

Accounting Procedures

5th Edition

Steven M. Bragg

Table of Contents

| | |
|--|-----------|
| Chapter 1 – Overview of Accounting Procedures | 1 |
| Learning Objectives..... | 1 |
| Introduction | 1 |
| The Nature of a Procedure | 1 |
| The Need for Procedures | 1 |
| The Number of Procedures to Develop..... | 2 |
| Obtaining Buy-In..... | 3 |
| The Mechanics of Procedure Production | 4 |
| Procedure Production Steps..... | 4 |
| Formatting Steps..... | 4 |
| Procedure Design Tips..... | 5 |
| Business Process Diagrams..... | 6 |
| Dissemination of Procedures..... | 7 |
| Retrieval of Procedures | 8 |
| Procedural Updates..... | 9 |
| Enforcement of Procedures | 9 |
| “Carrot” Activities..... | 9 |
| “Stick” Activities..... | 10 |
| Deviations from Procedures..... | 10 |
| The Procedure Writer | 11 |
| The Need for Policies | 11 |
| Subsequent Chapters..... | 11 |
| Review Questions | 13 |
| Review Answers..... | 14 |
| | |
| Chapter 2 – Order Entry Procedures | 15 |
| Learning Objectives..... | 15 |
| Introduction | 15 |
| Forms: Sales Order Form..... | 15 |
| Forms: Return Merchandise Authorization | 16 |
| The Order Entry Procedure (Manual System) | 17 |
| The Order Entry Procedure (Integrated System)..... | 19 |
| The Granting of Return Merchandise Authorizations | 21 |
| Summary..... | 23 |
| Review Questions | 24 |
| Review Answers..... | 25 |
| | |
| Chapter 3 – Credit Procedures | 27 |
| Learning Objectives..... | 27 |
| Introduction | 27 |
| Forms: Sales Order Form..... | 27 |
| Forms: Credit Application | 28 |
| The Credit Examination Procedure (Manual System)..... | 29 |
| The Credit Examination Procedure (Integrated System)..... | 33 |
| Summary..... | 37 |
| Review Questions | 38 |
| Review Answers..... | 39 |
| | |
| Chapter 4 – Shipping Procedures | 41 |
| Learning Objectives..... | 41 |
| Introduction | 41 |
| Forms: Sales Order Form | 41 |
| Forms: Pick List..... | 42 |
| Forms: Packing Slip..... | 43 |
| The Shipping Procedure (Manual System)..... | 44 |

Table of Contents

| | |
|---|------------|
| The Shipping Procedure (Integrated System) | 48 |
| The Drop Shipping Procedure | 51 |
| Summary..... | 51 |
| Review Questions | 52 |
| Review Answers..... | 53 |
| Chapter 5 – Customer Billing Procedures..... | 55 |
| Learning Objectives..... | 55 |
| Introduction | 55 |
| Forms: The Invoice..... | 55 |
| Forms: The Credit Memo..... | 56 |
| Forms: The Statement of Account | 59 |
| The Billing Procedure | 59 |
| Additional Manual Billing Steps..... | 63 |
| Variations on the Billing Procedure | 65 |
| The Credit Memo Procedure..... | 68 |
| The Statement of Account Procedure | 69 |
| Cash Sales..... | 71 |
| Summary..... | 72 |
| Review Questions | 73 |
| Review Answers..... | 74 |
| Chapter 6 – Collection Procedures..... | 75 |
| Learning Objectives..... | 75 |
| Introduction | 75 |
| Forms: The Credit Memo Approval Form | 75 |
| The Collection Procedure | 76 |
| The Credit Memo Request Procedure..... | 79 |
| The Allowance for Doubtful Accounts Calculation Procedure | 79 |
| Summary..... | 81 |
| Review Questions | 82 |
| Review Answers..... | 83 |
| Chapter 7 – Cash Receipts Procedures..... | 85 |
| Learning Objectives..... | 85 |
| Introduction | 85 |
| Forms: Sales Receipt | 85 |
| Forms: Mailroom Check Receipts List..... | 86 |
| The Cash Receipts Processing Procedure..... | 87 |
| The Check Receipts Processing Procedure | 89 |
| The Process Credit Card Receipts Procedure..... | 92 |
| The Process Lockbox Receipts Procedure..... | 94 |
| The Remote Deposit Capture Procedure | 95 |
| Summary..... | 98 |
| Review Questions | 99 |
| Review Answers..... | 100 |
| Chapter 8 – Purchasing Procedures..... | 101 |
| Learning Objectives..... | 101 |
| Introduction | 101 |
| Forms: Purchase Requisition..... | 101 |
| Forms: Purchase Order | 102 |
| Forms: Blanket Purchase Order Release | 103 |
| The Purchase Requisition Procedure..... | 104 |
| The Purchasing Procedure | 106 |
| Variations on the Purchasing Procedure | 109 |
| The Bidding Procedure..... | 110 |
| Summary..... | 112 |

Table of Contents

| | |
|---|------------|
| Review Questions | 113 |
| Review Answers..... | 114 |
| Chapter 9 – Procurement Card Procedures | 115 |
| Learning Objectives..... | 115 |
| Introduction | 115 |
| Forms: Reconciliation Checklist..... | 115 |
| Forms: Missing Receipts Form | 116 |
| Forms: Disputed Expenditure Form | 116 |
| Forms: Lost Card Notification Form | 117 |
| The Card Reconciliation Procedure | 118 |
| The Lost Card Procedure | 121 |
| Summary..... | 122 |
| Review Questions | 123 |
| Review Answers..... | 124 |
| Chapter 10 – Expense Report Procedures | 125 |
| Learning Objectives..... | 125 |
| Introduction | 125 |
| Forms: Expense Report Form..... | 125 |
| The Expense Report Submission Procedure (Manual System) | 126 |
| The Online Expense Report Submission Procedure..... | 130 |
| The Expense Report Review Procedure | 131 |
| Summary..... | 133 |
| Review Questions | 134 |
| Review Answers..... | 135 |
| Chapter 11 – Petty Cash Procedures..... | 137 |
| Learning Objectives..... | 137 |
| Introduction | 137 |
| Forms: Petty Cash Transfer Form..... | 137 |
| Forms: Petty Cash Voucher..... | 138 |
| Forms: Petty Cash Book..... | 138 |
| Forms: Petty Cash Reconciliation | 139 |
| The Petty Cash Funding Procedure | 140 |
| The Petty Cash Disbursement Procedure | 142 |
| The Petty Cash Review Procedure | 144 |
| Summary..... | 146 |
| Review Questions | 147 |
| Review Answers..... | 148 |
| Chapter 12 – Receiving Procedures | 149 |
| Learning Objectives..... | 149 |
| Introduction | 149 |
| Forms: Receiving Report..... | 149 |
| Forms: Return Merchandise Authorization | 150 |
| Forms: RMA Receipt Notification | 150 |
| The Receiving Procedure (Manual System)..... | 151 |
| The Receiving Procedure (Computerized System)..... | 154 |
| The Receiving Returned Goods Procedure..... | 157 |
| Summary..... | 158 |
| Review Questions | 159 |
| Review Answers..... | 160 |
| Chapter 13 – Accounts Payable Procedures..... | 161 |
| Learning Objectives..... | 161 |
| Introduction | 161 |
| Forms: Check Request Form..... | 161 |

Table of Contents

| | |
|---|------------|
| Forms: Adjustment Letter | 162 |
| The Supplier Invoice Processing Procedure (Manual System) | 163 |
| The Supplier Invoice Processing Procedure (Integrated System) | 165 |
| Accounts Payable Credits Processing Procedure..... | 167 |
| The Evaluated Receipts Processing Procedure | 169 |
| The Check Payment Issuance Procedure | 170 |
| Payment Alternatives..... | 174 |
| The Void Checks Procedure | 174 |
| Summary..... | 175 |
| Review Questions | 176 |
| Review Answers..... | 177 |
| Chapter 14 – Inventory Procedures | 179 |
| Learning Objectives..... | 179 |
| Introduction | 179 |
| Forms: Inventory Count Tag | 179 |
| The Physical Inventory Count Procedure | 180 |
| The Cycle Counting Procedure | 183 |
| The Obsolete Inventory Investigation Procedure..... | 185 |
| The Inventory Valuation Procedure..... | 187 |
| Summary..... | 191 |
| Review Questions | 192 |
| Review Answers..... | 193 |
| Chapter 15 – Payroll Procedures | 195 |
| Learning Objectives..... | 195 |
| Introduction | 195 |
| Forms: For the New Hire | 195 |
| Forms: The Timecard | 200 |
| Forms: The Paycheck and Remittance Advice..... | 202 |
| The Adding an Employee Procedure | 202 |
| The Timecard Data Collection Procedure | 204 |
| The Commission Calculation Procedure | 207 |
| The Payroll Processing Procedure..... | 208 |
| The Employee Payment Procedure | 212 |
| Summary..... | 214 |
| Review Questions | 215 |
| Review Answers..... | 216 |
| Chapter 16 – Fixed Asset Procedures | 217 |
| Learning Objectives..... | 217 |
| Introduction | 217 |
| Forms: Capital Request Form..... | 217 |
| Forms: Asset Disposal Form..... | 218 |
| The Capital Request Form Completion Procedure | 219 |
| The Capital Request Form Analysis Procedure..... | 221 |
| The Post Installation Review Procedure..... | 224 |
| The Asset Recognition Procedure | 226 |
| The Interest Capitalization Procedure | 227 |
| The Fixed Asset Record Creation Procedure | 229 |
| The Asset Revaluation Procedure | 232 |
| The Asset Exchange Procedure | 234 |
| The Depreciation Procedure | 236 |
| The Impairment Analysis Procedure | 237 |
| The Asset Retirement Obligation Procedure | 240 |
| The Intangible Asset Analysis Procedure..... | 242 |
| The Asset Tracking Procedure | 244 |

Table of Contents

| | |
|--|------------|
| The Asset Disposal Procedure | 247 |
| Summary..... | 249 |
| Review Questions | 250 |
| Review Answers..... | 251 |
| Chapter 17 – Treasury Procedures | 253 |
| Learning Objectives..... | 253 |
| Introduction | 253 |
| Forms: Cash Forecast..... | 253 |
| Forms: Investment Quote Sheet | 254 |
| Forms: Drawdown/Repayment Form | 255 |
| The Cash Forecasting Procedure | 256 |
| The Funds Investment Procedure..... | 258 |
| The Cash Concentration Procedure..... | 260 |
| The Line of Credit Borrowing Procedure | 262 |
| The Foreign Exchange Hedging Procedure | 264 |
| Summary..... | 267 |
| Review Questions | 268 |
| Review Answers..... | 269 |
| Chapter 18 – Closing the Books Procedures | 271 |
| Learning Objectives..... | 271 |
| Introduction | 271 |
| Closing the Books—Private Company | 271 |
| Closing the Books Procedure—Public Company..... | 276 |
| Bank Reconciliation Procedure | 278 |
| Summary..... | 278 |
| Review Questions | 279 |
| Review Answers..... | 280 |
| Glossary..... | 281 |
| Index | 287 |