

Internal control

Chapter 6: Internal control in the business processes E. Finance/money Cycle

5. Finance/money Cycle

1. Risks

- Similarities with stock/inventory cycle
- Money: fungible good!

2. Organizing collection and expenditure of money

2.1. Collection of money

- Accountability by cashier/treasurer
 - Receipt (in case of book money by bank)

5. Finance/money Cycle

2.2. Expenditure of money

- We have to be sure that no payments can take place without the permission of the authorized person
- Authorizations can be found in job descriptions
- Cashier can only execute payment if approved by the right person(s)
- Authority to sign is important

2.3. Mutations of money

- Cash money
 - Cashier should keep track of all transactions in a cash register
 - Control counts should be executed on a regular basis
- Book money
 - Same principles
 - Administration and safeguarding by bank (independently)
 - Beware of the dangers of online banking

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3. Cash management

- Cashmanagement: what □ stock management of money
- Activities:
 - Liquidity forecasts
 - Ensure timely collection and payment
 - Manage expenditures and lend money in case of shortages
 - Centralize excess money
 - Invest surplus
 - Efficient currency management