

## *Whose Money Are You Spending?*

**T**HE DREAM of most newcomers to business is to have an expense account. The very idea of traveling, dining, and entertaining without paying your own money for these pleasures sounds intriguing.

Remember that a business is run for profit. A company that does not make a reasonable profit cannot continue in business.

Actually, anyone who spends the money of a company has a grave responsibility to make every expenditure return a profit. You can be rash with your own money, if you wish, because you have to account only to yourself. When you spend the company's money you have to account to someone for every penny you spend.

In most companies there is a very definite policy about who can spend, for what, and how much. If you ever have an expense account questioned and are asked to explain some item, you will realize that one or several people check these accounts for accuracy of figures and established practices for expenditures.

The policy of allowable expenses varies greatly from company to company. Naturally, some types



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of work require more use of an expense account. An executive position is usually permitted a more liberal allowance than a lesser position.

The cardinal rule is to know whether you are allowed to spend company money and *what limitations* are placed on these expenditures.

### **Office Equipment Is Worth Money**

Essential office supplies, work tools, and equipment usually are supplied by a company to make work more efficient. These are the property of the company and should be given the care and attention necessary to produce the most good. Too often, workers are careless with company equipment and do not appreciate that replacements cost money and cut down profits.

In large companies the cost of pencils alone runs into a staggering figure. The cost of stationery and all the many forms, clips, pins, erasers, and a hundred-and-one little items mounts up into real money. Then there are the large items of furniture and equipment that are very expensive. It's so easy to expect a private office with movie-type fixtures, but some of the best work is produced in very modest surroundings. Some companies consider a *front* and expensive equipment as a legitimate expense. Others are keyed to modest furnishings. Whatever the policy is, the operation costs are weighed against returns in profits. As an employee, you should operate on the level of necessary costs and avoid waste of supplies and destruction of equipment.

This is not a grim picture. It is just good business. Usually the more definite the policies of allowable expenditures, the easier it is for you to abide by the rules and not be embarrassed by having your expenses questioned.

### **Petty Cash**

Your work may necessitate a petty cash fund to be kept on hand for the payment of minor items. For this, keep a running account of withdrawals or keep receipted bills in the cash box so that you can give a report on the uses for which the money was spent.

### **Purchase Slips**

Some companies allow certain persons to buy special articles. The receipted bills, together with a request form for money spent, can be okayed by a designated person so that payment may be received. Usually, there is a rule as to the type of article which may be purchased and a price limit for such a transaction. A purchasing agent often gets a discount on certain items. Therefore, it is not economical for individuals to buy these items at retail prices. Occasionally, you may be allowed to shop for items and get a description, price, and other data to make it possible for the purchasing agent to put in a confirming order.

It is best to learn the company rules before you order supplies or spend your own money for supplies or equipment needed in your work.

### **Transportation**

Transportation on company business is usually considered legitimate expense, but the cost often is weighed against the need. Should you use public transportation, a company car, a rented car, your own car, or a taxi?

This question of how you travel is answered by company policy. If a company car is provided, you should know your responsibilities in regard to general care and in case of car trouble or accident. What is covered by company insurance? Must the car be parked in a garage? Is there a rule that requires registration of destination and type of business, as well as authorization for use of the car? Are you permitted to let someone ride with you? Will you be allowed to buy repairs, have towing service, and buy gasoline? It pays to find out first, rather than after the emergency arises.

Under certain circumstances a company may approve using a car rental service. Check on the company policy and procedure before accepting the responsibility of a rented car. Is there a company identification and credit card for you to use? What records will you need in reporting the expense? What about insurance?

The use of your own car for business purposes may or may not be allowed. Some companies allow a certain mileage cost, with payment for oil and other operative costs. Certain require-

ments for insurance usually are made. Whether you drive your own or a company car, you will usually be required to keep a record of mileage — an accurate record, too!

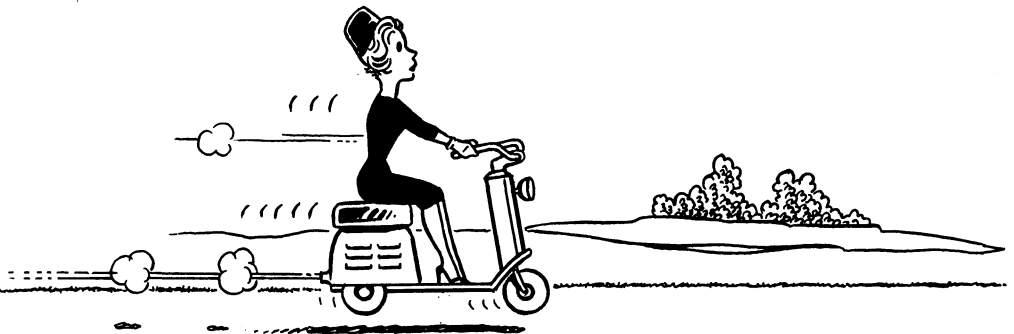
Taxi service may be required in your work but this is not to be taken for granted. Ask before you spend your money for taxi fare.

Train, plane, and boat transportation may be ordered through a company transportation department and the most economical service chosen. Your business needs and your rank in the company will influence the kind of transportation provided. You may want to go by the way of (via) a certain city, but be sure the company agrees to this route before you order or buy the ticket. Few companies expect employees to *see the world* at company expense. Do be reasonable and fair. Do find out what is expected and accepted as reasonable transportation costs.

When you are planning any transportation expense, consider how you would travel if you were paying for it yourself. Usually your company will allow as good, if not better, accommodations because they want you to do an efficient job. You will be expected to guard your health, to make the best use of your time, and to be a good representative for your company.

### **Traveling Expense**

Expenses allowed when you are away from your headquarters are different than when you are at home. Before you leave on a trip, find out if you are allowed complete or partial expenses. Is there a form for filing expenses? Is your report due the day you



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return, each week, or at the end of a trip? To whom is the expense report given?

Most important of all is a clear understanding of what is considered *reasonable expenses*.

Some companies allow a certain amount per day (per diem) for room and for meals. Others allow a set amount for each meal. Again, some companies ask that the actual cost of each meal be given and the tip included. The allowable room rate and cost of meals usually is explained to an employee. So, too, there must be an understanding as to expenses of telephone, telegrams, and business supplies.

Some positions require entertainment of customers and other business guests. What is expected of you and how much can you spend for entertainment? If you are entertained, should you indicate no charge for the meal or are you expected to make a reasonable repayment with a courtesy gift?

Are you allowed laundry and pressing service? Are you permitted to hire an assistant for some work? Be sure you understand



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about deduction forms and regulations for social security payments.

How about tipping? Are you expected to include the cost of tips for meals? for taxi service? for the doorman at the hotel? There is considerable difference in company policies concerning gratuities for services.

Your company expects to pay for legitimate expenses but not for your entertainment or personal pleasures. Magazines, theatre tickets, meals for personal friends, gifts, and the many other tempting purchases which traveling may suggest are *personal* expenditures.

Whose money are you spending? Your code of ethics need not and should not make you unhappy in deciding what is right and justifiable company expense. To save embarrassment or out-of-pocket losses, know ahead of time the legitimate expenses the company will reimburse you for.

If your company provides a form for use in submitting expenses, keep up the record each day. Perhaps a small notebook in your purse will help. You'll be surprised how easy it is to forget little items and to find you can't account for several dollars you know were spent for business reasons.

Keep receipts for expenses such as transportation, hotel bills, and other sizable bills. Find out what receipts are essential so that you won't have to make an excuse for an item that is justifiable.

Is it fun to have an expense account? It is bothersome unless you are a methodical person who is trained to keep a record of what you spend when you spend it. It is a responsibility to use someone else's money and to get full value for it. You have to use judgment in deciding what is right to spend and what is extravagant or even dishonest.

### **Budgets**

Some types of work may require you to operate under a fixed sum set up as a budget for a specific period or for a specific activity. Knowledge of the scope of the work and of accurate costs for each phase of the work are essential in setting up a budget. Planning a budget for any job requires experience. Too high a projected budget may result in cancellation of the project. Too low a budget may hamper the effectiveness of the work.

If you must set up a budget for your work, consult your immediate superior. Discuss every phase of the work before making a definite plan. Consider the cost of all supplies, labor, overhead, and those specific activities related to the work.

When the budget is accepted, you should keep an accurate account of all expenses, commitments, and projected costs. Watch your arithmetic. A misplaced decimal point can be a tragic error! Most things cost more than you expect. It is not good business to spend too much too soon and thus penalize your work toward the last of the budget period. Management seldom accepts without investigation and question any request for a new budget to cover a deficit.

If you have an opportunity to work on a budget, you gain excellent experience. The higher you climb on the professional ladder, the more certain you are to have to project a plan of activities, to estimate the cost, and to weigh the value received against the money spent.

It is excellent business training to get a good return on all sums of money you spend for your company.