. 1020 Checking Account (if cash received)

or

Dr. 1240 Account receivable - General (if billing issued)

Dr. 4520 Gains and losses on disposition of Property (Net loss - if any
on sale)

Cr. 1410 Stores (carrying value of stores)

and/or

Cr. 1610 Real Property (carrying value of property)

Cr. 4520 Gains and losses on disposition of Property (Net profit -
if any - on sale)

also

The following entry for the amount of Loss or Gain.

Dr. 3110 Contributions and Income - Unprogrammed

Cr. 3140 Contributions and Income - Realized (reverse if Net profit
on Sale)

Posting media: Collection schedule, Sales Contract, or Billing Invoice.

Note: If actual sale results in a deviation from the estimated sales realization, this over or under amount will also be reflected in account 3140 and 3110.

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18. Continued

b. When disposition is by survey as surplus or worthless -

Dr. 4520 Gains and Losses on Disposition of Property (carrying value of property)

Cr. 1410 Stores (carrying value of stores)

Cr. 1610 Real Property (carrying value of property)

also

Dr. 3110 Contributions and Income - Unprogrammed

Cr. 3140 Contributions and Income - Realized

Posting media: Report of Survey Action or Excess or Surplus Declaration with attached shipping ticket.

Note: If the Survey covers operating equipment, the entry described in Entry No. 17 will first be made, and then Stores will be credited in accordance with 18(b) above.

19. Stores Issued

When stores, including equipment, are issued from warehouse stock to a Project -

Dr. 1510 Equipment - Operating
and/or

Dr. 5010 Expense - Operating

Cr. 1410 Stores

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

Note: 1. Even though the stores voucher is a non-cash voucher, it shall be recorded in the Cash Disbursements Journal-Voucher Register, as well as, the affected Project Ledger(s).

2. In the Project Ledger, entry will be recorded as an obligation and expenditure. Equipment will be entered in column 9, and other items in the appropriate column.

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20. Stores Inventory Adjustments

Amount of adjustments of stores based upon physical inventory -

a. If physical inventory exceeds book value.

Dr. 1410 Stores

Cr. 4530 Gains and Losses on Inventory Adjustments

also

Dr. 3140 Contributions and Income - Realized

Cr. 3110 Contributions and Income - Unprogrammed

b. If book value exceeds physical inventory -

Dr. 4530 Gains and Losses on Inventory Adjustments

Cr. 1410 Stores

also

Dr. 3110 Contributions and Income - Unprogrammed

Cr. 3140 Contributions and Income - Realized

Posting media: Journal-Voucher prepared from an analysis of inventory schedules.

21. Payment of Payroll Vouchers

Amount of payroll vouchers paid -

Dr. 5010 Expense - Operating

Cr. 1020 Checking Account (name of local currency bank)

Cr. 2210 Employee Deductions Withheld

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

Note: 1. Enter also in the "Total Expenditures" column and the "Personal Services" column of the Project Ledger affected.

2. When a bank account separate from that account out of which the payroll voucher is paid is maintained, to which "employee deductions" are deposited, an additional entry debiting that bank

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21. Continued

account for the amount of the deductions withheld would be required.

22. Payment of Employee Withholdings

Amount of payments of employee withholdings for taxes, retirement, etc. -

Dr. 2210 Employee Deductions Withheld

Cr. 1020 Checking Account (name of local currency bank)

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

23. Receipt of Suspense Deposits

Amounts deposited to guarantee contract performance -

a. For cash deposit -

Dr. 1020 Checking Account (name of local currency bank)

Cr. 2310 Suspense Deposits

Posting media: Collection schedule

b. For amount withheld from disbursement voucher to guarantee further performance -

Dr. 1410 Stores

Dr. 1610 Real Property

Dr. 5010 Expense - Operating

Cr. 2310 Suspense Deposits

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

24. Return of Suspense Deposits

Amount of contract deposits, etc., returned -

Dr. 2310 Suspense Deposits

Cr. 1020 Checking Account (name of local currency bank)

Posting media: Monthly Summary of Transactions recorded in the Cash Disbursements Journal-Voucher Register.

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25. Recording Accrued Liabilities

a. Amounts due and payable for goods and services received for which vendor's invoices have not been received, determined by inventorying the outstanding obligations at the end of a fiscal period -

Dr. 1410 Stores

and/or

Dr. 5010 Expense - Operating

Cr. 2110 Accrued Liabilities

Posting media: Journal Voucher supported by a listing of the unpaid obligations for which invoices have not been received or will not be received such as for payroll items.

b. At the beginning of the fiscal period, reverse the above entry by -

Dr. 2110 Accrued Liabilities

Cr. 1410 Stores

and/or

Cr. 5010 Expense - Operating

Posting media: Journal Voucher

Note: This adjusting entry will not be recorded in the project Ledgers.

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26. Recording Accounts Payable

a. Amounts due and payable for goods and services received for which vendor's invoices have been received, but payment has not been made -

Dr. 1410 Stores

and/or

Dr. 5010 Expense - Operating

Cr. 2010 Accounts Payable

Posting media: Journal Voucher supported by a listing of outstanding invoices payable.

b. At the beginning of the fiscal period, reverse the above entry by -

Dr. 2010 Accounts Payable

Cr. 1410 Stores

and/or

Cr. 5010 Expense - Operating

Posting media: Journal Voucher.

Note: This entry will not be recorded in the project Ledgers.

27. Closing Entries

a. Monthly closing entries -

(1) Dr. 3220 Unobligated Funds

Cr. 3230 Unliquidated Obligations

Posting media: Journal Voucher prepared from an analysis of the Monthly Summary of Project Ledger Totals - "obligations incurred" column.

(2) Dr. 3230 Unliquidated Obligations

Cr. 3240 Expended Funds

Posting media: Journal Voucher prepared from an analysis of the Monthly Summary of project Ledger Totals - "total expenditures" column.

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27. Continued

b. Annual closing entries -

In addition to the entries under a. above, make the following entries -

(1) To close expense -

Dr. 3010 Net Worth

Cr. 5010 Expense - Operating

Posting media: Journal Voucher

(2) To close income -

Dr. 4410 Income - Operating

Dr. 4510 Gains and Losses on Foreign Exchange

Dr. 4520 Gains and Losses on disposition of Property

Dr. 4530 Gains and Losses on Inventory Adjustments

Dr. 4710 Income - Miscellaneous

Cr. 3010 Net Worth

Posting media: Journal Voucher

(3) To close expended allotments -

Dr. 3240 Expended Funds

Cr. 3140 Contribution and Income - Realized

Posting media: Journal Voucher

Note: The entries under b. (2) above, are listed as they are normally expected to occur, if however, any one of the accounts has a balance opposite of that shown, the reverse of the entry would be required.

APPENDIX C

PROJECT LEDGER

The attached format of a Project Ledger is divided into two sections, i.e., Section I. "Funds Programmed and Allotted" and Section II, "Obligations and Expenditures." The column headings and content follow:

1. Section I. "Funds Programmed and Allotted": This section reflects funds programmed and allotted to a specific project. A review at any time of the data entered in this section advises management quickly as to whether funds have been allotted to the project as scheduled, whether total allotments bears a reasonable relationship to total obligations and, by simple analysis, whether an adjustment in fund requirements would be proper for consideration. This Section of the project ledger is composed of four columns as follows:

Column 1. "Date": Enter the date the allotment is expected to be made to the project.

Column 2. "Cumulative Amount Planned through the Date Shown": Enter amount of allotment expected to be made to projects on the date cited in Col. 1. Each line entry should show the cumulative amount for the date shown. The total should agree with "budgeted plan" for the project. This complete entry for the year should be made when the project agreement is signed.

Column 3. "Date": Enter date allotment actually made to project.

Column 4. "Cumulative Amount Allotted": Enter the amount actually allotted to the project on the date cited in Col. 3. Each line entry should be the cumulative total allotted for the current year and should be entered from the allotment advice.

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2. Section II. "Obligations and Expenditures": This section reflects obligations incurred, the unobligated balance of funds allotted to the project, and the expenditures. Obligations liquidated are the same as "Total expenditures" therefor unliquidated obligations are determined by deducting "Total expenditures" from "Obligations Incurred". Expenditures are distributed on the ledger to columns headed for personal services, materials, equipment, and all other classes of expenditures. The following columns comprise this Section:

Column (1) "Date": The date that the transaction is posted to the project ledger is recorded in this column.

Column (2) "Description": In recording obligations, the names of vendors or contractors are cited; in recording disbursement vouchers, the names of payees and the purchase order number or obligation number is shown. All adjustments and charges between projects should be completely cross-referenced.

Column (3) "Reference": The office file number of the document posted should be entered; for example, the contract number, purchase order number or voucher number.

Column (4) "Obligations Incurred": Enter the amounts of obligations incurred on account of personal services, contracts, purchases, travel, and other firm commitments, including transfers of goods and services between projects. Requisitions from Stores are to be entered in this column prior to Stores action except when administrative procedures provide otherwise for small purchases and requisitions. The incurrence of an obligation reduces the unobligated balance of allotment Col. (5). A negative entry is made in Col. (4) when an adjustment or cancellation of an obligation reduces the total of obligations incurred.

Column (5) "Unobligated Balance": The recording of an allotment of funds in Section I, "Funds Programmed and Allotted," is also posted to this column, thus increasing the balance. An adjustment or cancellation in the obligations incurred column also affects this balance. A downward adjustment increases the balance and an upward adjustment decreases the balance.

Column (6) "Total Expenditures": Enter in this column the total amount of each payment and the value of goods contributed, donated, or issued to this project. The total of this column should equal the combined total of all classes of expenditure money columns.

Column (7) "Personal Services": Enter the total of each payroll voucher.

Column (8) "Materials": Enter the total of all supplies and materials purchased or made available by contribution or donation to the project.

If there is a separate project for warehouse or inventory (Stores in general ledger) transfers of supplies or materials from that project to this project would be recorded in this column.

Column (9) "Equipment Owned": Enter the total of all non-expendable equipment issued to the project. Equipment which is carried as an inventory item in the Stores account should not be included here until issued from stock inventory to a project. Equipment that is purchased and installed in a building to actually become a part of the building, such as furnaces, refrigerating equipment, etc., should not be shown in this column, but should be coded as "Equipment installed in Building," or treated as material, depending on the type and nature of the project.

Column (10) Blank: An extra column has been provided, to be filled in by the Joint Entity for any other volumn type transactions based on nature of

project. (For one project the major recurring item might be Contract Services; for another project the column might be used for Travel, etc.)

Column (11) "Class": Enter the "class" of expenditures reflected in col. (12) "Other". For example, rent, utilities, printing, etc. This column is provided so that certain classes of expenditures which are expected to occur relatively infrequently, may be determined by analysis when or if desired.

Column (12) "Other": Enter the amount of the expenditures, such as for rent, communications, printing, etc., that are not reflected in the preceding expenditure columns.

3. Closing. At the end of each month the columns of the project ledger of each project are totaled and by subtracting the brought forward figures from the previous month from the totals at the end of the month, the current months activity is determined. Using a blank ledger sheet, prepare a "Monthly Summary of Project Ledger Totals," (C-2). List the project title and number in the "description" column and the total of current months activity for each project in each of the other columns affected. Entries made from this Summary to the General ledger are described in Entry No. 27, of the Pro Forma Entries, Appendix B.

4. The Joint Entity should use a modified Project Ledger Sheet to make a cumulative history record of each project, by entering a line item for the yearly activity on the individual project.

This can be accomplished by making three columns in the description column of a Project Ledger Sheet with the following titles; (1) Budget Plan, (2) Amount Allotted, and (3) Variance. Each year, after determining

the totals for the yearly transactions, enter these totals in the appropriate columns, with a cumulative total carried forward.

NOTE: It is expected that in the adoption of the form of Project Ledger shown as Appendix C-1, that two different ledger sheets would actually be printed. One ledger sheet would be printed as shown in Appendix C-1, and the form would be used only on those occasions when there is a change to the Funds Programmed and Allotted. The second printed form would be a continuation sheet which would reflect the Project No. and Title and Section II. These latter captions would be printed near the top of the ledger sheet permitting more room for posting transactions. All ledger sheets used for a project, whether carrying Sections I and II or just Section II, would be numbered consecutively in the ledger.

JOINT ENTITY

PROJECT LEDGER

APPENDIX C-1

SECTION I: FUNDS PROGRAMMED AND ALLOTTED			
DATE	CUMULATIVE AMOUNT	DATE	CUMULATIVE AMOUNT
	PLANNED THROUGH		ALLOTTED
	DATE SHOWN		
(1)	(2)	(3)	(4)
7/1/58	100,000	7/1/58	100,000
10/1/58	200,000	10/1/58	200,000
1/1/59	300,000	1/1/59	255,000
4/1/59	400,000	4/1/59	375,000

PROJECT NO. AND TITLE _____

SECTION II: OBLIGATIONS AND EXPENDITURES

DATE (1)	DESCRIPTION (2)	REF. (3)	OBLIGATIONS INCURRED (4)	UNOBLIGATED BALANCE (5)	TOTAL EXPENDITURES (6)	CLASSES OF EXPENDITURES					
						PERSONAL SERVICES (7)	MATERIALS (8)	EQUIPMENT OR SHED (9)		ALL OTHER CLASS (11)	AMOUNT (12)
1959											
6/1	EFW		331,500	43,500	265,000	204,000	42,000	12,000	—	—	7,000
6/3	Payroll Obligation	M/025	8,500	35,000							
* 6/3	Supplies requisitioned from Stores	R/096	700	34,300							
* 6/4	Equipment requisitioned from Stores	R/097	500	33,800							
6/6	Services Ordered	P/185	1,200	32,600							
6/6	Vouchered R/096	VO.39			700		700				
6/7	Vouchered Rent P/155	VO.41			400					Rent	400
6/8	Vouchered Telephone P/156	VO.40			60					Comm.	60
6/9	Supplies Ordered	P/186	12,400	20,200							
6/12	Vouchered Payroll M/025	VO.42	(600)	20,800	7,900	7,900					
6/14	Vouchered Services P/185	VO.45	200	20,600	1,400					Services	1,400
6/16	Payroll Obligations	M/026	8,900	11,700							
6/17	Equipment Received R/097	VO.44			500			500			
6/22	Services Ordered	F/O 187	2,700	9,000							
6/23	Supplies Received R/069	VO.45	(1,000)	10,000	3,200		3,200				
6/28	Voucher Payrolls M/026	VO.46			8,900	8,900					
6/29	Services Ordered	P/188	2,000	8,000							
6/29	John Doe - Travel TA/72	VO.48			300					Travel	300
6/29	Vouchered Services P/0100 & 1.01	VO.47			4,700					Services	4,700
6/29	Warehouse Charge P/186	VO.51			1,200		1,200				
6/30	Close		367,000	8,000	294,260	220,800	47,100	12,500	—		13,860
	Ant. EFW		331,500		265,000	204,000	42,000	12,000	—		7,000
	TRANSACTIONS THIS MONTH		25,500	8,000	29,260	16,800	5,100	500	—		6,860

* It is optional as to whether Small Purchases or Stores Requisitions will be prevalidated. See paragraph IX. of Text of Manual Order.

** See note following narrative in Appendix C for the elimination of Section I when no change in Funds Programmed and Allotted is required.

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JOINT ENTITY

APPENDIX C-2

SECTION I: FUND PROGRAMMED AND ALLOTTED

DATE	CUMULATIVE AMOUNT PLANNED THROUGH DATE SHOWN	DATE	CUMULATIVE AMOUNT ALLOTTED
(1)	(2)	(3)	(4)

PROJECT LEDGER

PROJECT NO. AND TITLE _____

SECTION II: OBLIGATIONS AND EXPENDITURES

DATE (1)	DESCRIPTION (2)	REF. (3)	OBLIGATIONS INCURRED (4)	UNOBLIGATED BALANCE (5)	CLASSES OF EXPENDITURES						
					TOTAL EXPENDITURES (6)	PERSONAL SERVICES (7)	MATERIALS (8)	EQUIPMENT OWNED (9)	(10)	ALL CLASS (11)	OTHER AMOUNT (12)
1959					MONTHLY SUMMARY OF PROJECT LEDGER TOTALS						
6/30	PROJECT X PROJECT Y PROJECT Z		35,500 -0- -0-	8,000 -0- -0-	29,260 -0- -0-	16,800 -0- -0-	5,100 -0- -0-	500 -0- -0-	-- -0- -0-		6,860 -0- -0-
(1)			35,500	8,000	29,260	16,800	5,100	500	-0-		6,860

Entry:

- (1) Dr. Unobligated Funds, a/c 3220 35,500
 Cr. Unliquidated Obligations, a/c 3230 35,500
 (Obligations Incurred Col.4)
- (2) Dr. Unliquidated Obligation, a/c 3230 29,260
 Cr. Expended Funds, a/c 3240 29,260
 (Total Expenditures Col. 6)

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JOINT ENTITY
CASH DISBURSEMENTS JOURNAL - VOUCHER REGISTER

Appendix D

DATE (1)	DESCRIPTION (2)	VOUCHER		NAME OF U.S. BANK		NAME OF BANK		NAME OF BANK		EXPENSE- OPERATING ACCOUNT 5010 (12)	MISC. DEBITS		MISC. CREDITS		
		NO. (3)	AMOUNT (4)	CHK. NO. (5)	U.S. DOLL. AMOUNT (6)	L.C. AMOUNT (7)	CHK. NO. (8)	AMOUNT (9)	CHK. NO. (10)		AMOUNT (11)	ACCT. NO. (13)	AMOUNT (14)	ACCT. NO. (15)	AMOUNT (16)
1999															
6/6	Stores Issued to Pro- ject	39	700							700					
6/8	Y Telephone Co.	40	60					28	60	60			1410	(8) 700	
6/8	? Real Estate Co. - Rent	41	400							400					
6/12	Payroll	42	7,900	49	700	3,500	29	4,400	62	400	400				
6/14	A Co. Service	43	1,400						63	1,400	1,400				
6/17	Equipment Issued	44	500									1510	(2) 500	1410	(8) 500
6/23	C Supplier	45	3,200	51	640	3,200					3,200				
6/28	Payroll	46	8,900	52	980	4,900	30	4,000			8,900				
6/29	A Co. Service	47	4,700						64	4,700	4,700				
6/29	John Doe - Applied to Travel Advance	48	300								300			1130	(7) 300
6/29	Stores Issued to Prox.	49	1,200								1,200			1410	(8) 1,200
6/29	Richard Roe - Travel Advance	50	200	53	40	200						1130	(3) 200		
	TOTALS		29,460		2,360	11,800		8,460		6,500	28,760				
	Less: Bal. Fwd.		-0-		-0-	-0-		-0-		-0-	-0-				2,700
	TOTAL CURRENT MONTH		29,460		2,360	11,800		8,460		6,500	28,760		700		2,700

MONTHLY SUMMARY OF TRANSACTIONS

Debit:

(1) Expense of a/c 5010 28,760
 (2) Equipment a/c 1510 500
 (3) Travel Advance a/c 1130 200
29,460

Credit:

(4) U.S. Bank a/c 1030 11,800
 (5) L.C. Bank a/c 1020 8,460
 (6) L.C. Bank a/c 1021 6,500
 (7) Travel Advance a/c 1130 300
 (8) Stores a/c 1410 2,400
29,460

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APPENDIX D

CASH DISBURSEMENTS JOURNAL-VOUCHER REGISTER

The attached format of the Cash Disbursements Journal-Voucher Register contains sixteen columns. The size of the "Register" and the number of columns would be determined by the number of bank accounts with which the Joint Entity is involved. The column headings and content follow:

Column (1) "Date": Enter the date of the transaction.

Column (2) "Description": Enter the names of vendors, contractors, or employees as the case may be. When non-cash vouchers are recorded and projects are involved, include the name and number of the project.

Columns (3) and (4) "Voucher No. and Amount": Enter in these columns the voucher number and the total amount of the voucher. Voucher numbers will be assigned and entered consecutively. All non-cash vouchers will be assigned numbers in the same series with vouchers requiring the payment of cash.

Columns (5) and (6) "Check No. and U.S. Dollar Amount": Enter in these columns the check number and the amount of the check drawn against a U. S. Dollar account.

Column (7) "Local Currency Amount": Enter the amount of local currency equivalent to the amount of the U. S. Dollars paid out and reflected in Col. (6).

Columns (8) and (9) "Check No. and Amount": Enter in these columns the check number and the amount of the check drawn against a local currency account.

Columns (10) and (11) "Check No. and Amount": Same as Cols. (8) and (9)..

Column (12) "Expense-Operating, Account 5010": Enter the amount of expense chargeable as reflected on each voucher. A single column is provided for

this account because it is expected that most vouchers will affect the expense account.

Columns (13) and (14) "Miscellaneous Debits - Account No. and Amount": Enter in these columns the general ledger account number affected and the amount of the charge (debit) to the account.

Columns (15) and (16) "Miscellaneous Credits - Account No. and Amount": Enter in these columns the general ledger account number affected and the amount of the credit to the account.

At the closing of each month the money columns of the "Register" are totaled and a "Monthly Summary of Transactions" is prepared as shown on the attached format. If there is not room on the last page of the "Register" for the month, the Monthly Summary should be prepared on a blank "Register" page.

Appendix E

Account No. _____

Page No. _____

JOINT ENTITY

GENERAL LEDGER

Account Title _____

Reference	Description	Debit	Credit	Balance

JOINT ENTITY

JOURNAL VOUCHER

Reference	Explanation	Debit	Credit

Prepared by _____
(signed)

Approved by _____
(signed)

Title _____

Title _____