



SENIC Battlecards

Managing Expenses

Managing expenses is a challenge for most evolving businesses, and its worth mastering. Losing track of expenses leads to not being reimbursed by clients, paying too much, and/or paying for things that you really don't need. The only thing worse than shelling out hard-earned cash for expenses is shelling out hard-earned cash for unnecessary expenses. Here are a few expense management guidelines to help you get a handle on some of the most frequently abused expense categories in evolving businesses.

Petty Cash. The petty cash account is the most fluid and most easily abused account in every business. To rein it in, you're going to need to lay down some ground rules. For starters, the petty cash account should be just that - petty. The whole account shouldn't exceed more than €100 or so, and employees should be accountable for receipts. Also, the account shouldn't be used to pay for things that cost more than €25. If it costs more than that, employees should be instructed to follow the standard expense procedure. The petty cash fund should be placed in the care of a designated custodian who reports to your company's bookkeeper.

Company Credit Cards. Company credit cards are convenient and seemingly hassle-free. But if you don't stay on top of what's being purchased they won't stay hassle-free for long. Establish a policy that cards are to be used for business purchases only. No personal purchases should be allowed, even if the employee intends to repay them.

It should be standard practice to obtain detailed receipts for each purchase, itemizing exactly what was bought on company plastic. Finally, at the end of the month, make sure your accounting department reconciles purchases against the statement provided by the credit card company.

Account Reconciliation. Monthly account reconciliation shouldn't be limited to your credit card account. It's important to have a system in place that provides for a monthly reconciliation of expenses with built-in checks and balances that make it difficult for any one employee to skim money from the business.

Travel Expenses. For some people, a business trip is little more than a paid vacation on the company's tab. Unless you're comfortable springing for luxury accommodations for your employees when they are away from the home office, you'll need to have a system in place describing what is and isn't allowable. Like other kinds of expenses, employees need to provide detailed receipts. However, it's also helpful to establish guidelines in advance that address topics like food allowances, airfare (economy vs. first class), hotel budgets, and extras like pay-per-view movies and long distance calls.

One more thing to keep in mind: Just because you paid for it doesn't mean it's automatically deductible at tax time.



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1800-GENESYS
info@genesys.ie
www.genesys.ie