### Withhold First Payment until W-9 Form is Received

**Title:** Withhold First Payment until W-9 Form is Received  
**Source:** Book by Steven M. Bragg  
**Addl Info:** Check local library for book  

Within one month after the calendar year is complete, the accounts payable department must issue completed 1099 forms to a variety of business entities, detailing how much money the company paid them during the year. The trouble for the issuing company is that many potential recipients do not want to report income to the government, and so will refuse to fill out a W-9 form or to supply a taxpayer identification number to the company. Thus, completing 1099 forms by the IRS-mandated due date can be a substantial problem.

A simple way to avoid this issue is to withhold payment of a company's first payment to a supplier until it completes and submits a W-9 form to the company. By doing so, the accounts payable staff avoids the year-end hassle of determining who receives a 1099 form. This step does add work to the check-processing function, but eliminates so much more work when the 1099 forms are issued that the extra labor is worth it.

### Avoid Delays in Check Posting

**Title:** Avoid Delays in Check Posting  
**Source:** Book by Steven M. Bragg  
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Many of the Cash Management Best Practices are currently in place. The list is as follows:

6-1 Access bank account information on the Internet  
6-2 Avoid delays in check posting - see record 103 for additional information  
6-3 Collect receivables through lockboxes  
6-4 Consolidate bank accounts  
6-5 Implement area-concentration banking  
6-6 Implement controlled disbursements  
6-7 Implement positive pay and reverse positive pay systems - see record 105 for additional information  
6-8 Negotiate faster deposited-check availability  
6-9 Open zero-balance accounts  
6-10 Proliferate petty-cash boxes  
6-11 Shift money with electronic funds transfer  
6-12 Use Internet-based cash flow analysis software - see record 106 for additional information  
6-13 Utilize an investment policy - see record 86 for additional information
Implement Positive Pay and Reverse Positive Pay System

Some organizations have a problem with check fraud, whereby checks are presented to the bank for payment that either were not issued by the company or were issued for a lesser amount than is noted on the presented checks. A few banks now allow a company to use a program called "positive pay," which virtually eliminates check fraud. This best practice works by having a company send to the bank a daily list of all checks issued, which is usually stored in a specific data storage format that the bank can use to update its files of authorized checks it is allowed to cash. All presented checks are compared to this master list, with both the check number and amount being reviewed. If there is a discrepancy, the check is rejected. By using this method, check fraud can be completely eliminated.

A less expensive version of the positive pay system is one where the flow of information is reversed, going from the bank to the company. Under the reverse positive pay system, the bank faxes to the company a list of all checks presented that day for payment. The company then reviews this list for any checks it does not wish to honor and informs the bank of its decision before the close of business that day. If the bank receives no notice by that time, then all checks on that day's list are honored for payment.

Not aware of any situation where commissions are paid - but if there is anything similar, here is the list:

8-1 Automatically Calculate Commissions in the Computer System
8-2 Calculate final commissions from actual data
8-3 Construct a standard commission terms table
8-4 Periodically issue a summary of commission rates
8-5 Simplify the commission structure
8-6 Include commission payments in payroll payments
8-7 Lengthen the interval between commission payments
8-8 Only pay commissions from cash received
8-9 Periodically audit commissions paid
8-10 Install incentive compensation management software
8-11 Post commission payments on the company intranet
8-12 Show potential commissions on cash register
The book lists several best practices that can be used to issue financial statements. Between the State and Banner, there may not be too much room for flexibility, however, these suggestions might be reviewed.

12-1 Move operating data to other reports
12-2 Post financial statements in an Excel PivotTable on the Internet
12-3 Restrict the level of reporting
12-4 Write financial statement footnotes in advance
12-5 Automate recurring journal entries
12-6 Automate the cutoff
12-7 Avoid the bank reconciliation
12-8 Defer routine work
12-9 Eliminate multiple approvals
12-10 Eliminate small accruals
12-11 Reduce investigation levels
12-12 Assign closing responsibilities
12-13 Conduct transaction training
12-14 Continually review wait times
12-15 Convert serial activities to parallel ones
12-16 Create a closing schedule
12-17 Document the process
12-18 Restrict the use of journal entries
12-19 Train the staff in closing procedures
12-20 Use cycle counting to avoid month-end counts
12-21 Use internal audits to locate transaction problems in advance
12-22 Use standard journal entry forms
12-23 Complete allocation bases in advance
12-24 Conduct daily review of the financial statements
Chapter 13 lists several Best Practices that do not fit into any particular category. A few of the suggestions are marked and are included as individual selections:

13-1 Compare performance to peer metrics on the Internet
13-2 Consolidate all accounting functions
13-3 Continually review key process cycles
13-4 Create a policy and procedure manual - See #139
13-5 Eliminate all transaction backlogs
13-6 Implement process centering
13-7 Issue activity calendars to all accounting positions - See #140
13-8 Post the policies and procedures manual on the company intranet site - See #139
13-9 Sell the shared services center
13-10 Switch to an application service provider
13-11 Switch to online reporting
13-12 Track function measurements
13-13 Use Balanced Scorecard reporting
13-14 Create a contract terms database - See #142
13-15 Scan data with modified Palm computing platform
13-16 Scan fingerprints at user workstations
13-17 Create an online tax policy listing
13-18 Outsource tax form preparation
13-19 Pay federal taxes online
13-20 Reduce tax penalties with Internet-based penalty modeling
13-21 Subscribe to an online tax information service
13-22 Create accounting training teams
13-23 Create an ongoing training program for all accounting personnel - See #142
13-24 Create computer-based training movies
13-25 Implement cross-training for mission-critical activities
The bane of any accounting department is disorganization. This department, above all others, is responsible for consistently completing the same tasks, day after day and year after year, with a great deal of reliability. If the employees cannot organize themselves properly so key tasks are completed on time, the entire function can fall into disarray, resulting in payments and billings not being completed on time. Also, financial statements, the most subject to delays if there is disorganization, will be released much later than expected, possibly containing a large number of errors. Clearly, some instrument of organization must be found.

An excellent tool for straightening out the timing of accounting work is the calendar. One can create a calendar on the computer, either with a scheduling software package or an electronic spreadsheet, and load it with all of the tasks that must be completed each day. An example of such a calendar is shown in Exhibit 13.4. Though some employees are naturally well-organized and will already have it in place, many others will be in desperate need of this simple organizational tool. The best way to distribute these calendar schedules is to keep the schedules for all employees in a single location, update them at the end of each month, and have a staff meeting to distribute them so the controller can emphasize all calendar changes.

It is then a simple matter to refer to copies of all employees' calendars each day and follow up with them to ensure that they are completing the scheduled tasks. The calendar is only one way to assist in managing the operations of the accounting department.

The best way to set up a training program is to make a list of all positions and determine the training strengths and weaknesses of every person occupying those positions. Then a master list of all possible training must be assembled, with the required training for each person noted on the master list. The Controller should schedule a monthly review of completed training to ensure that all employees are meeting their training goals. These goals can be incorporated into merit pay raises.

A sample of a format is given in the book.
There’s probably not much room for flexibility in this area, so the suggestions as listed.

14-1 Eliminate small-balance accounts
14-2 Modify account code structure for storage of ABC information
14-3 Reduce the chart of accounts
14-4 Use identical chart of accounts for subsidiaries
14-5 Use data warehouse for report distribution
14-6 Use forms/rates data warehouse for automated tax filings
14-7 Use the general ledger as a data warehouse
14-8 Restrict use of journal entries
14-9 Have subsidiaries update their own data in the central general ledger
14-10 Construct automated interfaces to software that summarizes into the general ledger
14-11 Create general ledger drill-down capability
14-12 Overlay the general ledger with a consolidation and reporting package
14-13 Use automated error-checking
How can a unit make the most effective and efficient use of limited administrative resources? Agricultural Economics and Rural Sociology was faced with having to provide continuing financial and administrative services at the same or increasing level of satisfaction with decreasing resources. The team began by identifying all financial forms used, and matching them with related financial processes. They then prioritized the processes to target those with the greatest inefficiencies. For each process, they collected performance data, developed a flowchart, and then identified improvement areas. They realized that one of the issues related to all of the processes was availability of needed information, and they created an online, internal directory of budget and project information. The team then addressed travel, mail charges, copying and telephone charges.

The team published information about their changes on an internal departmental web site, and discussed the changes at regular faculty and staff meetings, as the changes were developed and implemented. Early changes resulted in increased accuracy in financial processes, with less staff intervention. Staff assistants also indicated that they had a better picture of the department and University activities. The team members will continue to track financial performance data, and look for additional opportunities to reduce costs or save time.

Covers Travel, Mail Charges, Copying & Telephone

Best Business Practices in the IRIS Environment

The above website is an excellent example of documenting procedures. Even though the University uses a different financial system, the site can be a guide to documentation.

Best Business Practices in the IRIS Environment was developed to assist department staff in some of their key duties related to the University's accounting system, IRIS. This guide provides best business practices in the areas of accounts payable, ledger reconciliation and review, internal transfers, deposits, and recordkeeping. These practices, also called internal controls, are meant to help departments comply with applicable policies and ensure that their financial records are accurate and the University's assets are safeguarded.

With the decentralization of responsibilities that has accompanied the implementation of IRIS, greater fiduciary responsibility has been placed with departmental staff. Internal controls at the department level have always been crucial to safeguarding University assets, but these controls are even more important in the IRIS environment.
**BEST PRACTICES, Controller's Office**

**Title:** Financial & Operational Controls Best Practices

**Source:** Harvard University

**Addl Info:** http://vpf-web.harvard.edu/rmas/best_practices.html

**Abstract:** Bests Practices provided by Risk Management and Audit Services, covering -

- Petty Cash
- Account reconciliation
- Cash and check receipts
- PCard
- Travel and reimbursement

Includes links to their policies

(Also given to Purchasing)

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**Title:** Fiscal Affairs Manual

**Source:** Washington State Board for Comm & Tech Colleges

**Addl Info:** http://apps.sbctc.edu/FAM/

**Abstract:** Their Fiscal Affairs appear to consist of Accounting/Controller's Office and Budget - Operating & Capital. The above website is the manual for these areas and is very detailed.

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**Title:** Accounting Control Best Practices

**Source:** Book by Steven M. Bragg

**Addl Info:** Check local library for book

**Abstract:** This is an excellent resource with many step by step procedures, policies and forms all related to best practice controls

- #2 Basic A/P Controls - includes check signing, pCard, electronic pmts, receipt settlement, repetitive pmts. - See #712
- #3 Order Entry, Credit, & Shipment
- #4 Inventory Management - includes acquisition, storage & movement, valuation, obsolete, tracking
- #5 Billing
- #6 Cash Handling - See #685
- #7 Payroll - See #713
- #8 Fixed Assets

For additional information, contact Financial Affairs
BEST PRACTICES, Controller's Office

Title: Accounting Best Practices - FREE Podcasts
Source: Bragg Business Publications
Addl Info: http://www.stevebragg.com/Podcast_Sign_Up.html
Abstract: Steve Bragg and Ralph Nach cover a broad range of accounting topics once every two weeks, including the latest accounting rules issued by the FASB, SEC, and AICPA. Steve continues with lectures that so far cover control systems and the fast close, and which will address many additional accounting management issues in the future. Steve then closes with an accounting best practices tip.

Samples -
Controls for fixed assets
New customer identification
Controls for payroll
SUI savings
Controls for accounts payable
Controls for cash receipts

Several of the Best Practices in this database originate from books by Steven Bragg.

Title: Accounting Tools
Source: Accounting Tools
Addl Info: http://www.accountingtools.com/
Abstract: The Accounting Tools site is the complete source of information for the accountant. It contains accounting books, accounting CPE, the Accounting Best Practices podcast (with over one million downloads), articles on hundreds of topics, jobs, and a newsletter - all from accounting author Steven Bragg.

Several of the Best Practices in this database originate from books by Steven Bragg.
Delivering Online Financial Reports for Muggles and Wizards

Every institution using an enterprise financial application struggles with reporting and how best to supply campus with reports or reporting capabilities. The delivery of the new financial application allows the wizards to fly through screens and workflow, journals, vouchers, bank transfers and encumbrances. The muggles are apprehensive and ask, where are my old reports and why do I have to become a query master? (Harry Potter’s wizards and muggles)

nVision was selected as the tool to use to replace the reports previously available in the mainframe system. The new reports via nVision became known as the WOLF Reports. Eventually the Wolf Reports and FAR (Faculty Accounting Reports) were merged and the Wolfpack Reporting System was born. The Wolfpack Reporting System provides 13 reports and links to other specific reporting applications.

Workflow Works at UH

The University of Houston implemented workflow approval and document imaging for all of its financial transactions in 2005 and 2006. Our goal was to increase the speed and efficiency of processing these transactions, while maintaining adequate internal controls. In addition to increased efficiency, we realized several additional benefits and learned a lesson about managing expectations.

Office of Business Services Best Practices

The goal was to break down obstacles causing processing inefficiencies with specific focus on the things being done correctly, timely and efficiently. Further, attention would focus on improving operations by publishing and communicating metrics for the areas of Accounting, Accounts Payable, Purchasing and Payroll. For each area, emphasis was placed on doing things right the first time versus having to do rework and to share those positive practices KCTCS wide for others to observe and apply within their own unit/college as a means of process improvement locally and system wide. Additionally, this initiative was used to bring recognition to the great work that was (is) being accomplished on a day-to-day, day-in-day-out basis throughout KCTCS. Lastly, this initiative was a result of the KCTCS system office facing regular complaints, a lack of good communication, and overall inefficiencies with processing within the areas of Accounting, Accounts Payable, Purchasing and Payroll.

Some of the by-products of the Best Practice Awards were: 1) friendly competition; 2) showcasing of the pride employees have and take in their work, and 3), the fact that all colleges stepped up (and stepped up big) to the challenge.
The biggest improvement of UTSA's new business process is that all areas authorized to collect cash, cash equivalents or credit cards are required to detail and certify the security elements of their cash handling practices. This has assisted with audit compliance and monitoring controls and provides a baseline of information for departments that may have little experience with such requirements. The new process and forms were also the first to be reformatted for the on-line web repository of financial guidelines. A comprehensive training program was developed to supplement the online materials.