

Chapter 11

FINANCIAL MANAGEMENT

Standards in this chapter relate to budgeting, accounting, and financial control procedures.

Authority and responsibilities for financial management should be established in writing. There should be provisions for obtaining the input of the heads of major organizational components within the department and for the department's Chief of Police to participate in the department's budget deliberations.

No attempt has been made to suggest a preference for any one budgetary system over another, primarily because the nature of the department's system is usually determined by the kind of system in use in the municipality.

Accounting procedures should be compatible with those of the governing jurisdiction. The accounting system is intended to prevent budget discrepancies and to make sure that the projected flow of funds is proceeding as planned.

There should be provisions for controlling the purchasing process and for making purchasing as effective and efficient as possible.

11.1 Financial Management

11.1.1 A written directive requires the managers of major organizational components within the department to participate in the preparation of the department's budget.

Comments: The department's budget should be developed in cooperation with all major organizational components within the department. To increase the value of the input and to enhance coordination in the budget process, guidelines should be established to inform the heads of components of the essential tasks and procedures relating to the budget preparation process. (M M M)

11.1.2 A written directive requires the managers of components or functions to prepare written recommendations, based on operational and activity analyses, for use in the development of the department's budget.

Comments: In particular, recommendations concerning personnel resources are logical and necessary outcomes of analytic and programmatic activities. In addition to an assessment of future personnel needs, the analysis should include an assessment of presently assigned positions to ensure that positions allocated to department functions are appropriate. (M M M)

11.1.3 The department has an accounting system that includes provisions for monthly status reports showing:

- o Initial appropriation for each account (or program);
- o balances at the commencement of the monthly period;
- o expenditures and encumbrances made during the period; and
- o unencumbered balance.

Comments: The accounting system should be compatible with, or may be a part of, the central accounting system of the governing jurisdiction. Each appropriation and expenditure should be classified according to function, organizational component, activity, object, and program. (M M M)

11.1.4 A written directive specifies procedures used for collecting, safeguarding, and disbursing cash and includes:

- o maintenance of an allotment system, if any, or records of appropriations among organizational components or functions;
- o preparation of financial statements;
- o conduct of internal audits; and
- o persons or positions authorized to accept or disburse funds

Comments: Formal financial control procedures enable the department to establish accountability, to comply with funding authorizations and restrictions, to ensure that disbursements are for designated and approved recipients and, more importantly, to alert department management to possible problems requiring remedial action. The directive should include collection for escorts, photographs, records checks, F.A.C.'s and other such services. (M M M)

11.1.5 A written directive governs procedures for the conduct of an independent audit of the department's financial activities.

Comments: This standard may be met by compliance with municipal auditing procedures. (M M M)

11.1.6 A written directive governs procedures for the requisition and purchase of department equipment and supplies.

Comments: The intent of the standard is to establish formal procedures for controlling the requisitioning and purchasing of department supplies and equipment. (M M M)

11.1.7 A written directive governs procedures for emergency purchasing or rental agreements for equipment.

Comments: Emergencies often require the purchase or rental of additional equipment. Procedures are necessary to outline the methods for securing or procuring such equipment efficiently. (M M M)

11.1.8 A written directive governs procedures for inventory control of department property and equipment.

Comments: Inventory controls are intended to prevent losses and unauthorized use. (M M M)

11.1.9 A written directive governs procedures for requesting supplemental or emergency appropriations and fund transfers.

Comments: Provisions should be available within the department's budget system to meet circumstances that cannot be anticipated by prior financial planning efforts (e.g., additional funds to compensate for overtime expended during a civil disturbance or funds needed to purchase needed material not authorized in the operating budget). (M M M)