

# AccountAble™

## Problem of Multiple Cash Books:

Many of the weaknesses of the accounting system are due to the practice of multiple cash-books. This increases work-load on the accounting staff and means unnecessary duplication of effort. It becomes difficult for books to be updated regularly. This weakens internal controls and makes it impossible for Trustees to verify cash Accounting books also become very complicated and mysterious. This allows transactions to remain undetected, allows manipulation of cash-balances, internal transfers to cover up diversion of funds and double-booking of expenses.

## Dual Cash Books:

This system needs to be discontinued at the

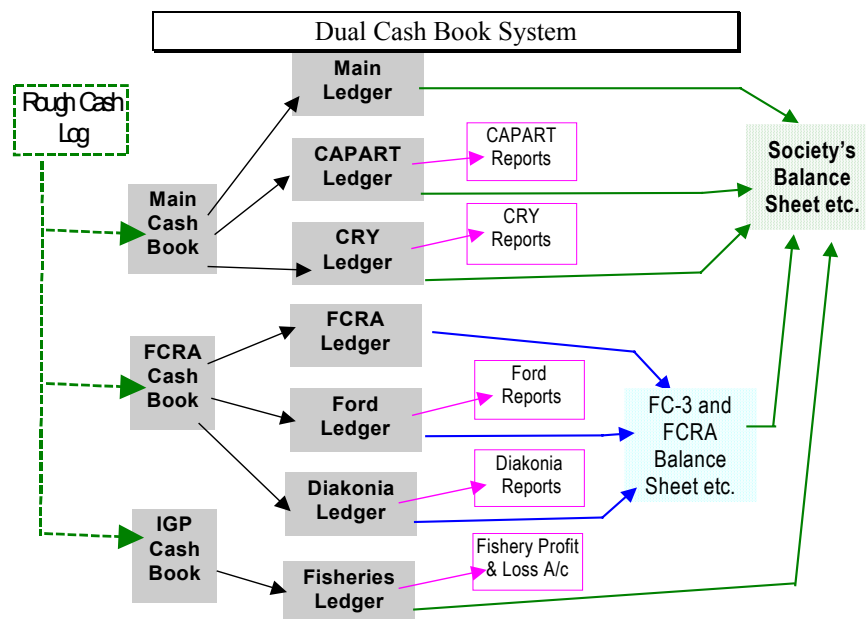
*separate accounts* are specified. This means that separate ledger accounts are required. If the letter says '*separate set of books*', then only a separate cash book is meant.

However, before implementing this system for the first time, you may need to consult with your present Funding Agencies.

## Cuttings / alterations:

No cuttings or alterations should be made in the cash book or ledger. Correction Fluid should also not be used.

Any mistakes should be corrected by passing a rectification entry. This is done by passing a counter-balancing entry also known as a reverse



earliest and replaced with the standard dual cash book system.

Dual Cash Book<sup>1</sup> system means your accounts people can prepare useful reports instead of wasting time on maintaining countless cash books. It also means lower stationery costs and audit fees.

## Funding Agencies:

It is wrongly assumed that Funding Agencies insist on separate cash books. If you read the conditions carefully, you will find that only

entry.

## Writing cash book regularly:

The cash books should be written regularly. Normally, the backlog should not be more than one or two days. In case some one falls ill, another person should be asked to write the cash books temporarily. All cash balances should be inked up by the 7th of next month. Also remember that the Rough Cash Log forms a part of the official record and should not be destroyed.

## How do I ...

If you wish to find out more, please ask your auditors. They can explain this to you. Alternatively, please contact our office.

<sup>1</sup> A separate cash book will also be needed for Income Generation Activities (if you have any such projects) under Income Tax Law.