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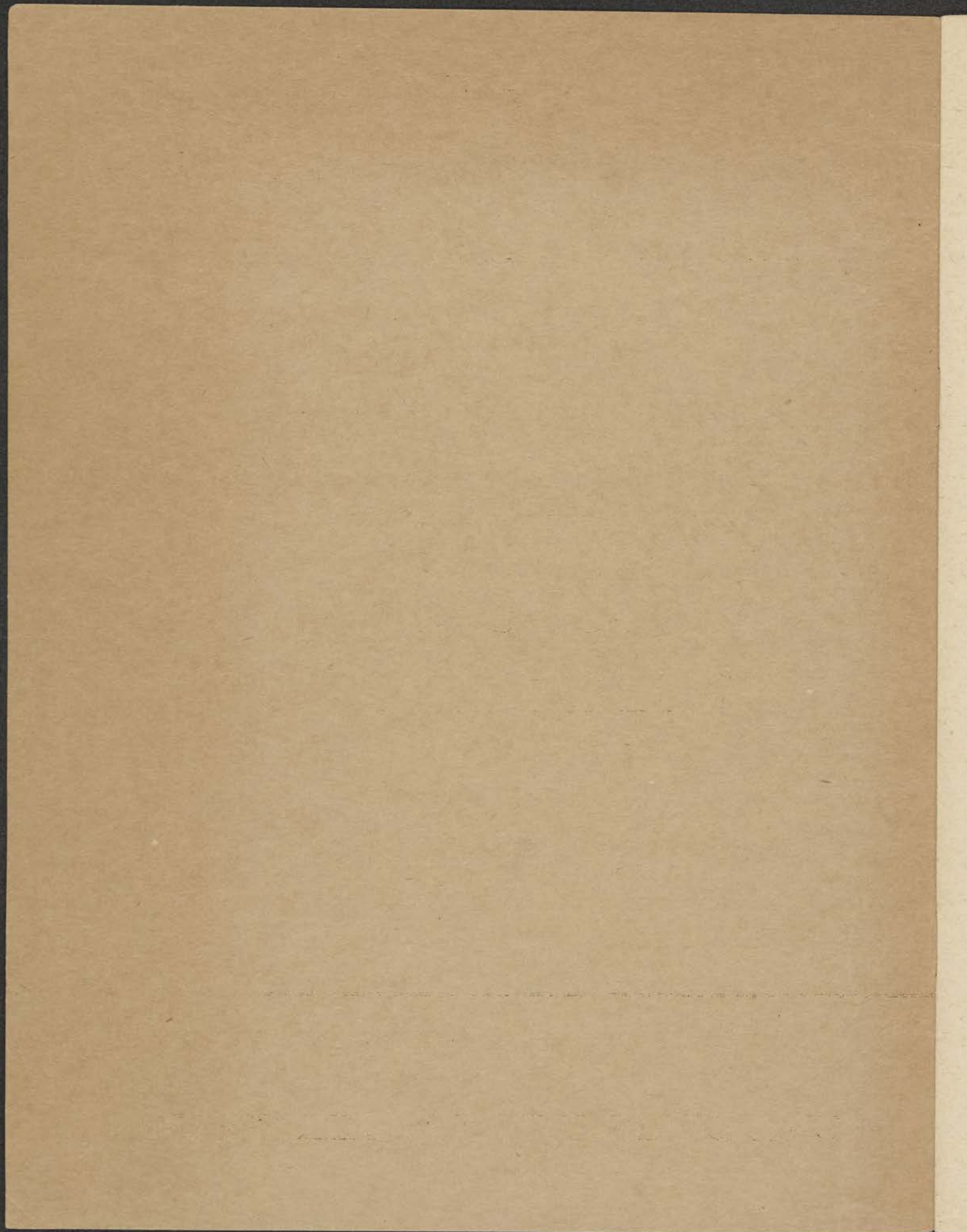
WAR DEPARTMENT TECHNICAL MANUAL

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WAR DEPARTMENT ACCOUNTING INSTRUCTIONS FOR UNIT AND HEADQUARTERS FUNDS

WAR DEPARTMENT • FEBRUARY 1945

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WAR DEPARTMENT TECHNICAL MANUAL
TM 20-221

This manual, together with TM 20-220, supersedes TM 14-708, 1 July 1944, Accounting Procedures for Nonappropriated Welfare Funds, including C1, 8 July 1944 and C2, 14 October 1944, except Chapters VII and VIII, which remain in effect.

WAR DEPARTMENT ACCOUNTING
INSTRUCTIONS FOR UNIT
AND HEADQUARTERS FUNDS



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TM 20-221, War Department Accounting Instructions for Unit and Headquarters Funds is published for the information and guidance of all concerned.

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BY ORDER OF THE SECRETARY OF WAR:

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For explanation of symbols, see FM 21-6.

CONTENTS

	Paragraph	Page
SECTION I. GENERAL		
Scope of instructions	1	1
Purpose	2	1
 II. ACCOUNTING RECORDS AND REPORTS		
General	3	2
Council Book, WD AGO Form 10-4 (WD QMC Form 15)	4	2
Voucher	5	4
Monthly Financial Statement	6	4
Inventory Report	7	5

CONTENTS

SECTION I. GENERAL

II. ACCOUNTING RECORDS AND REPORTS

SECTION I

GENERAL

1. Scope of Instructions

a. The accounting records, forms, reports and procedures prescribed herein reflect the basic principles to be established and maintained by the custodians of Unit and Headquarters Funds.

b. The Council Book, WD AGO Form 10-4 (WD QMC Form 15), forms the basic accounting record for Unit and Headquarters Funds. The instructions and procedures outlined herein should be read in conjunction with the Council Book and with pertinent Army Regulations and other War Department directives.

c. The prescribed system for Unit and Headquarters Funds is single entry in form and the operation will not require any special knowledge of bookkeeping.

2. Purpose

The purpose of the Council Book and these instructions is to provide an adequate accounting system to record all transactions pertinent to Unit and Headquarters Funds, and to prescribe financial statements that will reflect the condition of the various funds on a standardized basis.

SECTION II

ACCOUNTING RECORDS AND REPORTS

3. General

The following records and reports are required for Unit and Headquarters Funds:

- a. RECORDS. (1) Council Book, WD AGO Form 10-4 (WD QMC Form 15).
- (2) Voucher (fig. 1).
- b. FINANCIAL STATEMENT AND REPORT. (1) Monthly Financial Statements (figs. 2 and 3).
- (2) Inventory Report.

4. Council Book, WD AGO Form 10-4 (WD QMC Form 15)

a. GENERAL. (1) The basic record of the transactions of Unit and Headquarters Funds, as defined in AR 210-50, consists of a Council Book, WD AGO Form 10-4 (WD QMC Form 15). This book consists of two sections: one for the recording of property transactions and the other for cash and investments, together with the required certificates to be signed, respectively, by the custodian of the fund, the president and recorder of the Council, and the inspecting or auditing officer. All changes and erasures in the Council Book and papers pertaining thereto will be authenticated by the initials of the proper custodian.

(2) Included in the Council Book are instructions relative to recording the transactions of the fund. These instructions will continue to apply to the extent not changed by AR 210-50 and by the procedures outlined herein.

b. PROPERTY SECTION OF COUNCIL BOOK. (1) Unit and Headquarters Funds may acquire property by purchase, by loan, or by gift.

(2) All acquisitions of nonexpendable property will be entered according to date of acquisition in the section of the Council Book headed "Property Purchases from _____ Fund." Expendable property will not be recorded in the property section of the Council Book. The term "nonexpendable property" as used in these instructions means property that is not consumed or expended and does not lose its identity in use. Pool tables, pianos, baseball backstops,

etc., are considered nonexpendable property. Items of athletic equipment such as balls, gloves, shoes, etc., are not considered in this classification even though they may not be immediately expended.

(3) *Nonexpendable property purchased.* (a) Such property will be entered in the Council Book as outlined in (2) above, showing purchase price.

(b) If the property is sold in accordance with applicable directives, it will be indicated by lightly superimposing in red ink the word "SOLD" across the description of the article and reference will be made to the number and date of the voucher evidencing the cash receipt in the "disposition" column. Property which has been worn out, destroyed, or for other reasons has no salvage value will be entered in the disposition column as "worn out," "destroyed," etc., and will be dated and initialed by the custodian. A certificate signed by all members of the Council will be made, stating that nonexpendable property was dropped from the record and the reason therefor. In case of sale, such certificate is not necessary.

(4) *Nonexpendable property on loan.* (a) Such property loaned to the Unit or Headquarters Funds by the Central Post Fund will be entered as outlined in (2) above, but no amount will be entered in the "price" column. Such property may, if desired, be entered in a separate section of the property section of the Council Book to facilitate reference thereto. All such acquisitions from the Central Post Fund will be supported by a property receipt prepared by the custodian of the Central Post Fund, and reference thereto will be made in the Council Book. The original of the property receipt for the Central Post Fund property will be in the files of the custodian of the Central Post Fund. The custodian of the Unit or Headquarters Fund will maintain an active file of duplicate copies of all such property receipts. Property loaned from other sources will similarly be accounted for in the Council Book.

(b) When such property is disposed of by the Unit or Headquarters Funds, an entry will be made in the disposition column of the Council Book indicating return to the lender, if such is the case, or whether

worn out, destroyed, etc. (A certificate as explained in (3)(b) above will be executed with reference to worn-out or destroyed property and will be submitted to the lender.) The original of the property receipt will be obtained from the custodian of the Central Post Fund and the duplicate copies removed from the active file, both may then be destroyed after a reasonable time.

(c) Property on loans will not be removed from an installation by a unit or headquarters upon transfer of the unit or headquarters without specific authorization.

(5) *Nonexpendable property received as a gift.* This property will be entered and accounted for in the Council Book as outlined above except that the entry will show the source of the gift rather than the amount in the "price" column.

(6) When a new Council Book is opened, a full description and dollar value, where applicable, of the nonexpendable property on hand at such date will be transferred thereto.

(7) General procedures for the disposal of property of Unit and Headquarters Funds which becomes surplus are prescribed in War Department directives.

c. CASH SECTION OF COUNCIL BOOK. (1) Transactions involving the receipts and expenditures of cash, including the purchase and sale of investments, will be recorded in the second section of the Council Book which is headed "In Account With _____ Fund, _____."

(2) All transactions pertaining to cash and investments will be evidenced by a voucher (fig. 1).

(3) When feasible, cash collections will be deposited in the fund bank account intact as soon as possible after the date of receipt. A brief description of the transactions will be recorded in the Council Book in the space provided therefor. When cash collections of minor nature are accumulated, the amounts collected will be entered from day to day on the voucher, used as a collection record. Upon the date of deposit in the bank account, the voucher used as a collection record will be totaled and recorded in the Council Book in the same manner as any other voucher.

(4) Bank deposit slips will be prepared in duplicate for each deposit in the fund bank account. The duplicate deposit slip, after being stamped by the bank, will be retained in the file of the Unit or Headquarters Fund, attached to the voucher or vouchers to which it applies.

(5) Authorized gifts, donations, grants, etc., received in cash will be recorded as in the case of ordinary receipts of cash. Amounts so received which

are restricted to specific usages will likewise be recorded as ordinary cash, but an entry of the circumstances together with the designated usage will be made in the Council Book.

(6) Ration savings, applicable only to those organizations authorized to operate on garrison rations, will be entered in the receipts and expenditures column in the cash section of the Council Book. Such funds will be accounted for separately in the Council Book but may be carried in the fund's bank account. However, ration savings will not be included on the monthly financial statement that is submitted to the custodian of the Post Trust Fund. Ration savings will be administered in accordance with applicable directives.

(7) Expenditures for authorized purposes, as set forth in AR 210-50, will be evidenced by vouchers and the amounts paid will be entered in the column headed "Other Funds—Expenditures." Purchases of nonexpendable property will result in two entries—one in the property section of the Council Book and one in the cash section as expenditures.

(8) If cash of a fund is invested in securities, it will be recorded in the Council Book as an expenditure of cash and in the receipts column as the acquisition of \$_____ in investments. In order to distinguish entries for investments from those for cash, the entries of investments in the receipts column may be made in red ink. Securities purchased will be identified by serial number and name. Securities will be properly safeguarded by the custodian of the fund.

(9) Interest on securities *actually received* will be recorded at that time in the Council Book as ordinary cash receipts.

(10) When securities are converted into cash a voucher (fig. 1) will be executed, describing fully and supporting each sale of securities. This voucher will be entered in the Council Book the same as any other voucher. In the expenditures column under "Other Funds" should be recorded (in red ink, if desired) the amount at which the securities sold were carried in the Council Book (original cost price). In the receipts column under "Other Funds" will be recorded the amount for which the securities were actually sold.

(11) Entries in the Council Book will be made as soon as possible after the various transactions occur. All transactions occurring toward the end of the month will be recorded before the book is closed for the month.

(12) The columns in the cash section of the Council Book will be closed out at the end of each month and the balance brought forward to the

appropriate receipts column in the next month's section.

(13) The custodian of the fund will certify as to the status of the balance on hand, that is, cash in bank \$——, petty cash \$——, investments \$——, etc.; and to the correctness of the entries in the Council Book.

(14) The bank statement and canceled checks as of the close of each month will be obtained from the bank as soon as possible, and proper reconciliation thereof made with the balance in the bank as shown in the Council Book. This may be accomplished by using the reverse side of the bank statement. The balance shown on the bank statement, minus outstanding checks (checks not yet paid by the bank), plus any bank service or other charge not entered in the Council Book, plus any deposits in transit (not yet recorded by the bank) should equal the balance in the bank according to the Council Book. The bank service charge referred to above should be entered in the next month's section of the Council Book (cash section) as expenditures.

(15) Where banking facilities are available, collections may not be used to pay bills to defray miscellaneous expenses, but will be deposited intact in the fund's bank account, as provided for in (3) above; however, a petty cash fund may be established for the payment of small items of expense.

(16) The procedure for the establishment and operation of the petty cash fund where authorized by the fund's council will be as follows:

(a) This revolving fund will be established by drawing a check to "Petty Cash" and entering it both in the expenditures and receipts columns of the Council Book. A voucher will be prepared for this transaction in the same manner as all cash transactions. The check will be cashed and it will be the responsibility of the custodian to safeguard the funds.

(b) At the close of each month, or more frequently if necessary, the petty cash fund will be reimbursed by drawing a check payable to petty cash in the exact amount of the total petty cash expenditures since the date of the last reimbursement. This check should be entered in the expenditures column of the cash section of the Council Book. A voucher will be prepared for this transaction on which will be listed all of the petty cash expenditures covered by the reimbursement check, to which will be attached the petty cash slips evidencing individual expenditures. These petty cash slips ordinarily will be delivery tickets, sales slips, or other memoranda,

and must be signed by the person receiving the payment.

(c) Petty cash funds may be increased upon proper authorization by the Council if it is determined that a larger revolving fund is required; however, under ordinary circumstances a petty cash fund in excess of \$25.00 should not be required. The check and voucher for such increase will be recorded in the Council Book and handled as outlined for the establishment of the petty cash fund as set forth in (a) above. Petty cash will be reported separately on the custodian's certificate at the end of each month.

d. RECORD OF SECURITIES. If securities are owned by a fund, the custodian will prepare a detailed list to be kept in the back of the Council Book. The list should include a full description of each security, the serial number, date of acquisition, and the purchase price. The total value of the securities must be in agreement with the value of the bonds reflected on line four of the monthly analysis and certification that is a part of the Council Book and executed by the fund custodian.

5. Voucher (Fig. 1)

a. All transactions of Unit and Headquarters Funds involving the receipt or expenditure of cash will be evidenced by itemized vouchers. Expenditure vouchers should, whenever possible, be supported by dealers' invoices, delivery tickets, etc. A single voucher may be used to cover individual expenditures, receipts of cash, purchases of property or investments which represent a single project for summarizing the petty cash reimbursement, or may be used as a collection record to summarize a series of small frequently recurring transactions of the same nature. Vouchers will be numbered in sequence, beginning with number 1 for each month, and the voucher number, as well as the date of deposit or payment, will be recorded in the space provided in the Council Book.

b. Vouchers will be filed by months in numerical order. Preferably they should be bound and not be filed loosely in envelopes or folders. One series of numbers should be used for all vouchers each month regardless of whether the vouchers are for receipts or payments. So far as practicable vouchers will be of uniform size, about 8 by 10½ inches.

6. Monthly Financial Statement (Figs. 2 and 3)

a. In order that the custodian of the Post Trust Fund may determine the share of that fund which may be paid to the Unit and Headquarters Funds,

the custodian of each Unit and Headquarters Fund will, before the prescribed date each month, prepare as of the last day of the preceding month a financial statement. The statements will be prepared in triplicate and the last copy will in each instance be retained in the files of the fund custodian. The original and duplicate copies, signed by the custodian, will be handled in the following manner:

(1) The statements on Unit Funds (fig. 2) will be submitted to the custodian of the Post Trust Fund on or before the prescribed day each month.

(2) The custodian of the Headquarters Fund of the highest echelon of an independent command will receive a financial statement (fig. 2) from each subordinate Headquarters Fund within the command. However, Item 6 of this statement ordinarily will not be utilized for the Headquarters Funds. These statements will be consolidated into one financial statement (fig. 3) and this statement will be submitted to the custodian of the Post Trust Fund. The manner in which the statements are routed through the various subordinate headquarters to that of the highest echelon will be determined by the commanding officer of the independent command.

b. The monthly financial statement will be prepared in the following manner:

(1) The date of the last day of the month preceding that during which the statement is submitted and the name of the particular fund will be entered in the spaces provided therefor immediately below the title of the report.

(2) The total assets of the fund consisting of cash and investments (at cost) but excluding any property values will be entered as Item 1.

(3) The outstanding unpaid liabilities of the fund, if any, will be itemized on the reverse side of the financial statement and the total liabilities entered as Item 2 of the statement. Outstanding unpaid liabilities will consist of all unpaid invoices, as well as the amounts representing goods or services actually delivered or performed but for which no invoices have been received.

(4) Items 3 through 6 are self explanatory and the necessary information will be supplied by the custodian of the fund.

c. The custodian of the Post Trust Fund will, after determination of the prorata share of the Unit or Headquarters Funds, enter the amount thereof in the space provided at the bottom of Monthly Financial Statement (see fig. 2 for Unit Funds and fig. 3 for Headquarters Funds). He will return the original of this statement, together with the check in payment thereof, to the custodian of the Unit or Headquarters Fund, retaining the duplicate for his own files.

7. Inventory Report

a. Custodians of Unit and Headquarters Funds which have received property on loan from the Central Post Fund will submit to the custodian of the Central Post Fund at such times as may be determined by the Central Post Fund Council, but always at the time of a change of custodian, a report of Central Post Fund property in the possession of such Unit or Headquarters Fund. Such reports will bear the certification of the custodian of the Unit or Headquarters Fund concerned that all other property originally received on loan from the Central Post Fund and not included in the report as "on hand" has been consumed or expended through fair wear and tear, unless such certificate has previously been furnished.

b. No specific form has been designed for the use of Inventory Reports. The report will be prepared by the respective custodians in the form required by the Central Post Fund Council and ordinarily will reflect the following information:

(1) Previous inventory. (Itemize and show date of inventory.)

(2) Property received from Central Post Fund since last inventory. (Itemize, showing date received.)

(3) Property disposed of. (Explain each item.)

(4) Property on hand. (Itemize and show date.)

VOUCHER

[illegible]

Custodian

MONTHLY FINANCIAL STATEMENT

As of, 194....

.....
(Name of fund)

<i>Item</i>	<i>Amount, etc.</i>
1. ASSETS (cash and investments, exclusive of ration savings).....	\$ _____
2. LIABILITIES (detailed on reverse side)	_____
3. NET WORKING CAPITAL (Item 1 minus Item 2).....	\$ <u> </u>
4. STRENGTH (determined in accordance with current directives)	_____
5. NET WORKING CAPITAL PER PERSON (Item 3 divided by Item 4) ..	\$ _____
6. AMOUNT PER PERSON WHICH MAY BE ACCEPTED (Amount by which maximum limitation on Net Working Capital per person of \$ _____ exceeds Item 5, but not more than current limitation of \$ _____ per person.)	\$ <u> </u>

Custodian (name, rank, organization)_____
Paid \$ _____ by check No. _____ dated _____ 194 __________
Custodian, Post Trust Fund

CONSOLIDATED STATEMENT OF HEADQUARTERS FUNDS

As of, 194....

.....
(Name of fund)

<i>Item</i>	<i>Amount, etc.</i>
1. NET WORKING CAPITAL	\$
2. STRENGTH (determined in accordance with current directives)	
3. NET WORKING CAPITAL PER PERSON (Item 1 divided by Item 2) ..	\$
4. AMOUNT PER PERSON WHICH MAY BE ACCEPTED (Amount by which maximum limitation on Net Working Capital per person of \$ exceeds Item 3 but not more than current limitation of \$ per person.)	\$

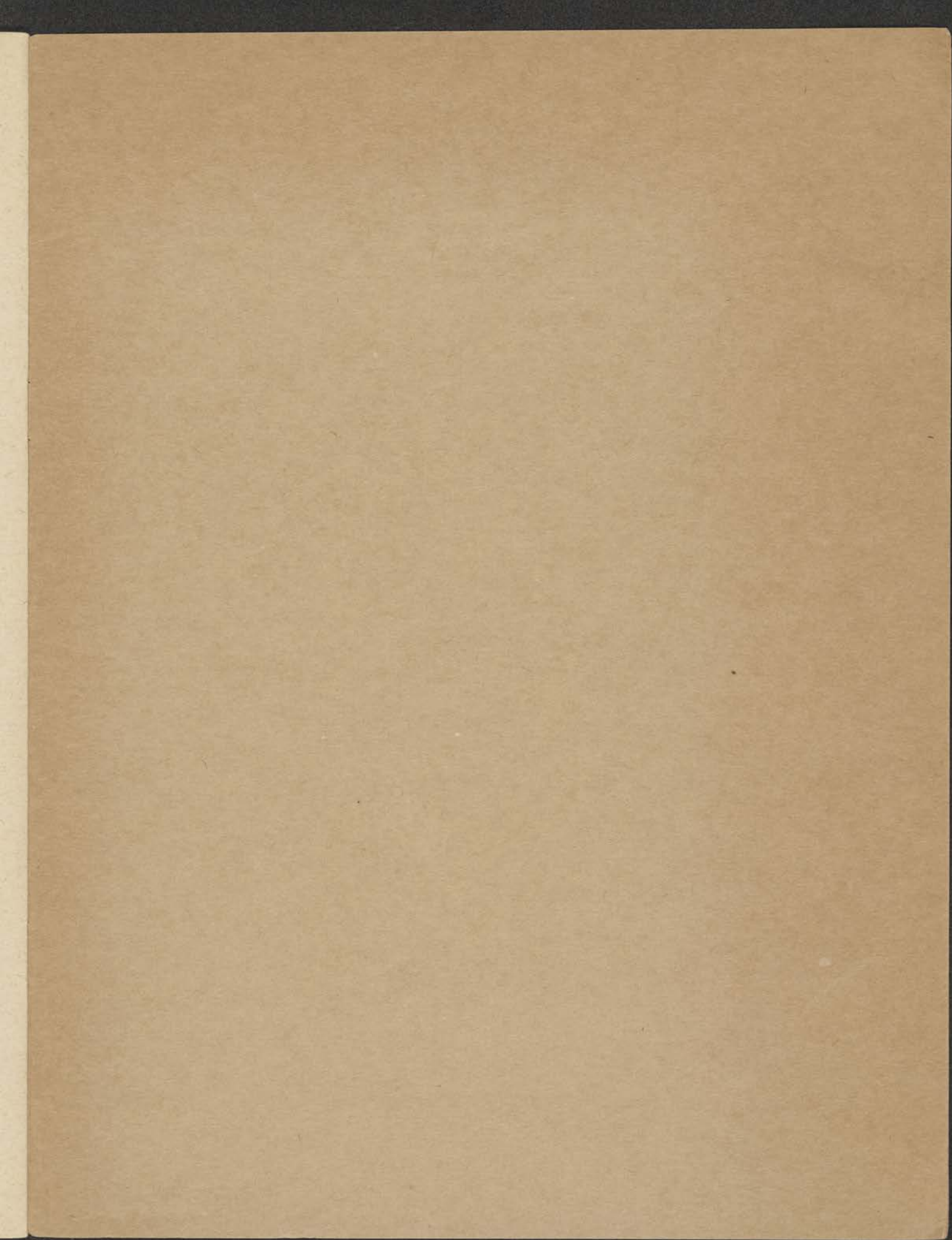
The information presented above has been correctly compiled from statements of this Headquarters and Headquarters Funds subordinate to this command.

.....
Custodian (name, rank, organization)

Paid \$ by check No. dated 194

.....
Custodian, Post Trust Fund

Figure 3



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~~_____~~
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