**AFRICAN CENTRE FOR PROJECT MANAGEMENT**

**COURSE: PGD IN PGD IN PROJECT MANAGEMENT**

**COURSE CODE: PGD IN PROJECT MANAGEMENT**

**LECTURE NAME:**

**STUDENT NAME: DUKU MOSES COSMAS**

**STUDENT REG. NUMBER:**

**MODULE TWO: ASSIGNMENT**

**QUESTION:**

1. For efficient and effective financial management in any organization, there is need for personnel in charge of accounts. What are the core functions and duties of a finance manager? Explain at least ten, involving scholarly evidence
2. Explain the general budgeting policies
3. Enumerate the steps that are involved in developing a budget
4. What are the key factors that affect the budgeting process?
5. With aid of a diagram, explain the budgeting cycle
6. Explain the record keeping policies
7. As the personnel in charge of how monies are spent in an organization, explain how you would ensure physical security of the cash
8. How do you ensure control of official receipts?

**DATE OF SUBMISSION: 30/Oct/2018.**

**Question 1: For efficient and effective financial management in any organization, there is need for personnel in charge of accounts. What are the core functions and duties of a finance manager? Explain at least ten, involving scholarly evidence**

A Finance Manager is a key in any organizational setting who distributes the financial resources of a company, is responsible for the budget planning, and supports the executive management team by offering insights and financial advice that will allow them to make the best business decisions for the company.

Financial managers are responsible for the financial health of an organization. They produce financial reports, direct investment activities, and develop strategies and plans for the long-term financial goals of their organization. Financial managers work in many places, including banks and insurance companies.

The following are examples of types of financial managers:

* [**Controllers**](https://www.sokanu.com/careers/controller/) direct the preparation of financial reports that summarize and forecast the organization's financial position, such as income statements, balance sheets, and analyses of future earnings or expenses. Controllers also are in charge of preparing special reports required by governmental agencies that regulate businesses. Often, controllers oversee the [accounting](https://www.sokanu.com/degrees/accounting/), audit, and budget departments.
* [**Treasurers**](https://www.sokanu.com/careers/treasurer/)**and finance officers** direct their organization's budgets to meet its financial goals. They oversee the investment of funds. They carry out strategies to raise capital (such as issuing stocks or bonds) to support the firm's expansion. They also develop financial plans for mergers (two companies joining together) and acquisitions (one company buying another).
* [**Credit managers**](https://www.sokanu.com/careers/credit-analyst/) oversee the firm's credit business. They set credit-rating criteria, determine credit ceilings, and monitor the collections of past-due accounts.
* **Cash managers** monitor and control the flow of cash that comes in and goes out of the company to meet the company's business and investment needs. For example, they must project cash flow (amounts coming in and going out) to determine whether the company will not have enough cash (and will need a loan), or will have more cash than needed (and can invest some of its money).
* [**Risk managers**](https://www.sokanu.com/careers/risk-management-specialist/) control financial risk by using hedging and other strategies to limit or offset the probability of a financial loss or a company’s exposure to financial uncertainty. Among the risks they try to limit are those due to currency or commodity price changes.
* **Insurance managers** decide how best to limit a company’s losses by obtaining insurance against risks such as the need to make disability payments for an employee who gets hurt on the job, and any costs imposed by a lawsuit against the company.

Therefore the following are the functions that describe his or her role:

* Collecting, interpreting and reviewing financial information
* Predicting future financial trends
* Reporting to management and stakeholders, and providing advice how the company and future business decisions might be impacted
* Producing financial reports related to budgets, account payables, account receivables, expenses etc.
* Developing long-term business plans based on these reports
* Reviewing, monitoring and managing budgets or grants
* Developing strategies that work to minimize financial risk
* Analyzing market trends and competitors

## Question 2: Explain the general budgeting policies

### Types of budget funds:

**Master Budget**  
A master budget is an aggregate of a company's individual budgets designed to present a complete picture of its financial activity and health.

**Operating Budget**  
An operating budget is a forecast and analysis of projected income and expenses over the course of a specified time period.

**Cash Flow Budget**  
A cash flow budget is a means of projecting how and when cash comes in and flows out of a business within a specified time period. It can be useful in helping a company determine whether it's managing its cash wisely.

**Financial Budget**  
A financial budget presents a company's strategy for managing its assets, cash flow, income, and expenses. A financial budget is used to establish a picture of a company's financial health and present a comprehensive overview of its spending relative to revenues from core operations.

**Static Budget**  
A static budget is a fixed budget that remains unaltered regardless of changes in factors such as sales volume or revenue. A plumbing supply company, for example, might have a static budget in place each year for warehousing and storage, regardless of how much inventory it moves in and out due to increased or decreased sales.

Budget Policies

Institutional Overhead Policy

Operating costs can be broken down into two categories: direct, and indirect or overhead. Direct costs are those charged to the benefiting function or organization. Costs generally applicable to a function, but not charged directly to that function, are referred to as indirect or overhead costs. Typically these are costs which benefit more than one function or organization and for which there is no convenient unit of measure to allocate the cost to the benefiting functions or organizations.

Overhead costs are legitimate costs of conducting the business of the University. Failure to recognize and properly apportion overhead costs results in hidden subsidies to some programs or users. While the University may wish to subsidize certain programs as a matter of policy, these subsidy decisions should be explicit and considered in the biennial budget process. This policy applies to overhead charges on cash income from sales of supplies and services and rental income.

Please see the [**Institutional Overhead Administrative Policy Statement**](http://www.washington.edu/admin/rules/policies/APS/33.02.html)for a full description.

* [Deficit Resolution Pol](http://opb.washington.edu/sites/default/files/opb/Budget/Deficit-Resolution-Plan-Instructions.pdf)icy:In rare cases where a deficit is significant and/or cannot be resolved prior to the end of the fiscal year/biennium/grant or contract completion, a Deficit Resolution Plan must be created and authorized. This document includes instructions on creating a Deficit Resolution Plan.

* Carryover Policy: Funds are defined for this purpose as General Operating Fund (GOF) and Designated Operating Fund (DOF) budget authority allocated in a given biennium that remains unspent at the end of the prior biennium. In every FY, a [**carryover policy**](https://opb.washington.edu/sites/default/files/opb/Policy/Carryover_Work_Group_Policy_Statement_to_the_Provost.pdf) was developed for administrative units and submitted to the Provost for approval. Prior to that, funds were given back to units in the form of temporary DOF funds. Now, each administrative unit is asked to submit a carryover spending plan as part of the Provost’s annual budget process, using the following approach:

**1. Reserve 10 percent of their permanent ABB base (GOF and DOF ONLY).**It is recommended that units hold 10 percent of their permanent base as an emergency reserve. This “emergency” reserve is calculated annually and derived from the previous June/July’s ABB base budget information to units.

**2. Set-aside “central” commitments from the reserve.**Central commitments are defined as those coming from OPB, the President and/or the Provost. A list of these commitments is provided by OPB during the annual budget process.

**3. Explain any remaining temporary carryover balance by providing a list of intended use(s)/purpose(s).**These will be differentiated according to intended use along the following lines.

* Permanent expenditures funded with temporary funds.
* Possible multi-year commitments.
* Immediate, current year use.

Each unit is given the opportunity to describe how its spending plan aligns with its overall strategic plan and to describe the implications of not doing the work outlined in the spending plan. Spending plan are discussed in conjunction with requests for Provost Reinvestment Funds.

Annual budget materials require that units account for unchanged or growing carryover balances. Units are asked specifically how their spending trends reflect their prior year’s spending plan commitments. Administrative units that fail to spend according to their spending plans may be asked to provide formal justification to the Provost before the provision of additional funds for salaries, benefits, reinvestment funds, etc. Permanent and/or temporary reinvestment fund allocations may be withheld if trends don’t reflect commitments from units. If spending patterns do not change over time, the Provost may exercise his or her rights to withhold temporary carryover balances back to the units.

Schools, colleges and other campuses (Bothell & Tacoma) are also asked to provide carryover spending plans on an annual basis. However, as the responsibilities, risks, and the composition of each academic unit can vary dramatically (more so than administrative units), appropriate reserve amounts are determined on a case-by-case basis.

Invested Funds Interest Distribution to Capital Projects Policy

The invested funds (IF) of the University of Washington is a pool consisting of the University’s operating funds and campus depositors have access to their funds upon demand with central administration assuming all market risk for the underlying investment strategies. Distribution rates are determined by UW Finance and the Provost, and the net available, after distributions to campus depositors, is allocated to the Provost, who spends the income in the DOF pool on required costs such as utilities, compliance issues, research support, legal expenses, compensation, etc.

In the past, capital projected listed on the One Capital Plan funded fully, or partially, with gifts from outside entities or donors would receive the campus depositor rate if requested. Most relevant instances were approved and the depositor rate would be allocated to the capital project. As such, from January, 2018, forward, all One Capital Plan projects funded fully, or partially, with gifts from outside entities or donors will receive the campus depositor rate.  Details are available at the following brief:

## Question 3: Enumerate the steps that are involved in developing a budget

Every organization needs a budget. Developing and managing a budget is how successful businesses allocate, track and plan fiscal spending. A formal [budgeting](http://christianpf.com/free-printable-budgeting-worksheets/) process is the foundation for good business management, growth and development.

Very similar to our personal finances, discipline and planning should be the cornerstone of a business budgeting process. So where do we begin?  As with most things that come with managing an organization, budgeting needs to be driven by the vision (what we are trying to accomplish) and the strategic plan (the steps to get there).

## ****10 Steps to Developing and Managing a Budget****

### ****1. Written strategic plan****

Every organization, no matter the size should know why it exists and what it hopes to accomplish. This is articulated through a written Vision and Mission Statement.  A Strategic Plan is the**HOW** the organization plans to achieve its mission.

The first step in the budgeting process is having a [written strategic plan](http://www.thethrivingsmallbusiness.com/the-5-step-process-of-strategic-planning/).  This ensures that organizational resources are used to support the strategy and development of the organization. It means budgeting toward the vision.

### ****2. Set a realistic business Goals****

Annual [business goals](https://thethrivingsmallbusiness.com/examples-of-business-goals/) are the steps an organization takes to implement its strategic plan and it is these goals that need to be funded by the budget. Goals need to be developed and there needs to be [accountability for achieving goals.](https://thethrivingsmallbusiness.com/worker-productivity-8-tips-to-increase-worker-productivity/) This is typically the responsibility of the management team, board or business owner. The budget provides the financial resources to achieve goals. For example, if your organization has outgrown its facility and there is an objective to increase space, there needs to be dollars budgeted to expand or move the business operations.

### ****3. Revenue Projections****

Revenue projections should be based on historical financial performance, as well as projected growth income.  The projected growth may be tied to organizational goals and planned initiatives that will initiate business growth. For example, if there is a goal to increase sales by 10%, those sales projections should be part of the revenue projections for the year.

### ****4. Fixed Cost Projections****

Projecting fixed costs is simply a matter of looking at the monthly predictable costs that do not change.  [Employee compensation](https://thethrivingsmallbusiness.com/compensation-strategy-7-things-to-consider-when-developing-a-compensation-strategy/) costs, facility expenses, utility costs, mortgage or rent payments, insurance costs, etc. Fixed costs do not change and are minimum expenses that need to be funded in the budget.  For example, if there are open staff positions, the cost to fill those positions should be part of fixed cost projections.

### ****5. Variable Cost Projections****

Variable costs are costs that fluctuate from month to month, supply costs, overtime costs, etc. These are expenses that can and should be budgeted and controlled. For example, if higher Christmas sales drive overtime costs temporarily, those costs should be budgeted.

### ****6. Annual Goal Expenses****

Goal related projects should also be given budgets. Each initiative should have projected costs associated with the goals. This is where the cost of [implementing goals](https://thethrivingsmallbusiness.com/5-barriers-to-achieving-business-goals/) are incorporated into the annual budget. Projections of costs should be identified, laid out and incorporated into the departmental budget that is responsible for completing the goal. For example, if the sales department has a goal of increasing sales by 10%, costs associated with the increased sales (additional marketing materials, travel, entertainment) should be incorporated into that budget.

### ****7. Target Profit Margin****

Every organization, whether they are for-profit or not-for-profit, should have a targeted profit margin.  Profit margins allow for returns for the business owner or investors. Not-for-profit organizations use their profit margins to reinvest into the facilities and development of the organization.  Profits are important for all organizations and healthy profit margins are a strong indicator of the strength of an organization.

### ****8. Board Approval****

The governing board, president, owner or head of the organization should approve the budget and keep current with budget performance.  Again, similar to your personal finances, the owner should be reviewing monthly financial statements for the following reasons.

* To monitor budget performance.
* To be familiar with all expenditures.
* To safeguard the organization against misappropriation of funds or [employee fraud](http://www.thethrivingsmallbusiness.com/employee-fraud/).

### ****9. Budget Review****

A budget review committee should meet on a monthly basis to monitor [performance](http://www.thethrivingsmallbusiness.com/what-are-the-advantages-and-disadvantages-of-performance-management/) against goals.  This committee should review budget variances and assess issues associated with budget overages. It is important to do this on a monthly basis so there can be a correction to overspending or modification to the budget if needed. Waiting until the end of the year to make corrections could have a negative affect on the final budget outcome.

### ****10. Dealing With Budget Variances****

Budget variances should be reviewed with the responsible department manager and questions should be raised as to what caused the variance. Sometimes unforeseen situations arise that cannot be avoided so it is also important (just like your personal budget) to have an emergency fund to help with those unplanned expenditures.

Good budgeting processes can help develop and advance an organization, while sloppy [budgeting](http://christianpf.com/free-printable-budgeting-worksheets/) and monitoring of budgets can blindside an organization and affect its long-term financial health and viability.

Finally, without [customers](http://www.thethrivingsmallbusiness.com/what-is-customer-retention/), there are no revenues to budget.  For this reason, strategic plans and budgets should be targeted at one thing and one thing only, the customer. This is why it is imperative to identify who your customers are, find out what they want and budget dollars to put systems and processes in place to meet their needs and exceed their expectations.

## Question 4: What are the key factors that affect the budgeting process?

## Your Income Structure

The way in which money comes into your income statement is critical for planning cash flow. Here are some questions to ask yourself and some ways in which your answers might determine what your budget should look like,

1. Is Your Income Fixed or Variable?

**Fixed Income:** Are you paid a fixed annual salary or an hourly wage where your hours are more or less stable? If your income is fixed and predictable, budgeting will be easier, but a little less exciting. You know what’s coming in, so you know the maximum that can go out. And you will need to make sure that any changes in spending don’t push your income statement into negative territory.

**Variable Income:** Are you paid an hourly wage where your hours vary quite a bit? Are you self-employed or a commission sales employee? Do you own an incorporated business? Living on a variable income can be both scary and rewarding: you are always wondering what your actual income will be, but you at least have the possibility of earning more.

1. Do You Operate on a Single Income, or Do You Have Multiple Streams of Income?

**Single Income:** If you live on a single income because one partner is tending to the home front, you have more risk in your budget because a loss of one income means a loss of all income.

**Multiple Income Streams:** Are you part of a dual income household? Do you run a business or have investment income on the side? If so, you have a built in contingency plan in case one income stream is no longer available due to job or investment losses. This is only the case, however, if you are saving adequately.

c. How Stable Is Your Income?

Is your job pretty safe, or you a seasonal employee who is laid off for a period of time each year? Are you at risk if the value of your investments goes down? The more risk you perceive in your cash flow picture, the more your budget should contain a good cash buffer in the form of a large, liquid emergency fund.

## 2.  Your Spending Habits

### a.  Do You Have a Few Larger Expenses that You Need to Save For Throughout the Year?

For us, property taxes and insurance are 2 of our larger expenses (outside of the mortgage), and we need to save ahead for them in order to avoid a cash crunch. We pay our insurance only twice a year instead of monthly to avoid the financing surcharges that are often included in monthly insurance premiums. Christmas is another thing that we save for throughout the year. Take a look at your expenses and identify the big ones. Make sure your budget includes a savings schedule that will prevent you from taking on debt to cover these.

### b. Are You Spending More Than You Would Like in One or More Categories?

The only way to figure this out is to look at a detailed list of money coming in and money going out. If it doesn’t balance, it doesn’t work. Something will have to change. Maybe you’re not spending too much in general, but you would like to spend less in one area in order to have more to spend somewhere that’s more important to you. Do you want to travel more? Maybe you can cut back on your T.V. package or dining out expenses. It’s your choice.

## 3.  Your Use (or Not) of Credit & Debt

Whether or not, and to what degree, you are carrying liabilities on your balance sheet will determine how much of your budget will need to go to service that debt.a.  Do You Use Credit as a Crutch or a Tool?

* Credit as a Crutch: If credit cards are your emergency fund and you are in the habit of tapping them regularly for wants rather than needs, your balance sheet won’t balance and your budget will increasingly incorporate debt service expenses rather than savings.
* Credit as a Tool: If you use credit cards as a tool for convenience or maybe reward points, and you pay them off every month, interest expenses will not be a part of your budget. But you do need to be extra careful about how much you are spending.

b. Is Your Housing Liability Too Big for Your Income Assets?

* Like many others, suffered a big drop in income due to a job loss, job change, illness etc? If so, the only real way to balance your budget might be to make the very painful choice to downsize your housing expenses. This might mean buying a smaller home, or temporarily renting while you repair your balance sheet.
* Your Interest Expense: What is the current interest rate and payment amount on your mortgage? When does it come up for renewal? In the [current environment](http://www.theglobeandmail.com/globe-investor/investment-ideas/fasten-your-seatbelts-home-buyers/article1419098/), it’s a good idea to look at the effect a rise in interest rates might have on your mortgage payments.

4.  Your Tech Savvy

The actual physical incarnation of your personal budget will also depend on the degree to which you are comfortable with technology.

* Do you bank online, by telephone, or only at the branch? If you bank online, you can download, print, or view your transactions 24/7 and usually link them to budgeting software like Quicken. If you don’t trust the security of the internet, you will likely need to set up a system for yourself where you regularly monitor and evaluate income and expenditures.
* Are you comfortable using a computer? If so, you can use budgeting software and/or spreadsheet programs to help you draw up your budget. Some websites even offer free budget software. If you’re not comfortable using a computer, all you need is a pencil, a calculator and some paper.

## 5.  Your Personality

This factor sort of intermingles with some of those mentioned above. You may be a hardwired spender or saver. You may embrace or shun technology. The key is to know yourself and play to your strengths. If the thought of figuring out how to use a computer gives you a rash, forget about it. Budget in a way that fits who you are.

### Are You Organized and Detail-Oriented or Do You Prefer to Fly By the Seat of Your Pants?

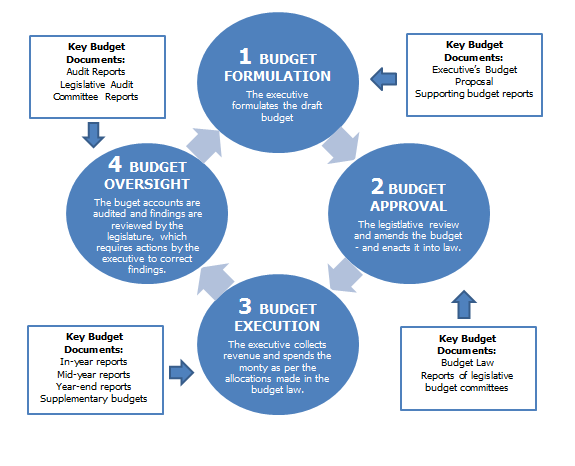
**The truth is, most of us will land somewhere in the middle of these 2 extremes.**

* If you are more detail-oriented, your budget will likely include line items with the cents included. You may carry a notepad (spending diary) with you and track every penny you spend. You may look at your budget and spending patterns weekly rather than monthly or quarterly.
* If you like to go with the flow, you may have a basic idea of what’s coming in and going out and a pretty good idea of whether or not you can afford a given purchase. You may go ahead and buy that item, only to discover later that it puts your budget a bit out of balance. You make the necessary adjustments to pay for the item without incurring debt. Hard core budgeters may gasp, but I think this is OK – so long as you don’t go overboard and you have the discipline to take the pain in another category in order to afford your purchase.

## Question 5: With aid of a diagram, explain the budgeting cycle

A budget is simply a tool you need to accomplish your short and longer term goals and manage your cash flow. Cash flow simply refers to the timing of income and expense. The budget cycle is common to government agencies that are required to use transparent budgeting processes, but the concept is easily adapted to the needs of businesses. The budget cycle promotes due diligence and accountability since research, past performance and financial projections feed the process and decisions are documented at each stage. The clearly defined segments of the budget cycle encourage a careful process that allows for input and revision as you work to build the budget that works best for your business. The budget cycle usually begins in advance of the company’s accounting period and ends well after that period ends.

The budget cycle refers to the life of a budget from creation to evaluation. Although small businesses might not use the term “budget cycle,” they use the word process when they painstakingly work through the steps required to build and implement a budget. The budgeting process progresses in stages as plans are made, funds are allocated and new information leads to revisions. The four segments of the budget cycle — preparation and submission, approval, execution and audit and evaluation — provide the framework for creating one of the most important tools a business needs to succeed.



## Preparation and Submission

* During the preparation and submission segment of the budget cycle, the business considers the numbers and makes decisions. Your business might have several departments that submit projections for their budgetary needs or your budget might be a simple document that requires little input from others. The completed budget is submitted to the individuals who need to review, make recommendations and approve the budget. This give-and-take might occur between you and an accountant. The budget might move back and forth between preparation and submission until all parties accept the document.

## Approval and Execution

* The formality of the approval segment depends on the size of your business, but approval of the budget makes it official. Elected officials and high-level managers approve government budgets. A sole proprietorship only needs the owner’s approval. Budget approval for a larger business is the responsibility of boards, committees or authorized executives. While an individual owner might make changes at will, a business with more employees likely will require adherence to the budget unless changes are authorized. The execution segment begins at the start of the company’s accounting period, such as the fiscal or calendar year. Monitoring and control of financial activity occurs during execution. Adjustments are made as needed as the budget is implemented.

## Audit and Evaluation

* The audit and evaluation segments occur after the accounting period ends. An internal or external audit examines the financial activities during the accounting period, assesses compliance with the budget and measures the accuracy of projections used to create the budget. The evaluation provides a final report on the budget and the audit and makes recommendations for the next budget cycle and budget.

## Question 6: Explain the record keeping policies

These policies provide guidance and direction on the management of information and records throughout the information lifecycle.

#### **1. Scope and application** These procedures apply to all University information and records, in all formats. These procedures are further supported by guidelines and other local documents as identified.

#### **2. Information governance** Information management activities are delivered via annual Information Management Action Plans, overseen by the Information Management Committee. Minutes from these committee meetings are available on the Staff Intranet.

#### **3. Information and records management**

3.1 Corporate information and records must be captured by all staff and should provide reliable and accurate evidence of business decisions and actions. The organization retains and disposes corporate information and records in accordance with the relevant retention and disposal authorities.

3.2 All the company records must be captured in an approved records management system. These approved systems appropriately support information and records management processes, and are secure from unauthorized access, damage and misuse.

3.3 The timely destruction of information and records is essential for effective management. Corporate records are destroyed after fulfilling the minimum retention period set out in records authorities’ guideline Archives. Retention periods in records authorities take into account all business, legal and government requirements for the records.

#### **4. Information accessibility** The organization policies to information access is one of openness, encouraging a culture of information sharing to ensure organizational effectiveness. Where required by legislative and business requirements, access restrictions are applied to protect: individual staff or client privacy; sensitive material; and records requiring restricted access (in accordance with the organization information security environment).

**5. Information Privacy** The organization collects and uses personal information about its staff and others in order to operate effectively. Personal information held by the organization is collected and managed in a responsible, secure manner, in compliance with the Information Privacy Principles outlined in the Information Privacy Act. Access to personal information within the organization is restricted to authorized staff with business process requirement.

#### **6. Information security:**

#### Information should be used according to the guideline of the organization and approval authorization.

#### **7. Information integrity** All information and records management practices in the organization should be in accordance within the procedures and related policies of the organization. Business processes must ensure the maintenance of reliable information and records. The operational management of information through the information lifecycle is promoted.

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| Create > Store > Use & Share > Archive > Dispose |
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#### **8. Roles and responsibilities.** Assigning responsibilities for information asset management ensures the information asset is appropriately identified and managed throughout its lifecycle and is accessible to appropriate stakeholders. These information roles and responsibilities are based on the wider internal policies of the organization guideline.

## Question 7: As the personnel in charge of how monies are spent in an organization, explain how you would ensure physical security of the cash

Cash, can be regarded as notes, coins and freely convertible (usable) vouchers, is especially attractive to criminals.

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| **Measures** | **How to ensure physical security of cash** |
| Cash register or drawer | * Position the cash register away from the front door. * Open the cash drawer only when in use e.g. when a customer is paying for merchandise. * Close the cash drawer before merchandise is packaged. * Lock the cash drawer and remove the key when not in use. |
| Safe | * Keep excess cash in the safe regularly. * Lock the safe at all times when in use. * Robbery risk to cash handling personnel can be reduced if they cannot be easily reached or directly threatened by robbers, so: * If possible ensure cash handling is only done with the public excluded from the building * If public access to a building cannot be restricted, ensure cash handling is undertaken within a locked room or suitably built and secured cash office * Use access control measures to hinder unauthorized access to at risk areas |
| Moving and counting cash | * Use a strong cash box and if possible have two workers present when manually collecting cash from registers—one can act as a lookout. * Move cash from a register during low risk times. * Count cash in a secure room—try to locate the main cash handling area as far as possible from public areas. |
| Business layout | * Employ the services of a reputable security firm to provide a set of specific security recommendations for your premises. * Position the point of sale area away from entrances and exits. * Secure entrances and windows with good quality locks, solid doors and window bars. * Assess the area around the premises to identify areas where an offender could hide e.g. bins or shrubs. |
| Security devices | * Install a silent alarm system and personal duress alarms. * Use electronic sensors that emit a sound whenever a customer enters or leaves the premises to be aware of when customers are in the premises. * Use physical barriers at point of sale areas e.g. security glazing, rising screens or wide, high counters. * Install visible closed circuit television to monitor entry and movement within the premises. * Prominently advertise the use of security cameras with signs like ‘Premises under constant video surveillance’. * Use mirrors so workers can monitor obscured floor space. * Use signs to advertise all security measures in use like ‘No Cash Kept On Premises’ and ‘Time Delay Safe In Use’ * Have defined and, where appropriate, limited access to cash handling/storage areas. * Have clearly defined limits of authority. * Avoid lone working, especially when premises are being opened or locked up. * Do challenge strangers noted in or around the premises. |

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## Question 8: How do you ensure control of official receipts?

The proper control of cash receipts is the responsibility of the agency director.  This resource intends to aid an agency in understanding its risks and identifying applicable controls to

Minimize those risks.

General guideline for proper control of official receipts:

* **Segregation of duties in the handling of cash is one of the most effective ways to gain control over this asset.**  No individual is to have complete control in the handling of cash. Specifically, no one individual’s duties should include the actual handling of money, recording receipt of money, and the reconciliation of bank accounts or with the state treasurer.
* Incoming cash must be made a matter of record as soon as possible.
* A weekly comparison of the cash list and Cash Receipt Report received via email should be completed.
* Amounts of currency contained in each item of mail are verified.  Documents enclosed with the currency received are machine date stamped or dated and initialed by the employee opening the mail.
* A secure area is needed for the safeguarding and processing of cash received.  Access to the secured area is restricted to authorized personnel only.  The secured area is locked when not occupied.
* Cash is protected by the use of registers, safes, or locks, and kept in areas of limited access.
* The cash receiving function of an agency is centralized to the extent possible.
* When cash is received in branch offices, it is to be transmitted to the central office through the banking system.  Branch office personnel are restricted to making cash deposits and central office personnel make any cash withdrawals and reconcile bank accounts.
* A balance and summary of all cash receipts is prepared daily.  Any shortages or overages are carefully investigated and, to the extent possible, corrected.
* Receipts are deposited intact on a daily basis.  When a deposit slip is prepared, the cashier must get signed approval from a supervisor before making the bank deposit.
* Authenticated, duplicate deposit slips are retained and compared with amounts recorded in cash receipts records.
* Adequate records are maintained to ensure the correct handling and final disposition of items held in suspense.
* Cash receipts retained on the premises overnight are minimized and locked up in a secure place, such as a safe.
* Cashiers are prohibited from cashing personal checks or notes of personal indebtedness.
* Written procedures on all cashiering and cash control procedures are maintained by each agency.

#### References 1

* [*BusinessDictionary.com: Revenue Budget*](http://www.businessdictionary.com/definition/revenue-budget.html)
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