



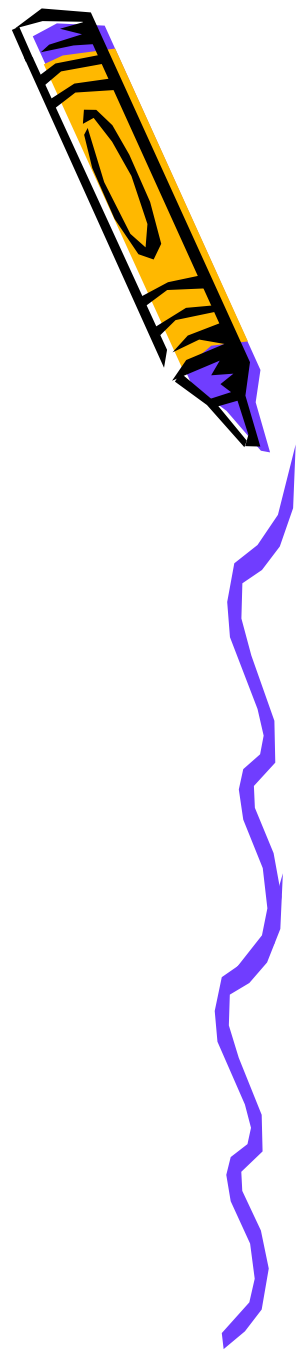
How to Develop an Accounting Policies & Procedures Manual

50th Annual LASBO Spring
Conference

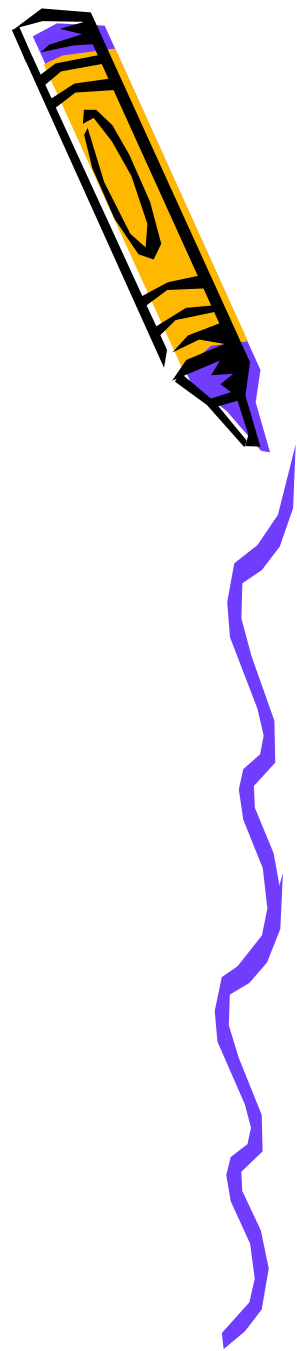


Policies vs. Procedures

- Chicken or egg?
 - Policies
 - Procedures
- Force of law
- Mandates
- Accounting vs. operating



Examples of Accounting Related Policies

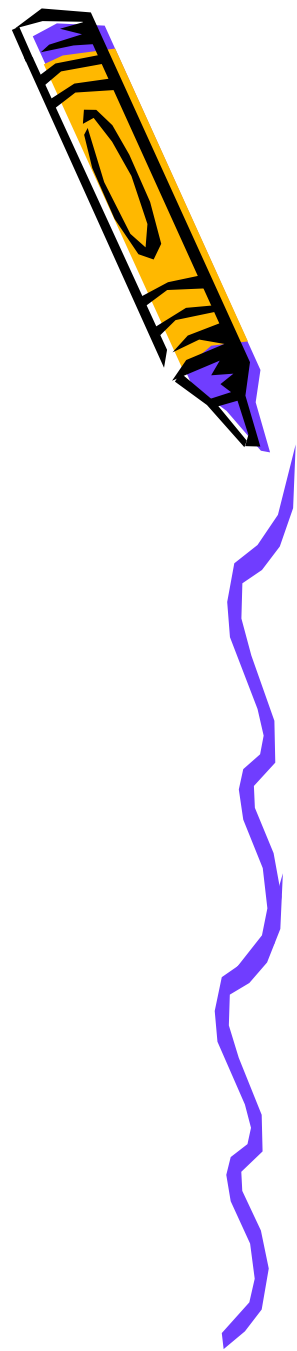


- Investment
- Cash
- Debt
- Budget
- Purchasing
- Capital assets

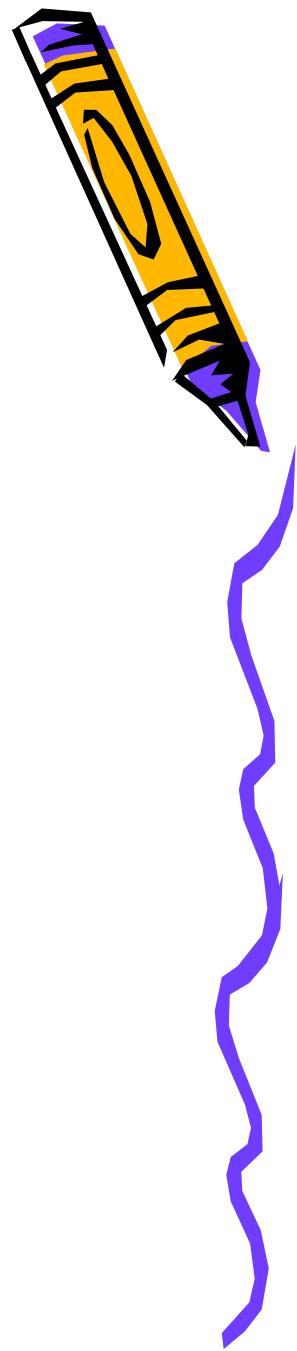


Procedures

- **Operating**
 - For off site locations
 - From off site locations
- **Accounting**
 - For off site locations
 - For other internal functions/departments



Examples of Accounting Related Procedures

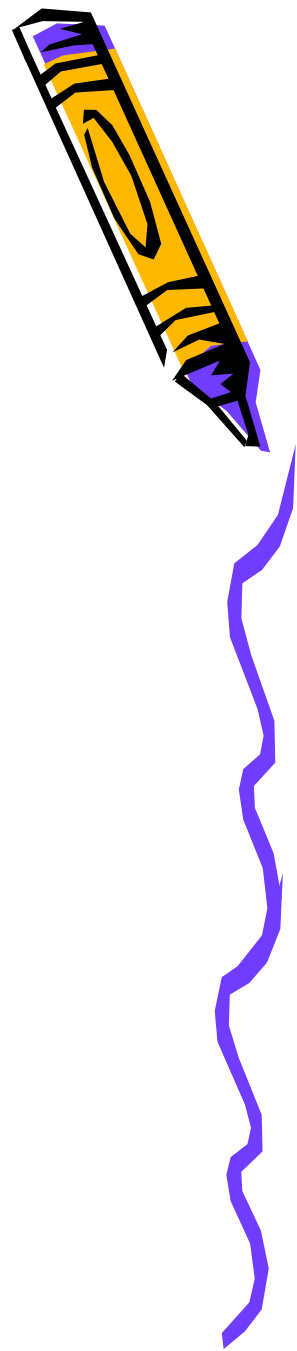


- Cash receipts
- Cash disbursements
- Purchasing
- Billing & collection
- Grants



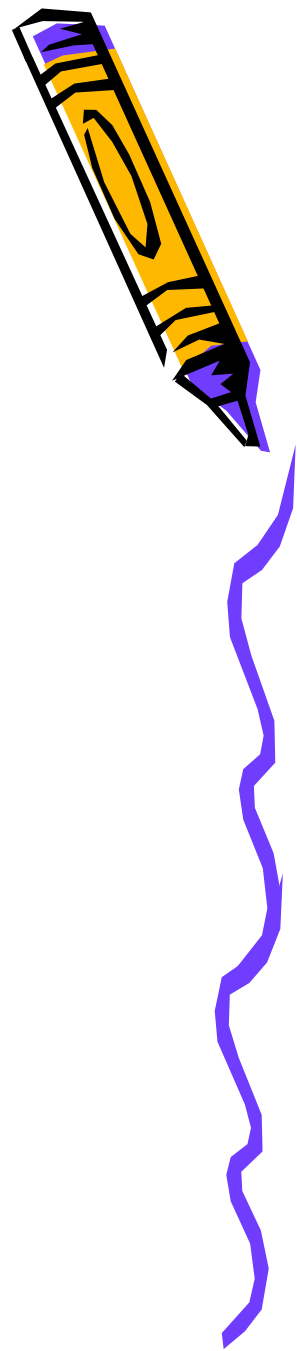
Specific Accounting Related Procedures

- School receipts
 - Fees
 - Cafeteria
 - Related organizations
 - NSF checks
 - Deposits
 - Reports



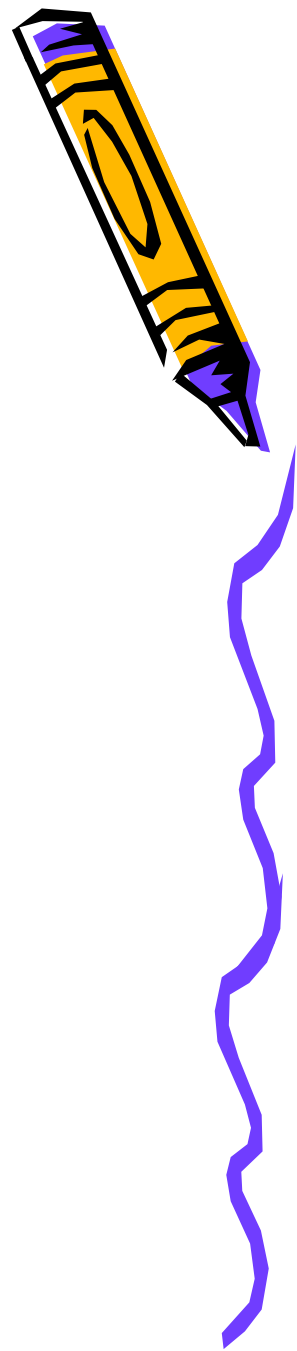
Specific Accounting Related Procedures

- Purchasing
 - Purchase orders
 - Purchase requisitions
 - Check requests
 - Bids & quotes

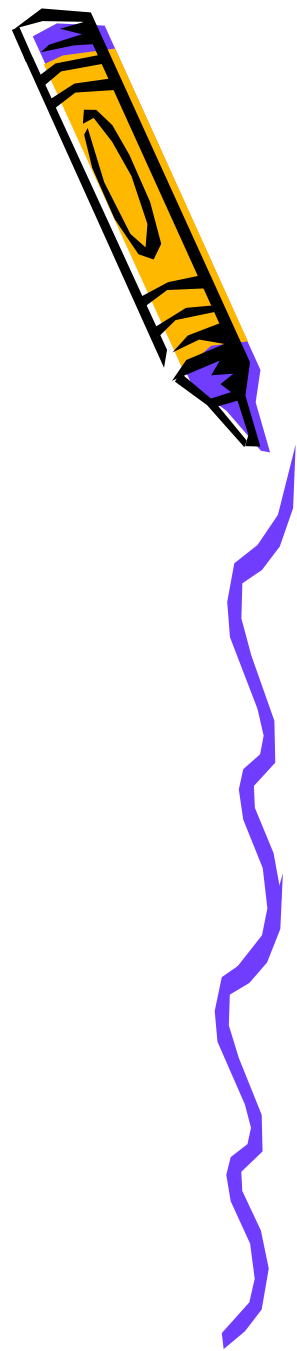


Critical Considerations

- Time needed
- Availability & expertise of staff
- Comprehensiveness of manual



General Considerations

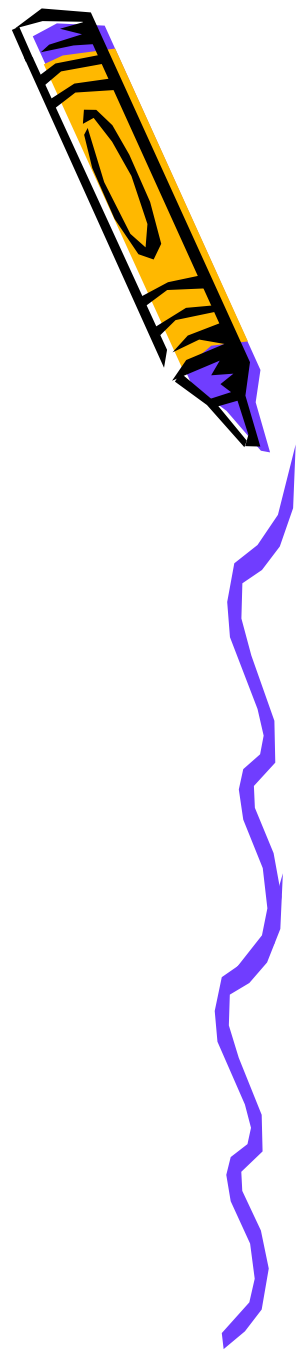


- Critical vs. significant P&P
 - Cash/revenue driven/dependent
 - Significant workload
 - Expertise required
- Existing P&P
 - Accounting vs. operating
- Prioritization of content
 - Phasing



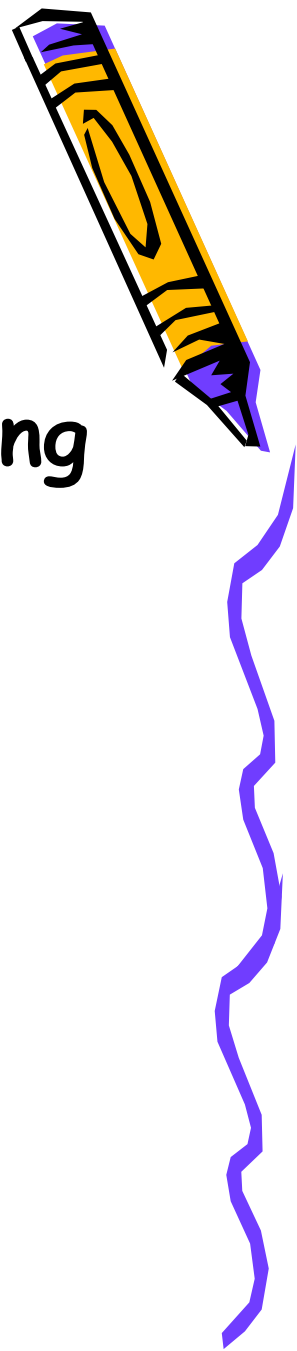
General Considerations

- Criticality of policy/process
 - Formal mandate
 - Significant operation
 - Audit findings
- Frequency of reorganizations
 - Accounting/finance
 - Entity-wide
 - Controlled vs. internal
 - Turnover in governing board



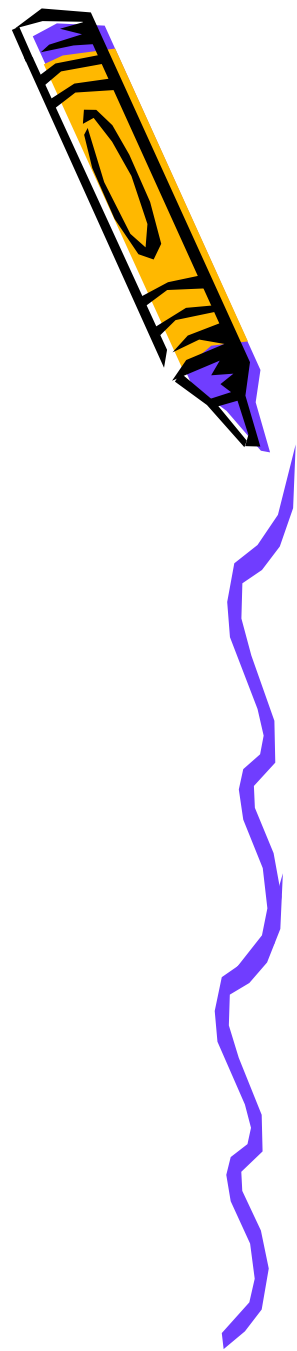
General Considerations

- Frequency of changes in accounting operations
 - Status of personnel
 - IT changes
 - Initiate vs. operate
 - System upgrades
 - Software
 - Hardware



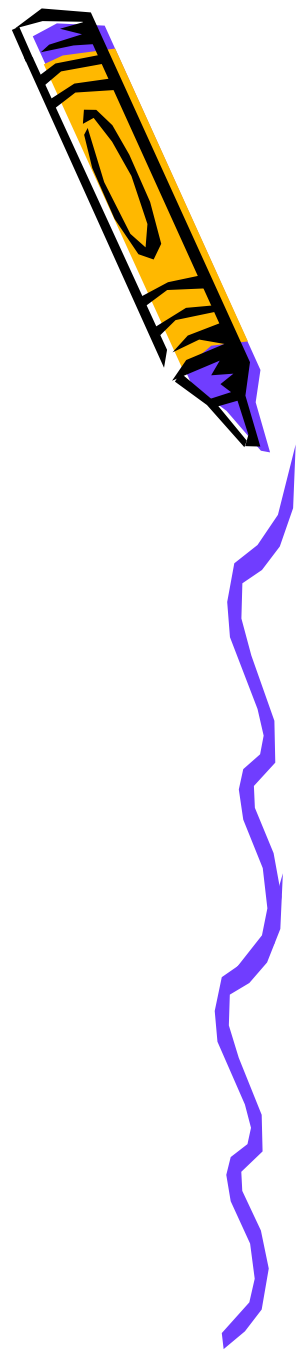
General Approaches

- Externally driven
 - Mandated
 - Formal vs. informal
 - Financial statement users
 - Financial statement amounts
 - Classes of accounts



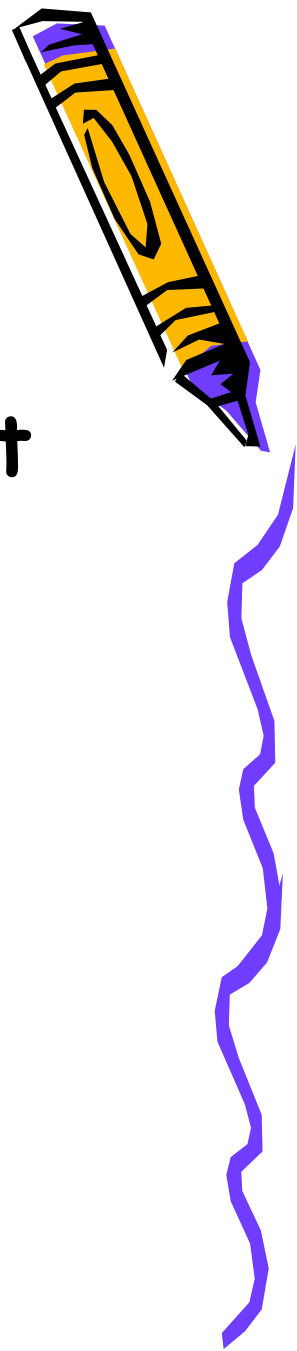
General Approaches

- Internally driven
 - Workload
 - Operations vs. accounting
 - User needs
 - Cross training tool
- Top down or bottom up

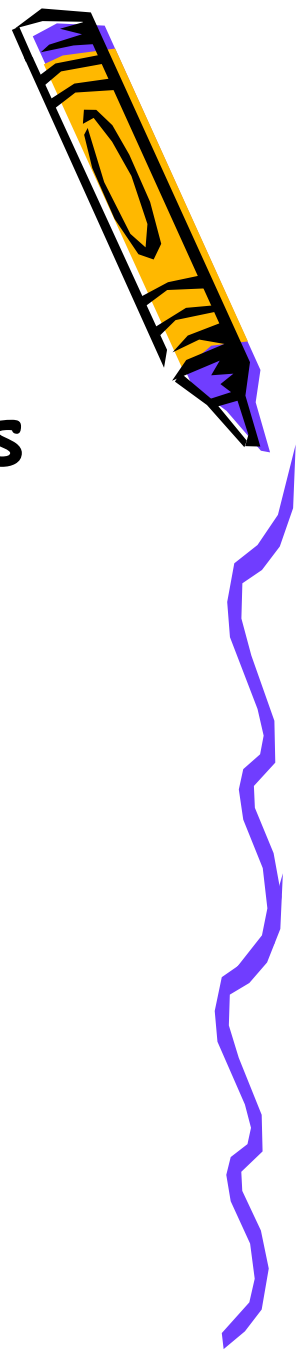


Planning the Project

- “Why you are doing” drives “what you do”
 - Content
 - Process
- Proper planning = success



Planning Step #1



- Determine why you are doing this
 - Mandated
 - Voluntary
 - Quality initiative
 - Internal control
 - Involuntary
 - Audit findings
 - Leadership initiative



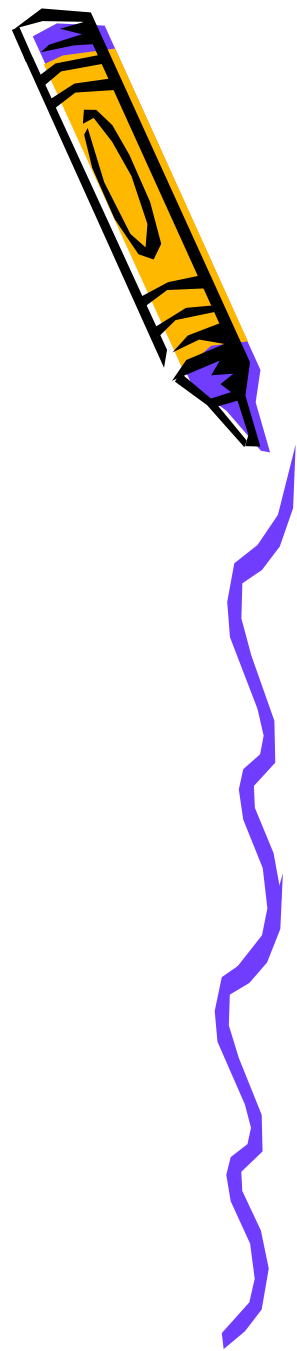
Planning Step #2



- Determine ultimate content (“wish list”)
 - Policies
 - Policies & accounting procedures
 - Policies & accounting & operating procedures
 - Accounting procedures
 - Accounting & operating procedures



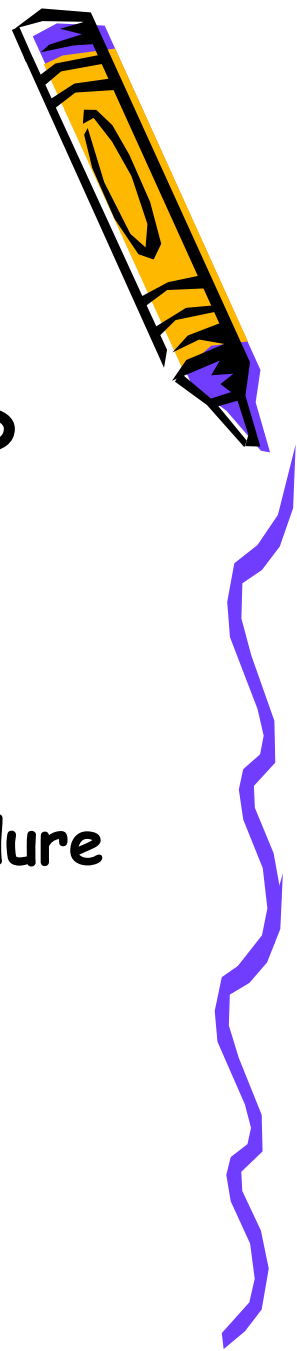
Planning Step #3



- **Inventory existing P&P**
 - Accounting & related operating
 - Individual vs. group exercise
 - Individual driven exercise



Planning Step #4

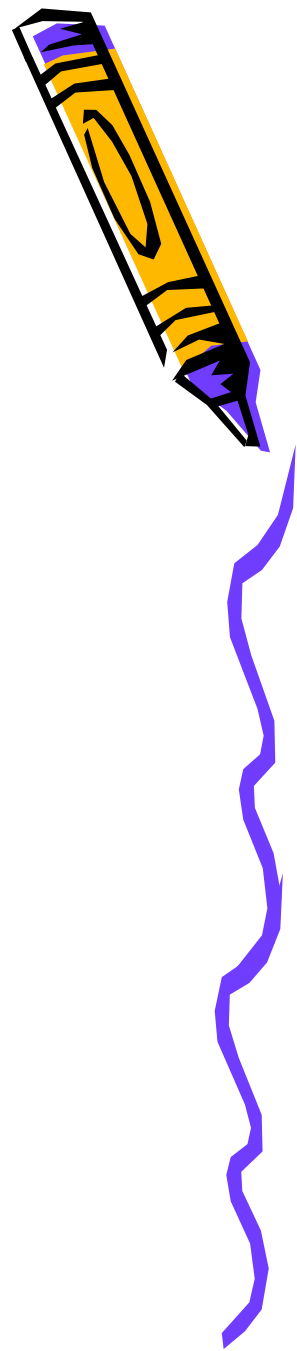


- Evaluate usability of existing P&P
 - Consider
 - Format
 - Extent of revisions required
 - Critical vs. significant policy or procedure

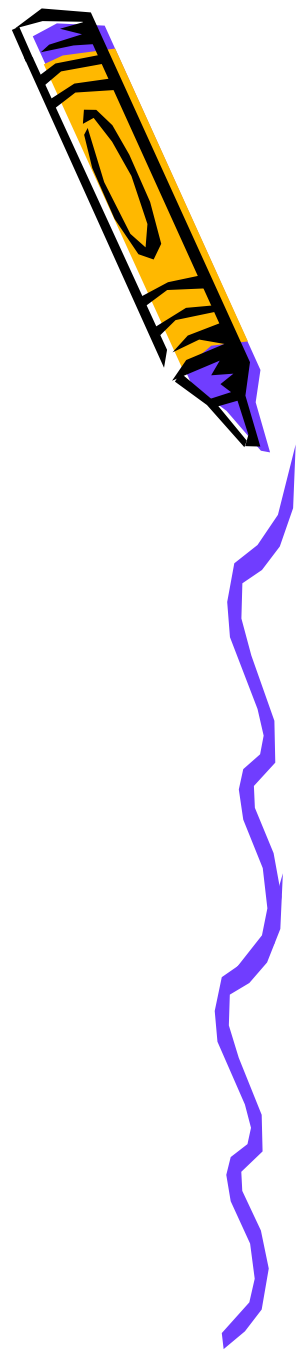


Planning Step #5

- Evaluate staff availability & expertise
 - Individual vs. group
 - Assignment vs. volunteer



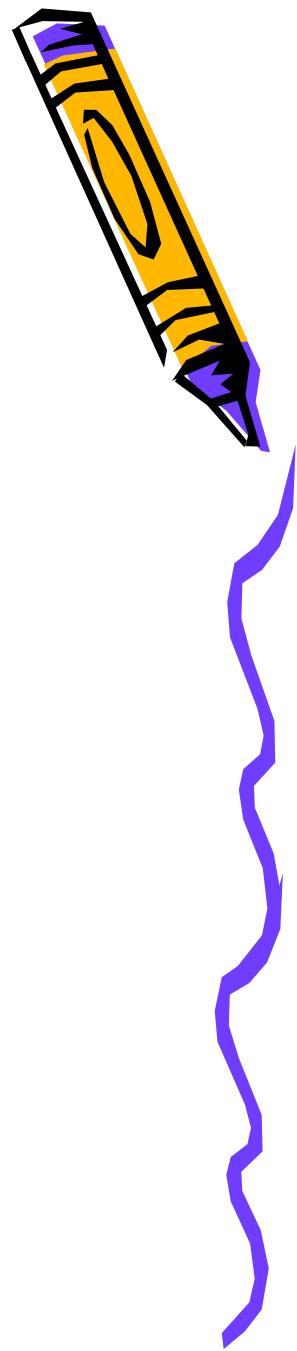
Planning Step #6



- Prioritize contents (“wish list”)
 - Consider
 - Mandates
 - Critical vs. significant
 - Useability of existing documents
 - Staffing needs & availability



Planning Step #7

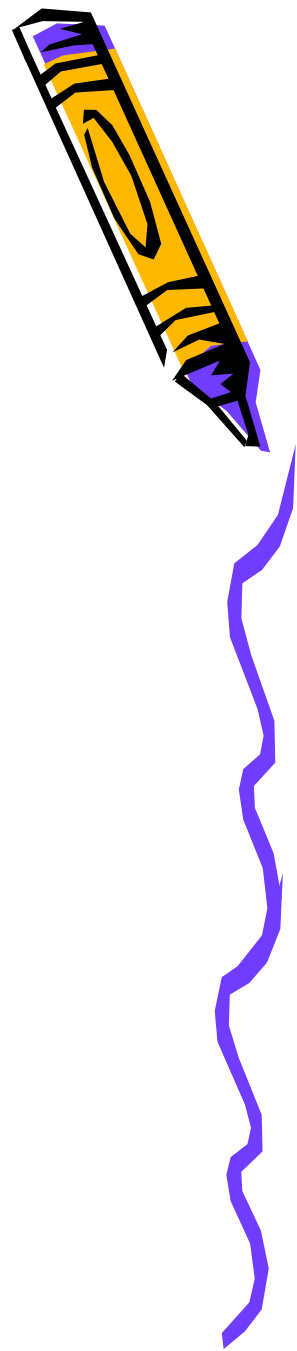


- Develop initial time line
 - Consider
 - Workload demands/compression
 - Mandates
 - Critical vs. significant
 - Useability of existing documents
 - Staffing availability



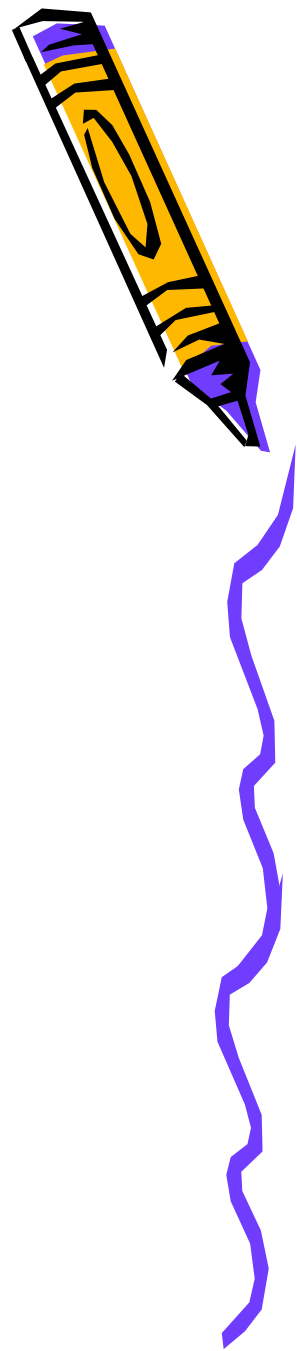
Planning Step #8

- Determine staffing needs
 - Content Prioritization
 - Perfect world vs. real world

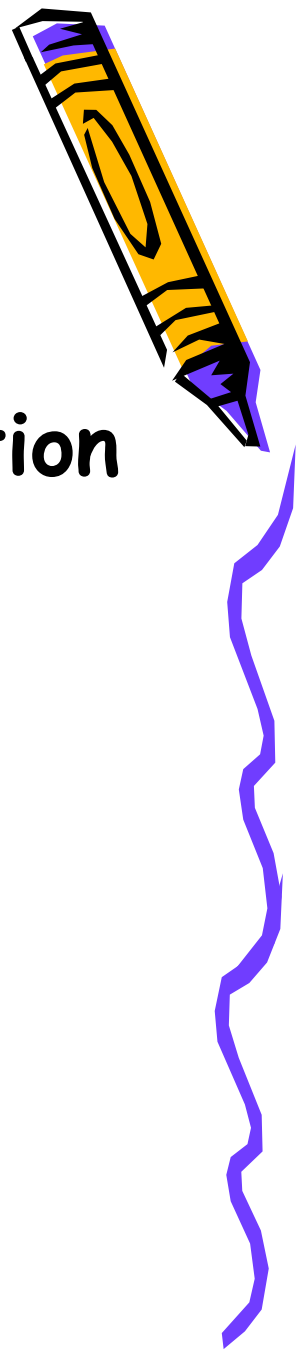


Planning Step #9

- **Select staff**
 - **Consider**
 - Workload demands/compression
 - Extent of previous experience
 - Content
 - Chain of command



Planning Step #10

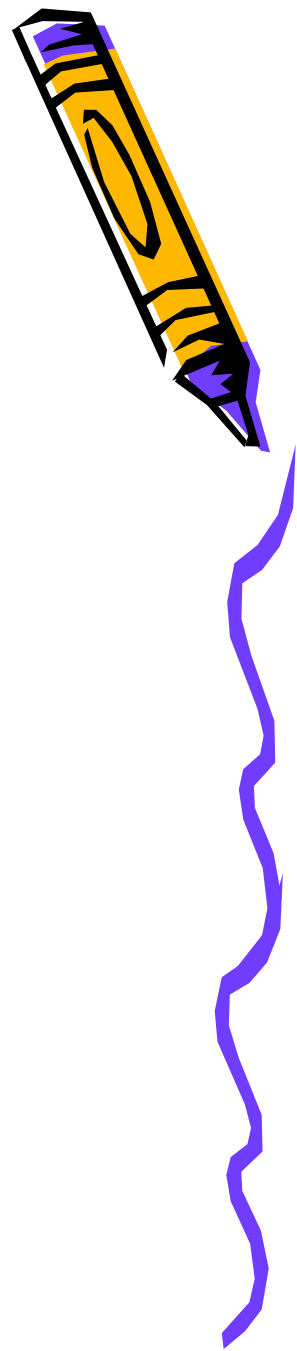


- **Develop implementation & evaluation timelines**
 - **Consider**
 - **Prioritization issues/considerations**
 - Workload demands/compression
 - Mandate
 - Organizational & system changes
 - **Staff availability**



Developing the Manual

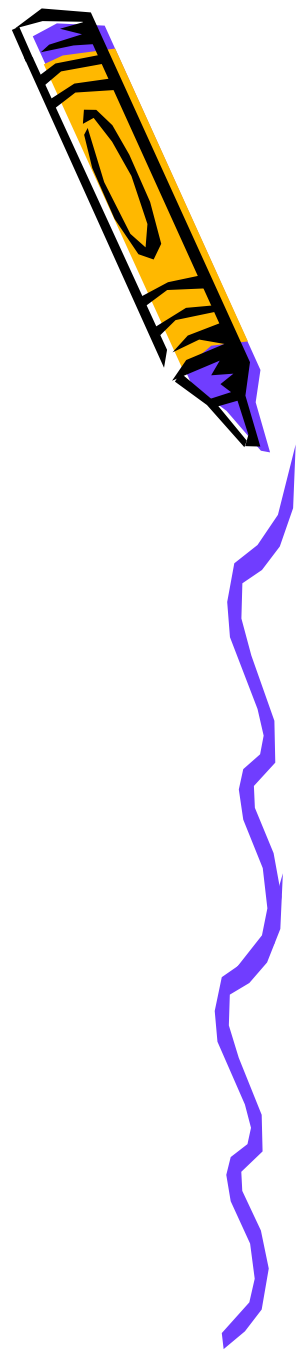
- Plan your work & work your plan
- Initial considerations
- Start with the basics
- Development
- Adoption
- Implementation
- Evaluation & revision



Developing the Manual

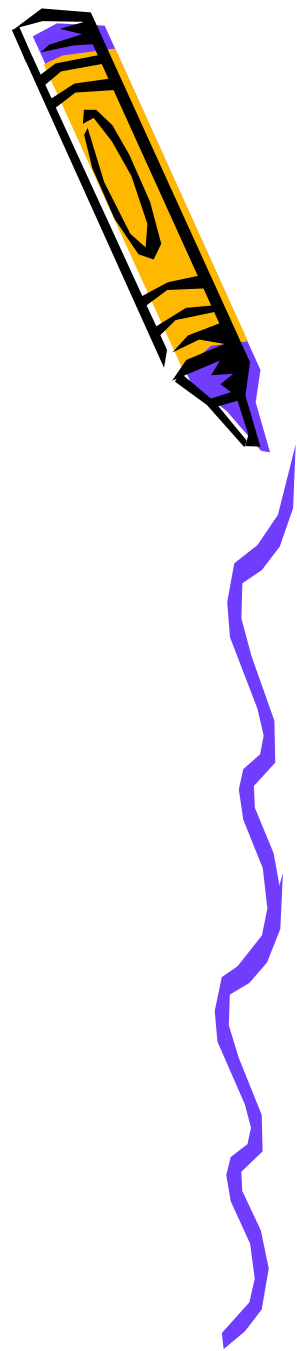
Step #1 - Initial Considerations

- Mandated vs. voluntary
 - Adoption
 - Contents
- Decisions
 - Revise
 - Reinvent
 - Initial development



Developing the Manual

Step #1 - Initial Considerations



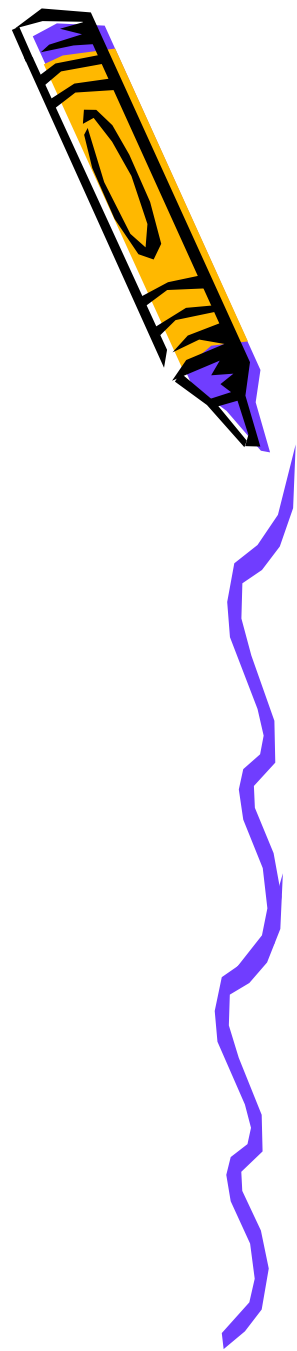
- Policies
 - Cut & paste or reinvent the wheel?
 - Sources
 - GFOA
 - LaGFOA
 - ICMA
 - Independent School Management
 - Association of School Business Officials
 - National School Boards Association
 - Other



Developing the Manual

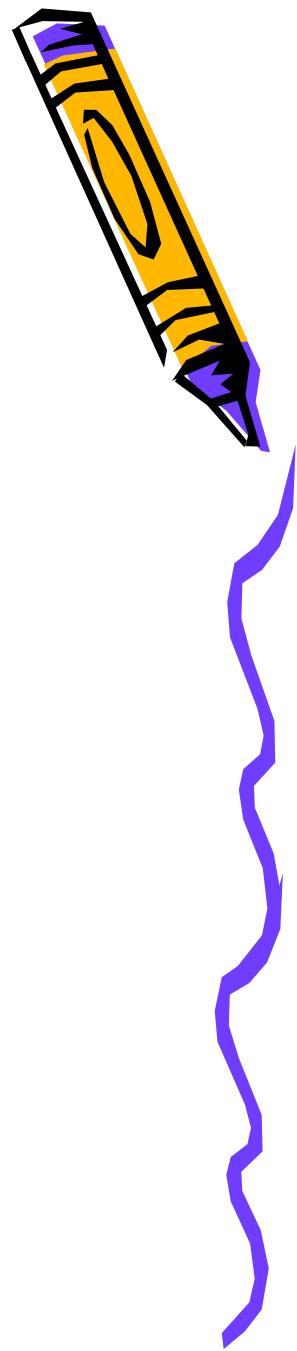
Step #2 - The Basics

- Format
 - Word
 - Excel
 - Electronic or paper



Developing the Manual

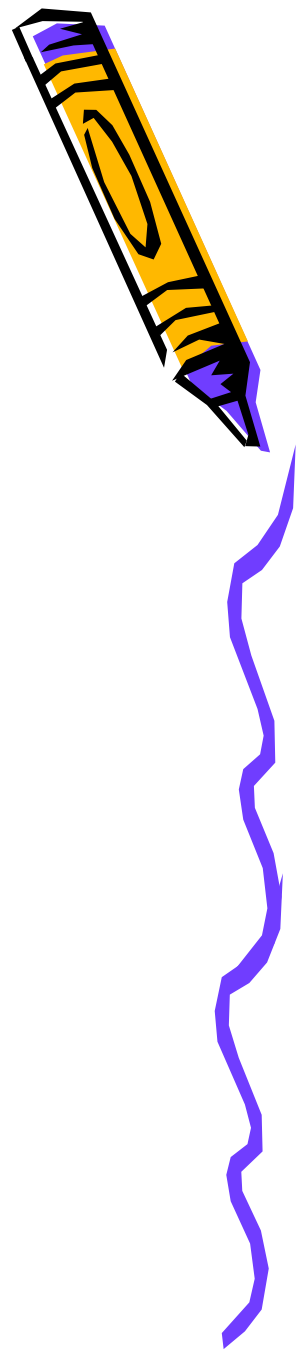
Step #2 - The Basics



- Format
 - Style
 - Positions vs. people
 - Template content
 - Title
 - Policy/procedure number
 - Page numbers
 - Legal reference
 - Preparer name
 - Dates
 - Sections



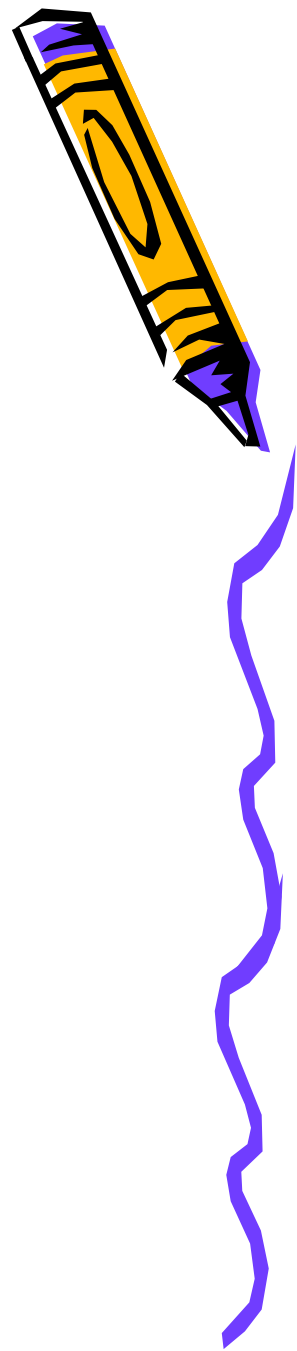
Developing the Manual Step #2 - The Basics



- Format
 - Template content - Dates
 - Prepared
 - Adopted
 - Implemented
 - Evaluation, review, etc.



Developing the Manual Step #2 - The Basics

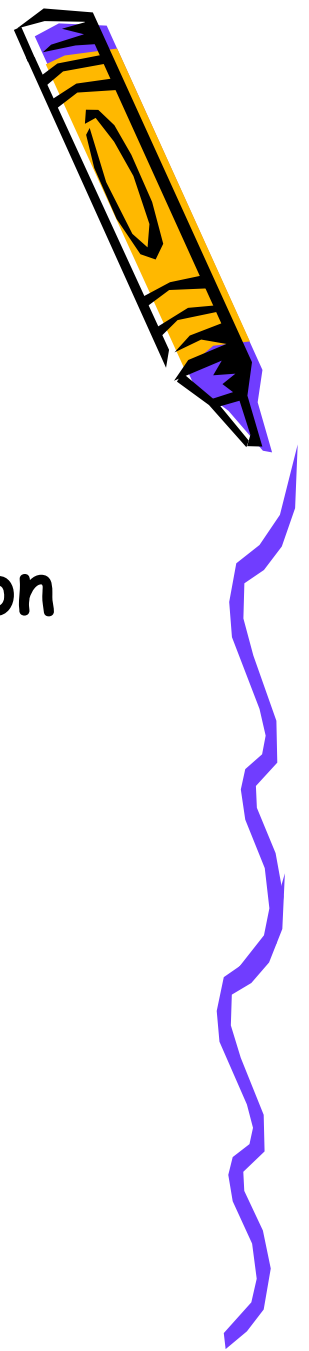


- Format
 - Template content - Sections
 - Purpose
 - Review
 - Policy/procedure specifics
 - Definitions
 - Responsibilities
 - Specifics
 - Contact info



Developing the Manual

Step #3 - Development

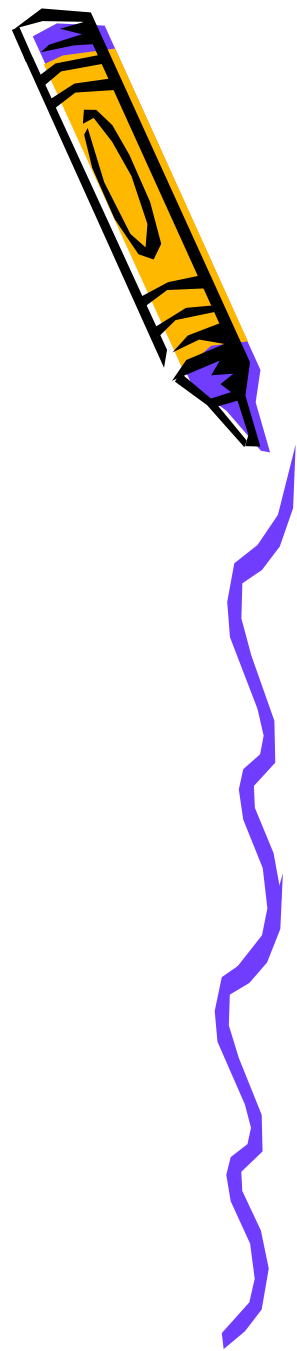


- Work your plan
 - Don't forget to celebrate milestones!
- Coordinate with planned implementation date
 - Tracking progress
 - Consider
 - Fiscal year start/end
 - Education efforts
 - Leadership
 - Governing body



Developing the Manual

Step #3 - Development



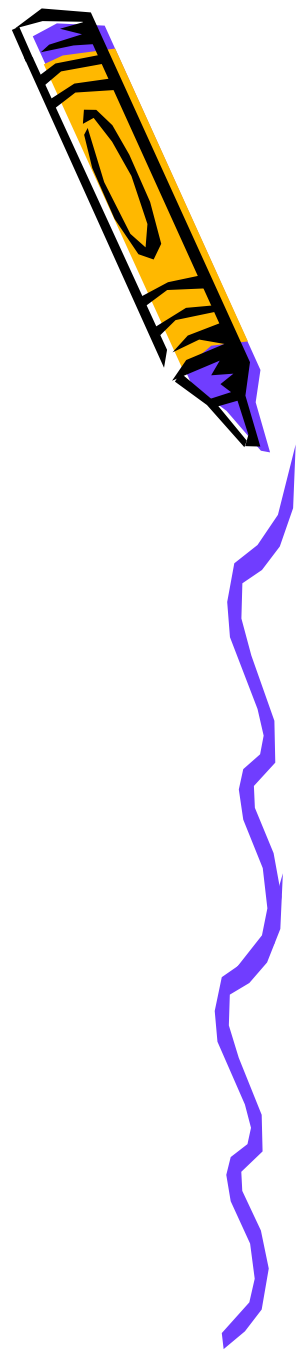
- Flow charts
 - Financial statement account approach
 - Process approach
 - General
 - Specific
 - Software
 - Word/Excel/PowerPoint
 - Visio
 - Smart Draw



Developing the Manual

Step #3 - Development

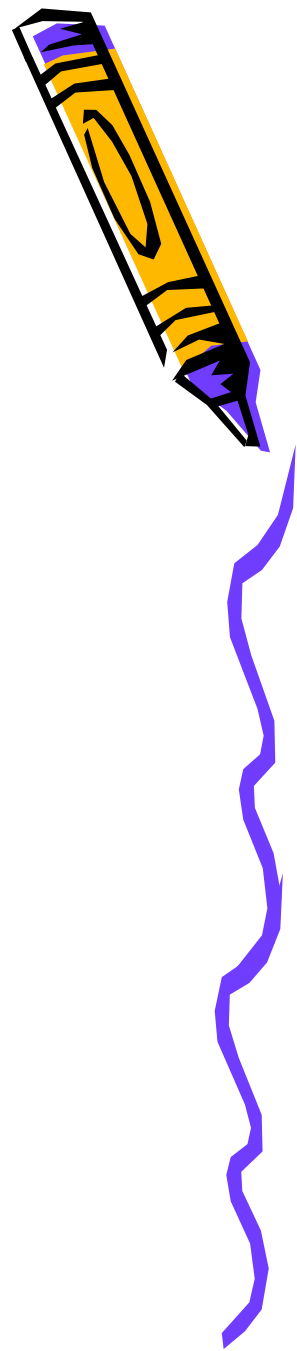
- Obtain information
 - Method
 - Inquiry/observation
 - Questionnaires
 - Combination



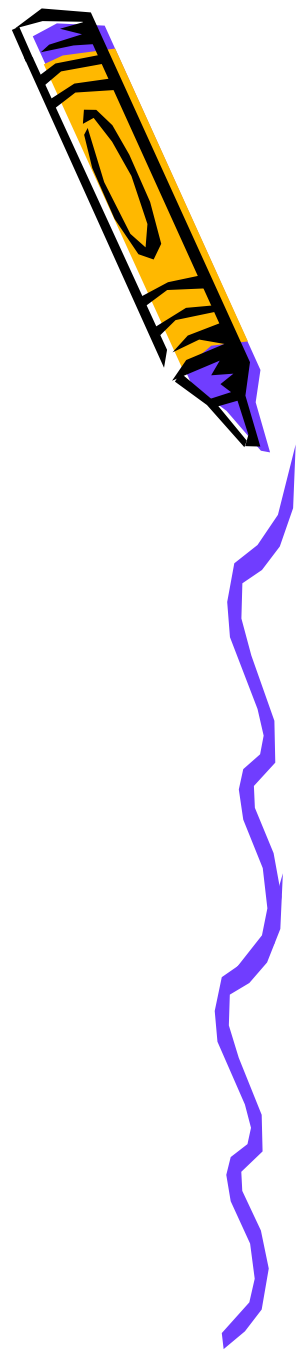
Developing the Manual

Step #3 - Development

- Obtain information
 - Consider workloads/schedules
 - More time
 - Better info
 - Higher acceptance



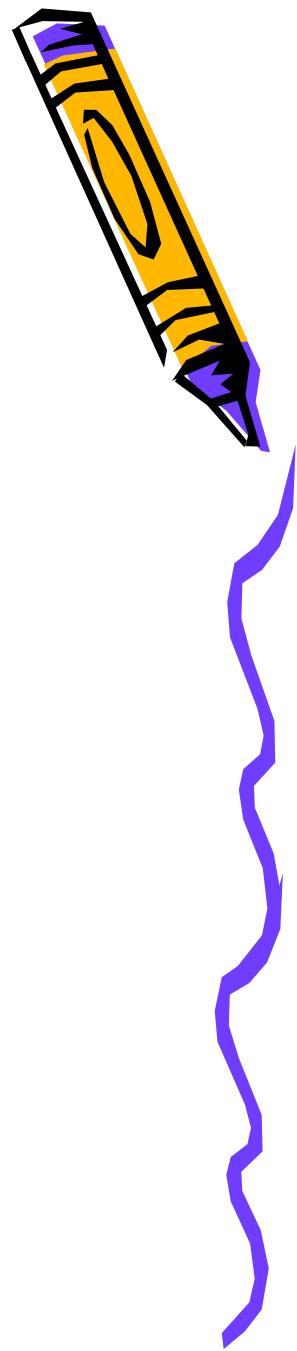
Developing the Manual Step #4 - Evaluation



- Revisions
 - When
 - Annual vs. periodic
 - As needed
 - Coordinate with schedule of governing body, etc.



Developing the Manual Step #4 - Evaluation



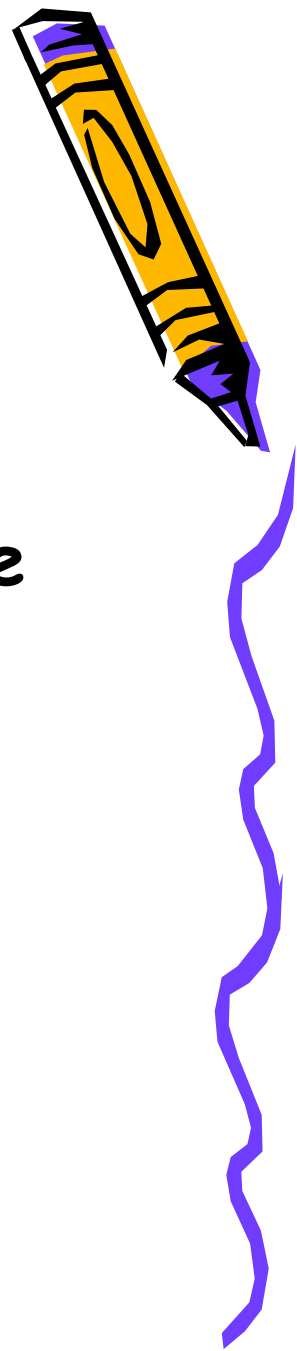
- Revisions

- Who

- Consider impact on job descriptions
 - Coordinate with workload demand/compression
 - Appropriateness in light of anticipated staff changes/reassignments



Developing the Manual Step #4 - Evaluation



- Evaluate
 - Continued need for policy/procedure
 - Effectiveness of policy/procedure
 - Purpose section
 - Efficiency of review schedule

