

HUBBARD COMMUNICATIONS OFFICE
Saint Hill Manor, East Grinstead, Sussex.

Central Orgs
Accts Depts.

HCO POLICY LETTER OF NOVEMBER 23, 1961

ACCOUNTS

(Modifies HCO Pol Ltr of July 6, 1961. Accounts
so as to make it suitable for use in Central
Orgs or City Offices)

NOTE: IT IS NOT INTENDED THAT THIS POLICY LETTER SHOULD BE PUT IN FORCE AT ONCE IN ALL CENTRAL ORGS. BUT IF ANY CENTRAL ORG WISHES TO TRY THE SYSTEM OUT, THE ASSOC. SEC. SHOULD REQUEST PERMISSION TO DO SO FROM L. RON HUBBARD. THIS POLICY LETTER OUTLINES A SIMPLIFIED SYSTEM OF ACCOUNTS WHICH COULD BE USED IN CENTRAL ORGS OR CITY OFFICES. IF THIS SYSTEM IS OPERATED A QUALIFIED OUTSIDE FIRM OF ACCOUNTANTS SHOULD BE EMPLOYED TO MAKE A REGULAR QUARTERLY AND ANNUAL BALANCE.

Two Accounts Divisions are instituted.

These are: The Income Division and the Disbursement Division.

They are in separate areas and are run by different persons.

They must be kept separate.

INCOME DIVISION.

The Income Division performs the following actions:

A folder is made for every organization or person who pays the Org. money. This includes HCO WW and other Scientology Orgs (if applicable), and all these income accounts are kept in no other place nor by any other person.

The Income Division sees that Statements, pre-addressed by Addresso on proper envelopes, go out to each foldered person or organization once each month. This statement is a Thermofax copy of the summary sheet in each folder, stuffed in these pre-addressed envelopes. New addresses for this list are routinely forwarded to the Addresso Dept. to be added to the monthly list. Old addresses withdrawn are also routinely passed to Addresso to be deleted from the plates or stencils.

No ledgers are kept by the Income Division. No notebooks or journals are kept. All data is retained in folders.

Each folder has a summary sheet for thermofaxing. All accounts are written on this sheet.

All invoicing is done by the Income Division.

Notice of all bank payments paid in, and all bank statements, go to the Income Division.

When invoicing, mark each invoice for what it is - Processing, Training, Books, etc.

White Copy (top copy) goes as receipt in the next statement mailing.

Next copy goes to department concerned, and thence to C/F. Next copy goes to basket for Income Summary, and when summarized is filed in folders. Final machine copy is retained as income summary, not torn but kept consecutive.

On Monday following a week, the basket copies are sorted into boxes: Processing, Training etc. Each box is totalled and given an adding machine tape which is marked Processing, Training, etc. The tapes are then totalled and marked; the cash deposited or received in the bank must equal the final total.

These tapes are stapled together and passed to the Registrar, Assoc. Sec (Org. Sec.) and HCO Sec. as income information. When returned to Income Division they are stapled to the machine copies. These are put in an envelope, dated for the week and filed. This is total accounting record.

The basket copies are now filed in the folders and each figure is entered on the statements sheet in the folder. The filing is done all at once. Once a month the statements sheets are brought to date from these invoice slips. When a slip is put on the statements sheet an X is put on the invoice slip to show it is entered.

It does not matter if all statements are up to date when Thermofaxed for mailing.

Bring them routinely to date as a continuing activity, not in a monthly rush. Folder statements sheets not up to date one month as to debit and credit will be up to date the next.

The folder Statements sheets are mimeoed in general and lettered in particular - i.e. they can be mimeoed in quantity in a generalized form, but they must be filled in in detail. Make sure that the mimeo ink and the ink or type used is capable of being copied on the Thermofax machine, as this machine will not copy water-based inks.

On invoicing books (if this is done by Income Division), this is the first operation of the day. The invoices go at once by hand to Shipping so books may be mailed same day. This is a rush invoice item.

Folders are filed alphabetically by class, which is to say other Orgs. form a group, individuals form a group, bookstores form a group, etc.

It is the responsibility of the Income Division to know what the Org. is owed and to see that it is collected.

If disbursement vouchers, bank slips etc. are sent by debtors, they are never entered on the statement sheets. They are kept in the folders, for information only. Only money received in the bank is entered.

The Income report from the Income section also includes the amount shown on the last statement for each bank account. There is no further attempt to balance cash deposited but not shown on statement, or cheques issued but not cashed in by the person or firm who received them. This weekly report is the Money on Hand report. It goes to the Assoc. Sec. and the HCO Sec. It is then filed with the week's Income report. It is compiled and despatched when all statements for the week are in. It is not attached to the Income report but is separate. In practice, if convenient, it could be so attached.

The Income Division retains and has all invoicing machines but no Disbursement machine.

The Income Division makes all deposits of cash and cheques into the bank.

DISBURSEMENT DIVISION

The Disbursement Division has the responsibility of correctly disbursing the money of the Org., such as bills, wages, mortgage payments etc.

Each creditor, including staff members, has a red folder. Each folder has a statements sheet in it.

Whenever a cheque is disbursed or a wage or cash is paid out, a Disbursement Voucher must be written giving all particulars.

The white Voucher (top copy) is sent or given to the creditor, the next copy is filed in the statements folders. The next copy goes to Central Files (if applicable). The machine copy is retained unseparated and filed in an envelope dated as of the week disbursed, in a block.

The copy of the Disbursement Voucher for filing is placed in a basket for filing and then is filed without entering it at that time on the Statements Sheet in the folder of the firm or person disbursed to.

All incoming bills are placed in a basket along with the Disbursement Vouchers. They are all filed at once at the same time as the Disbursement Vouchers. They are not entered on the statements sheet at that time.

Once each month minimum, or every two months maximum, the folders' Statements Sheets are brought up to date. This is a routine and continuing action. All debits and credits are entered on the Statements Sheet. These sheets are kept in the folder.

When a Disbursement Voucher or a company's bill is entered on the Statements Sheet a large X is drawn on it. It is returned to the folder.

These folders when brought up to date are brought up on the not-X'ed bills and vouchers.

The Purchase Orders are filed in these folders and bills are checked against them.

Disbursement is from 30 to 60 days on bills.

Wages are preferably paid by cheque. Each cheque issued for wages or bills must be written on a disbursement voucher. Persons receiving wages do not have to initial or sign the voucher. They receive the white copy (top copy). The Folder copy is filed in their folder. Their pay books etc. are kept in their folders, not in any separate file. The government has a folder of its own, one for each department of the Government to which we pay out. Other pay papers than in the folder are kept in the Government folder for pay. This folder is filed adjacent to the pay folders of staff. There must be no loose tables, folders or booklets kept anywhere but in folders.

BANK STATEMENTS are filed in folders provided for the banks. There is one folder for each bank account. The cheque books are in the same file drawer but not in the folder.

Cancelled cheques are filed loose in the bank's folder for each account until a cheque book is empty. Then each cheque is scotch taped, not stapled to its counterfoil.

Counterfoils are kept only in date and no other data, (not even amount), as Disbursement Vouchers are used for record, not counterfoils.

Cheques may not be taped into cheque books in use, neither voided nor cancelled cheques.

There is only one report and that is monthly. Mimeographed sheets carrying the name of each company to whom we disburse are marked with the last debit figure on the statements sheet and how long the amount is owing. It is expected that all such statements will be brought up to date before the monthly report is made. This report totals all bills owing. When executive directions are given on them, cheques are issued as directed against this monthly report.

There are no other reports except when requested for some firm.

SUMMARY

The Disbursement Division makes no income reports or reconciliation of bank statements. The Income Division makes no reports on Disbursement.

Every quarter an Accountant audits the books and submits a quarterly report in summation form. He does not make books. The law requires records to be kept. We keep records. Actually we keep books as above, but their pages are folders.

HISTORY: The bugbear of accounting is the failure to record all one knows about each transaction. An executive is later expected to remember it all and spend two or three weeks going over tangled accounts with each audit. This is circumvented by writing all you know about the transaction on the Disbursement Voucher or on the Invoice. We are at this writing being a lot too brief on our History. If you know something about the transaction related to what its for and why, or what's odd about it, put it on the Invoice or Disbursement machine, not in a dispatch or in memory.
Example: Joyce Bibbin orders £2. worth of books but sends £3.10.0. She wants us to retain £1.10.0. for a future purchase. Make out one invoice for £2.0.0. and one for £1.10.0. but say on each what and why and that it came out of £3.10.0.

Also, if you know a purchase was for some particular purpose or department of the Organization, put it on the Disbursement Voucher when the bill is paid. This way we'll not be racking our brains, and can have an audit without the place being torn down.

The person doing the audit should do it on the spot, on our premises. Do not part with folders and records.

All correspondence relating to a firm or person and all data on that person is kept in the same folder. There are no 'Business Files'.

L. RON HUBBARD.