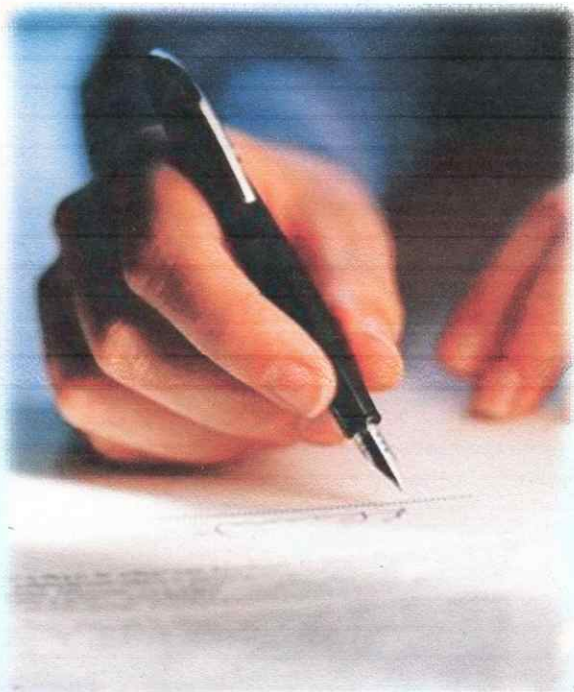


Benchmarking, Planning and Financial Management Tools

**NATCCO Net and Hostel,
Project 4, Quezon City
July 20-21, 2009**



*Training & Consultancy Group Copy
July 21, 2009*



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POLICY MANUAL GOLDEN SAVINGS AND CREDIT POLICY

FINANCIAL MANAGEMENT
POLICIES
FMP – GSCC – BUDGET POLICY

Page 1 of 3

Subject: BUDGET POLICY	Effective Date:
Issued By:	Revised Date:
Approved By:	Last Board Review Date:

GENERAL POLICY

The annual operation of GSCC shall be guided with a duly approved budget based on approved program of activities.

Each responsibility center shall project its required cost and strategize income generating activities to ensure coverage of at least 100% of its projected operation cost.

The Accounting Officer shall prepare the proposed budget for the coming year.

Afterwards, a Budget Committee composed of the Executive Committee and General Manager shall be created to review and approve the budget endorsed by the General Manager subject to confirmation by the Board of Directors.

Final confirmation by the BOD shall be done during the Planning & Budgeting Session every last quarter of the year.

All units/departments shall be involved in the budgeting process and Budget Committee shall be responsible for consolidating them within the fourth quarter of the year.

GUIDELINES

I. OPERATING EXPENSES

All costs except personnel-related and depreciation shall be zero-based.

Fixed costs such as depreciation and personnel costs shall be prepared by the Accounting Department and Administrative/Personnel Department. Personnel costs for regular staff shall be composed of the following:

- Salaries & wages (including 13th Month) and De Minimis Benefits
- Employer's Premium Contribution on Statutory Benefits such as :
 - SSS;
 - Philhealth;
 - HDMF/Pag-ibig; and
 - Retirement Benefits with Employees Providential Fund(EPF)



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FINANCIAL MANAGEMENT
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Other Employees' Benefits:

Unused Sick Leaves

Staff Development.

Office Uniform

Productivity Bonus depending on the revenue of the cooperative

Loyalty

Separation Pay

Depreciation and Building Maintenance Expenses such as power & water; repairs & maintenance; general support services (security guard, janitorial) and other building management - related expenses are general administrative accounts.

Meetings and Conferences – include all kinds of expenses incidental to the conduct of meetings and conferences. Meeting and Conferences expenses should have separate subsidiary ledgers for Leaders (BOD and Committees), Managements and Members.

CETF – 50% of local fund shall be allocated for Education and Training of Leaders, Management Staff and members; while the 50% shall be allocated for APEX educational activities. Excess of budgeted expenses for education and training from CETF shall be charged to Operating Expenses.

Expenses for Pre-Membership Education Seminar or pre-membership orientation should be covered by Seminar Fees.

Descriptions of all other expenses shall be in accordance with the Standard Chart of Accounts prescribe by the Cooperative Development Authority

II. REVENUES

Revenues from lending operations

Interest Income from Loans

Service Fees

Fines, Penalties and Surcharges

Membership Fees to cover cost of entrance of members.

Miscellaneous Income to include commissions, sales of scraps, etc.

Project Subsidy – for Project Expenses funded by grant/donor/s or income generating expenses.

Optional Fund Subsidy for Operating expenses particularly depreciation/amortization for capital investment funded by Optional fund.

Donation Subsidy for Operating expenses particularly depreciation and amortization for capital investment funded by Donations/Grant.



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POLICY MANUAL GOLDEN SAVINGS AND CREDIT POLICY

**FINANCIAL MANAGEMENT
POLICIES
FMP – GSCC – BUDGET POLICY**

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Descriptions of all other revenues shall be in accordance with the Standard Chart of Accounts prescribed by the Cooperative Development Authority.

III. PROCESS

The Accounting Department head shall provide each department with the fixed costs such as personnel cost, depreciation and space rental and respective departments shall be responsible in the projection of their variable costs.

Each department shall prepare a budget every year subject to review by the GM and/or Budget Committee.

All departments' budgets shall be consolidated by the Accounting Department head.

The GM & EXECOM shall be responsible for the finalization of the budget and presentation to the BOD for approval/action.

Once approved by the BOD, Accounting Department head shall furnish each department with their respective budget for guidance.

IV. MONITORING

The BOD shall monitor the operations viz a viz budget through proper reporting system.

Accounting Department head shall furnish each department with variance analysis at least quarterly.

V. OTHERS

1. Details of the budget shall be prepared per activity and summarized every quarter.
2. Bottom-line per unit should be at least "break-even".
3. Budget Format shall be composed of 7 columns:
 - a) Account,
 - b) Computation,
 - c) 1st Qtr,
 - d) 2nd Qtr.,
 - e) 3rd Qtr,
 - f) 4th Qtr,
 - g) Total.



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**POLICY MANUAL
GOLDEN SAVINGS AND CREDIT
COOPERATIVE**

**FINANCIAL MANAGEMENT
POLICIES
FMP – GSCC – Accounting Policy**

Page 1 of 15

Subject: ACCOUNTING POLICY	Effective Date:
Issued By:	Revised Date:
Approved By:	Last Board Review Date:

Purpose

The purpose of this policy is to set forth guidelines, controls and standards in recording and reporting the results of operation and financial position in accordance with the generally accepted accounting standards.

General Principles

1.1. Separate Enterprise

Golden Savings and Credit Cooperative (GSCC) is a separate business enterprise requiring the maintenance of comprehensive accounting records and financial reporting practices to provide meaningful information to members, officers, directors, the audit committee, regulatory agencies and interested third parties.

1.2. Going Concern

GSCC maintains its accounts as a "going concern" on the basis that its operation will be continued indefinitely. Therefore, assets and liabilities should represent the value to the federation as a "going concern" and should not be based on liquidation values.

1.3. Monetary Basis of Accounting

GSCC's Financial Statements are expressed in terms of Philippine Peso; hence, accounts should be stated in terms of Peso amounts involved at the time the transaction occurs. The recording of each transaction in terms of Peso units provided the best feasible indicator of its relative impact on the overall operations of the federation.

Changes in the purchasing power of Peso are not reflected in the basic financial statements except for the adjustments to incorporate revalued property or equipment in the financial statements.



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**POLICY MANUAL
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1.4. Consistency in accounting from Period to Period

Consistent accounting practices should be followed from one accounting period to the next. Should a material change in accounting treatment occur, the facts must be disclosed on the financial statements, including the Peso effect upon the Statement of Financial Condition and the changes in the net income for the period.

For example, if the credit union converts from accrual or cash basis to modified cash basis system of accounting, a complete reversion at one time shall be made and report the conversion on the current period financial statements.

1.5. Timely Recognition in Accounting Records

Accounting transactions should be recorded on a timely basis so that all material information applicable to each accounting period will be shown in the records.

To properly recognize in accounting records and financial reports the reasonable values of assets, liabilities, members' equity and reserves, income and expenses, the federation shall make provision for losses that may be sustained in the collection or conversion of loans and other assets by charges against current operations.

1.6. Materiality

Material facts relating to the credit union's activity must be recognized in the accounts.

A statement, fact, or items is material if, giving full consideration to the surrounding circumstances as they exist at the time, it is of such a nature that its disclosure, or the method of treating it, would likely influence or "make a difference" in the judgment and conduct of a reasonable person. The accumulation of many small items, each of which in itself would not be "material", would be "material" if the overall effect would tend to influence the judgment and conduct of a reasonable person.

1.7. Principle of Conservatism