

HUBBARD COMMUNICATIONS OFFICE
Saint Hill Manor, East Grinstead, Sussex

Remimeo HCO POLICY LETTER OF 26TH NOVEMBER 1965R
Ad Council REVISED 19 APRIL 1973
Hats (Revision indicated in
Org Div Hats *Italic Type.*)

Executive Division
Org Division

FINANCIAL PLANNING

The Financial Planning Hat is worn by the Advisory Council.

Financial Planning means - How to handle the money and assets of an org so as to maintain outgo below income.

The actions of Financial Planning are as follows:

1. Directing the payment of bills (as designated by the Ad Council);
2. Directing any necessary delay in the payment of certain bills;
3. Handling finances in accordance with "date-line paying" as covered in an early policy letter;
4. Setting limits on the Purchase Orders that may be signed;
5. Preventing divisions or departments in Emergency from buying any but essential promotional supplies or postage;
6. Adjusting payrolls;
7. Setting limits on pay, overtime or bonuses and all authorizations for pay overtime or bonuses;
8. Fixing prices;
9. Directing any transfers of funds;
10. Deciding upon any large purchases;
11. Authorizing the sale of any equipment or property;
12. Passing upon prices offered for any equipment or property.

Any matter affecting the financial health of the organization has to be passed upon or planned by the Advisory Council.

LRH (Office of LRH, Financial Planning Authority) can set aside Advisory Council decisions in any Financial Planning matter whether referred to him or not.

Only large transactions or important long range decisions should be referred to the Office of LRH and then only when the Advisory Council is divided.

DISBURSEMENT SECTION

The Disbursements Section furnishes the data without which financial planning is impossible.

A short summary of the data required for financial planning is as follows:

The Disbursement Section files every bill received in the Disbursement Files.

Those bills that are repetitive are filed in folders under the company name. The one-time bills are filed in a loose folder for a single month.

The Disbursement Section has made up a mimeographed form. This is the Monthly Bills Summary.

This form has the name of each company with which the org does business plus adequate blanks after each alphabet letter for new companies to be added.

This form has four columns. The first column is the company owed. The second column is the grand total of money owed that company. The third column is the amount that is past due. The fourth column is the month since when the bill has been past due.

All bills are filed on arrival. They are not kept out and entered. They are filed in the folders. This is important. No one must pay bills just taken from the post and save up. They are promptly filed.

Then one takes the folders one by one and makes up the Monthly Bills Summary. As each folder is taken up the bills are examined for correctness, straightened up and entered in the Monthly Bills Summary.

The way the system breaks down is to make up too many folders.

Only a repeating creditor rates a folder. One the org does business with routinely like the light company, the landlord, the paper company, etc. The occasional bills go into the folder for the month.

Each time a Monthly Bills Summary is made up, the occasional folders for past months containing unpaid bills are gone through again and added to the statement.

The Statement for one month complete, then tells one the total monies owed by the org for that month. Thus there is a statement for each month.

The Monthly Bills Summary is due in the hands of the Ad Council on the second Tuesday of each month.

BANK RECONCILIATION SECTION

The Bank Reconciliation Section of the Dept of Records, Assets and Materiel makes up the latest bank records of monies on deposit concurrent with the Monthly Bills Summary.

This section once each month (concurrent with the Monthly Bills Summary) reconciles all bank statements, tapes all cancelled cheques on their counterfoils and in short makes certain there are no bank errors or omissions.

A Monthly Accounts Summary is then prepared showing the amount in each bank account. This too is a mimeographed form showing the names of the bank used, cheques outstanding, etc.; It also carries a total sum of monies in the bank.

This form also carries a section devoted to loans outstanding that the org must pay.

This form, made out, is submitted to the Ad Council on the 2nd Tuesday of each month.

INCOME NOTE COLLECTIONS SUMMARY

THE COLLECTIONS SECTION

The Collections Section of the Department of Income submits to the Ad Council a form called the Income Note Collections Summary.

This form carries an amount for cash collectible from notes (possible to collect) and a cash collectible from notes past due and the amount of notes that are, apparently uncollectible. The total is added into grand total of Credit Advanced.

It gives the total of payments received during the month past (the 1st to the last day of the month).

It gives the number of statements mailed in the month just past.

It gives the number of persons with overdue notes who have been handed over to the Director of Clearing and passed on to Field Staff Members.

It gives the number of notes to date given to lawyers for collection that remain uncollected.

This Income Note Collections Summary is placed in the hands of the Advisory Council on the 2nd Tuesday of each month.

ADVANCE PAYMENT REPORT

The Income Department (Dir of Income) must also fill in the ADVANCE PAYMENT REPORT each week.

This report is compiled by taking the total amount of APs unused, adding the APs received this week and minusing

the amount of the APs used this week. This will show you the total amount of APs you have unused each week.

These figures are graphed weekly against one another to show the amount of APs an org has unused and the amounts they are receiving and using.

This report will give you a good picture of your orgs delivery and use in future planning.

A copy of this report must be sent to Flag weekly along with other Div III reports.

ADVISORY COUNCIL ACTION

The first action of the Advisory Council is to prepare and get mimeographed the three forms described herein.

The second action of the Advisory Council is to make sure the Org Division is so organized as to be able to make out the forms provided easily, that their files are so arranged as to do so and that personnel exists to do them.

The third action of the Advisory Council is to make sure the persons making up the forms know this and other pertinent policy letters.

The fourth action of the Advisory Council is to make sure that it receives the proper forms on the second Tuesday of each month, ready for use in Financial Planning.

The fifth and continuing action of the Advisory Council is to make sure routinely the forms are accurate and actual and not generalized or "roughly estimated".

The sixth and most important action each month is to plan financially on the basis of the three reports and set limits or restraints on POs of personnel numbers or whatever is necessary to achieve "Outgo less than Income" and get or keep the org solvent.

INCOME

The Advisory Council's Actions of assigning conditions to divisions on the basis of the gross divisional statistic and actions in straightening up Divisions in Emergency and pushing standard Promotion as per HCO Policy Letter 22nd November 1965 will keep income up.

It is more vital to pressure income up than to save money by Financial Planning restrictions. The emergency formula places, rightly, economy after promotion. Promotion comes first.

But economy is also vital. It is handled in relation to income.

When income is far down the Advisory Council simply shuts off all but promotionally vital POs.

Where a Division is in Emergency the Ad Council shuts off all POs except those vital to promotion in that division. (The tendency of a Division in emergency is sometimes to demand extravagant or unwise purchases.)

CHEQUE SIGNING

The cheque signing line contains all three of the above reports as of the last time they were prepared and a tape of all cheques paid since.

Cheque signing policy as already released thus requires the other two monthly reports as well as the other items specified.

To that policy, also add, that a cheque signer must, to sign a cheque, also have before him the last issued orders of Financial Planning.

It is very easy to confuse a cheque signing line with a Financial Planning line.

They are, however, completely different.

One signs any cheque only after Financial Planning has been done and with the total reports of Financial Planning and decisions taken, before one.

Cheque signing is a secondary action and is the result of Financial Planning decisions.

One pays only what Financial Planning has okayed to be paid and how.

DISBURSEMENT ACTION

When Financial Planning indicates what to pay or not to pay Disbursement makes up the cheques and sends the lot to cheque signers.

Cheques signed during the period are signed as authorized by Financial Planning each week, such as, "Franking Machine, FSM Commissions and Petty Cash up to ----- may be paid in the coming month." This, part of the Financial Planning Minutes of each meeting, is the guide by which weekly cheques are made up, submitted to signers, signed and sent.

SUMMARY

Unless all these actions are done, an org cannot in fact prosper, has poor credit and is generally upset.

One has to get in the Income. That is done by making divisions do their proper promotions and keep their statistics up. The mechanism is Gross Divisional Statistics, assignment of conditions and investigating and putting right Divisions in Emergency by Ad Council personal inspection.

Sometimes, when a divisional emergency is continued too long, the Ad Council has to order an E-Meter and case survey of its personnel as an SP is surely about.

In Financial Planning one safeguards what one gets in, as described above.

Cheque signers and PO signers are not necessarily Ad Council members but whether they are or not, are governed entirely by the last Ad Council Financial Planning directive.

The Financial Planning Directive of the Month is issued promptly after the second Tuesday meeting of the month as an Exec Division Admin Letter with the Month and Financial Planning on it in caps such as FINANCIAL PLANNING FOR MARCH.

This is the second part of the Ad Council Assignment of conditions to divisions.

Long range planning also appears on this directive, this long range financial planning is not binding and is often changed in view of current happenings. It is a guide by which other executives can tentatively plan.

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