Chapter 1

ACCOUNTING MANUALS

1.1 INTRODUCTION

Ask a dozen accountants to name the major method of communicating in their accounting operations and they will probably describe the accounting manual. However, you will get 12 answers about what the manual is, varying from a simple listing of account names and numbers to an academic treatise of the philosophy and practice of accounting as used in that particular environment.

In its simplest form, the accounting manual documents the meaning of sets of descriptive numbers used in an organized manner to record, summarize, and report information. It may contain descriptions of one or more of the systems and procedures that explain the basic accounting structure of the enterprise.

However, the manual can be much more than numbers and definitions. It may contain organization charts to show responsibility and lines of authority, policy, formulas, clerical procedures, special industry terminology, data processing rules and procedures, forms descriptions and uses, and so on. It is the general map through which one can learn to travel through a company's operations.

Every business enterprise has an accounting system, from the self-employed person operating a small business out of his or her home to charitable, not-for-profit organizations, educational institutions, governmental agencies, industrial and service companies, and so on. The system may be completely undocumented, possibly just a checkbook and a list of receipts, or it may be an elaborate, difficult-to-maintain, small library of books and manuals used by large national and international companies.

An accounting manual has three basic purposes: to answer questions, to instruct accounting personnel, and to provide consistent reporting of business transactions. As a printed document, it must be useful and, more importantly, *used.* Therefore, it should be

formal—not in the sense of being rigid and unyielding, but in the sense of being complete and consistent.

It should be available to all who need it or think they need it. Certainly, the accounting staff needs the manual. Also, line supervisors, managers, and others who submit accounting data should have the manual available to them.

It should always be *current,* a condition requiring a method of publishing changes, additions, and deletions very quickly (see the discussion of electronic methods of distribution in Chapter 4). Finally, the manual should be *easy to use* as a tool to answer questions of consistency, accuracy, and clarity of presentation.

A word of warning: Unless the contents of a manual are to be used exclusively by accountants in the accounting operation, the accountants must turn *their* terminology into *our* terminology—that is, terminology that can be understood by non-accountant users of the manual. Avoid accounting jargon at all times.

For reference purposes, *accounting manual,* as used in this book, includes all the modules described in this chapter. The reader has the choice of developing selected modules and combining them into one accounting manual or maintaining each one as a separate manual. The modules are:

- General accounting manual

- Corporate policies manual

- Accounting procedures

- Purchasing card manual

- Accounting controls manual

- Year-end manual

- Budgeting manual

- Property accounting manual

- Forms manual

- Document management manual

- User manual

- Information technology manual

- Human resources manual

Each of these modules is briefly described in the following sections, and more fully described in the indicated chapters.

1.2   GENERAL ACCOUNTING MANUAL

The general accounting manual includes a general description of the overall accounting system, the chart of accounts, account descriptions, activities calendars for the accounting staffing, accounting policies, and descriptions of the key process cycles. Parts of the general

accounting manual are usually included in the user manual to provide account coding information to other departments, such as purchasing and receiving, so that they can code transaction documents or otherwise provide accounting information. The general accounting manual is covered in Chapter 2.

The chart of accounts is the basic underlying account code structure that is used to record information in the general ledger. To create the chart, one prepares a list of every account number and name, which should include every asset, liability, ownership, income, and expense item. Then a one or two sentence definition is written for each line item in the chart of accounts. The list of definitions developed here will be the primary reference of permitted actions—and, more importantly, those that are not permitted—in each account being used. If divisions or departments are included in the corporate structure, then the account code structure can be stretched into a longer format to accommodate codes that can be traced to specific operating entities within the organization.

Job descriptions are extremely useful for determining which employee positions are responsible for which tasks, as well as to form a basis for periodic job reviews. These descriptions are most easily compiled by interviewing the staff members to see what they already do; on an ongoing basis, the descriptions can be adjusted to shift work among personnel to achieve increased levels of efficiency.

An activities calendar should be constructed not only for the entire department but also for each person within it. An activity calendar should itemize exactly which tasks should be completed on each day of the month. It forms the basis for task assignments within the accounting department, and is an excellent visual tool for managing the department's function. The calendar will be in a constant state of flux, as work tasks are constantly shifted among different staff members or moved to different time slots to create a balanced work flow for the department as a whole.

A more complete manual would contain a section on accounting principles and general procedures. For example, the company might indicate that it follows a published industry account numbering and format procedure, or that it operates in accordance with control guidelines laid down by the American Institute of Certified Public Accountants (AICPA).

Finally, the manual may contain flowcharts of the principal process cycles used by the company (such as the purchasing and order fulfillment cycles) as well as related procedures. The documentation of these key underlying activities gives the reader a broad conceptual overview of how the key accounting activities work, and how documents flow from function to function in order to complete tasks.

1.3 CORPORATE POLICIES MANUAL

Corporate policies are needed to set up boundaries within which transactions are to be accepted, and for how those transactions are to be processed. Policies are necessary components of a comprehensive system of controls and form an integral part of a company's risk management system. Chapter 5 contains nearly 250 policies for many transactional areas, including cash, hedges, barter transactions, inventory valuation, intangible assets, research and development costs, investments, debt extinguishment, warrants, lease terminations, dividends, options, and foreign currency translations. Though not all of these policies will be needed by any one company, a selection of the policies could form the foundation of a company's corporate policies manual.

1.4   ACCOUNTING PROCEDURES

The accounting procedures used must be clearly stated in a consistent format. To aid in the construction of such a manual, Chapter 3 itemizes a number of key writing, style, and mechanics guidelines. It also describes how to create an understandable flowchart that can accompany a procedure, including the most common direction of flow and types of graphics to use. The chapter also notes how to calculate and interpret readability statistics for a procedure. In addition to these general guidelines, the chapter describes how to lay out a simple procedure format and accompanying header, which are used in all subsequent chapters whenever example procedures are shown. Next, we cover the key work steps needed to construct a procedures manual, itemizing the process flow required to ensure that the information contained within a procedure is accurate. Finally, there is an itemization of suggested procedures that can be used. This list is by no means complete, because accounting systems will vary widely by industry, and even between companies within the same industry; nonetheless, it provides a core set of procedures that can be expanded upon to create a complete set of company-specific procedures.

With the basic procedure construction information in hand, one can then proceed to the creation of actual accounting procedures. Chapter 6 assists in this process by presenting a long list of actual procedures. They are summarized into the following categories for easy reference:

- Acquisitions

- Billing

- Budgeting

- Credit

- Financial statement preparation

- Fixed asset transactions

- Funds management

- Internal auditing

- Payroll

- Purchasing

The majority of the procedures were taken from the procedures manuals of several real companies that use different software packages and operate in different industries. Consequently, some of the most detailed information listed in the procedures will only be applicable to very specific situations, and must be modified to meet the reader's needs. Other procedures, such as those applying to acquisitions and budgeting, are more broad-based and can be applied to one's existing systems with comparatively little modification.

1.5 PURCHASING CARD MANUAL

A purchasing card program is an integral part of the purchasing program of many compa-
nies, since it usually results in a substantial reduction in the cost of acquiring goods and
services. However, most such programs are informal, and can lead to purchasing abuses
or excessive expenditures. The purchasing card manual shown in Chapter 7 itemizes how
to set up a purchasing card program, as well as what forms are to be used to ensure that
purchases are made in the appropriate amounts by authorized purchasers and that all
purchases have been assigned to the correct cost centers.

1.6 ACCOUNTING CONTROLS MANUAL

In the era of the Sarbanes-Oxley Act, where adequate control systems are mandatory for
publicly held companies, an accounting controls manual is not only a good idea, but should
also be a cornerstone of a risk management program. Chapter 8 contains a list of nearly 400
controls that can be assembled into a controls manual, which in turn should be integrated
into individual accounting procedures. It is advantageous to separately itemize controls in
an accounting controls manual, since a risk manager or auditor can more easily peruse the
document to ascertain the types of controls being used.

1.7 YEAR-END MANUAL

The year-end manual is probably better described as a year-end assignments list. It defines
all of the tasks that must be accomplished at the end of a company's fiscal year to close the
books and prepare the required accounting statements, schedules, and narrative for the
annual report.

Once prepared, the year-end manual is updated annually for any changes in the fiscal
year-end closing procedures. Such changes come about by a change in management, a
change in auditors, or an expansion or contraction of year-end procedures caused by a
change in accounting systems. The revised year-end manual is usually issued one or two
months before the fiscal year-end to every employee assigned to complete one or more
closing tasks. The manual is sometimes assembled in cooperation with the outside auditors,
and working papers or schedules required by them are included as tasks. The year-end and
period-end manuals are discussed in Chapter 9, which covers specific closing activities,
the soft close, and closing procedures that are tailored to specific accounting positions.

1.8 BUDGETING MANUAL

Most organizations of any size spend a considerable amount of time creating budgets
for at least the upcoming year, and perhaps for multiple years. If so, they have found
that this is a complex and highly iterative process that impacts virtually every part of a
company. In Chapter 10, we present the system of interlocking budgets and describe
how they are structured so that one can see how information is first assembled for the
sales budget. This information then cascades down into a series of "cost of goods sold"

budgets that determine targeted inventory levels, purchasing volumes, production targets, and requirements for facilities as well as direct labor. After these steps are completed, budgets for supporting functions—such as general, administrative, and marketing—are added to the set of budgeting documents. The chapter contains a complete example of these interlocking budgets, as well as a discussion of flex budgeting, under which the supporting budgets all automatically change if revenue levels vary from the initial budgeted level. There is also coverage of the budgeting process and how budgets can be used as an integral part of corporate control systems.

1.9 PROPERTY ACCOUNTING MANUAL

The typical organization only tracks its fixed assets through some bare-bones entries in a depreciation calculation that itemizes the general type of asset, when it was purchased, what it cost, and the amount of its monthly depreciation. However, there are many other details that should be tracked, such as the presence of warranties that can be used in the event of a product failure, the location of each asset, and contact information about suppliers. A truly comprehensive set of information about each fixed asset is recorded in the property accounting manual, which is described in Chapter 11.

The chapter describes how to accumulate costs for projects that are being developed in-house with a project cost report. It also describes how to collect and organize information about land projects, which require the accumulation of special information such as legal descriptions, zoning classifications, and assessed value. There are additional discussions and different forms to cover land improvement projects, building projects, and the purchase of factory equipment, office equipment, vehicles, leasehold improvements, and leases. The chapter concludes with a complete example of a property accounting manual, showing the indexing, procedures, cost sheets, and instructions for the completion of each form.

1.10 FORMS MANUAL

Forms are the vehicles that carry information and approvals throughout the accounting map. They record the authorization and the purpose of a transaction and what actions are accomplished, such as buying, selling, making, biding, moving, adding, deleting, changing, and so forth. Forms are the foundation of computerized data processing activities. Developing and maintaining a forms manual need not be difficult or burdensome.

Chapter 12 provides a form survey worksheet to identify needed forms, presents a number of basic rules for creating forms, and then shows how to create form descriptions and compile them into a formal forms manual.

1.11 DOCUMENT MANAGEMENT MANUAL

Accounting departments are exceptionally good at creating paperwork, but typically experience considerable difficulty in indexing, storing, and disposing of it once it has been created. The document management manual shown in Chapter 13 contains policies and procedures that show how to handle these functions. The result should be a more organized

accounting department where needed paperwork is readily available, less-necessary items are filed away, and there is a regimented system for disposing of outdated documents.

1.12 USER MANUAL

The user manual is most useful in companies where non-accountants initiate or prepare original accounting forms or documents that provide accounting information to the general accounting operation. Examples of such transactions are the hiring or termination of an employee or the submission of an expense report for reimbursement. Other examples of user manual procedures are petty cash reports, receiving reports, shipping documents, branch sales and activity, requests for special supplier payments such as subscriptions, dues, contractual services performed locally, and so on.

This manual can be general in nature or may contain specific abstracts from the general manual, forms manual, and policy/procedure statements. Usually it contains abstracts from other manuals, so it can be easy to prepare. It is designed for mass distribution to departments or individuals who use or prepare accounting documents, initiate account transaction coding, have some knowledge of the accounting process, or receive summary accounting reports. It can also be used as a training tool for non-accounting supervisors, secretaries, and others who are involved in adding or checking data on accounting input documents.

Instructions for creating a user manual, as well as a complete example of such a manual, are shown in Chapter 14.

1.13 INFORMATION TECHNOLOGY MANUAL

This manual has limited distribution, principally to the accounting and information technology staff members who are responsible for submitting forms and data to computer operations for data entry, processing, storage, and retrieval of the data for accounting use, as well as those responsible for ongoing computer system maintenance and development. This manual is unique in that it contains both forms descriptions and procedures. It may also contain details of file record contents and codes used, descriptions of output reports, and the data and calculations used to report each item on an output information report. The information technology manual is addressed in Chapter 15.

Chapter 15 provides a comprehensive set of policies related to systems development, which are:

- Project charter standards
- Work plan standards
- Project team roles and responsibilities
- Risk management standards
- Project status reporting standards
- Issue management standards
- Project completion debriefing standards

The policies can be easily adapted to one's needs with minimal modification. The chapter also contains a series of procedures covering a variety of tasks in the areas of computer system maintenance, the setup of new employees with computers, and the primary tasks involved in the development of new computer systems.

In addition to the fundamental components of the information technology manual, the chapter also covers the use of system survey reports to conduct an inventory of computer systems, as well as a computer reports questionnaire to see if long-standing reports can be reduced or eliminated from use. The chapter also covers the key elements of documentation for database tables and output reports. It finishes with a discussion of the key elements that should be included in a disaster recovery manual, which may be a separate manual or contained within the main information technology manual.

1.14 HUMAN RESOURCES MANUAL

As was the case for the information technology function, the human resources function is frequently under the supervision of the controller of chief financial officer, especially in smaller firms. Consequently, Chapter 16 is included so that one can see a comprehensive list of 28 human resources policies and 11 procedures that can be used to process the variety of transactions related to the payment of employees. Examples of policies included in the chapter are termination, grievance, sexual harassment, and jury duty. The employee pay procedures include the processing of changes to employee pay, cafeteria plan deductions, garnishments, and terminations.

1.15 ISO 9000 QUALITY STANDARDS

With the growth of international trade, particularly in raw materials and parts, customers are demanding assurances that distant suppliers are producing quality products. In an effort to provide that assurance, the International Standards Organization (ISO) issued the ISO 9000 quality standards. Acquiring certification is a lengthy process, but has proven to be necessary for those companies wishing to operate on a global basis.

During the ISO certification process, companies have learned the risk of having poor documentation and documentation practices. Many have therefore had to make significant changes in documentation to achieve certification.

ISO 9000 highlights the importance of comprehensive and well-written manuals for the production of quality products. The same is true for accounting. The quality of the output of the accounting system also depends on sound documentation practices. Accountants and particularly auditors have taken a leadership role here. The AICPA has issued the *Statement of Auditing Standard 55*. The *Consideration of Internal Structure in the Financial Statement Audit and Internal Control—Integrated Framework* is published by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. Both acknowledge the importance of documentation in the internal control structure.

There are several ISO standards. ISO 9000-1, *Quality Management and Quality Assurance Standards—Guidelines for Selection and Use* provides an overview of ISO 9000. ISO standards 9001, 9002, and 9003 provide quality assurance standards for manufacturers as well as service organizations.

All ISO 9000 standards require quality system documentation. ISO 9000 Quality System Standard 4.2.2, "Quality System Documentation," states that "all the quality system elements, requirements, and provisions should be clearly documented in a systematic and orderly manner." This very general statement was given more detail in ISO 9004 Standard 17.2, "Quality Documentation," which stated the following:

> The system should require that sufficient documentation be available to follow the achievement of the required product quality and the effective operation of the quality management system. Appropriate sub-contractor documentation should be included. All documentation should be legible, dated (including revision dates), clean, readily identifiable and maintained in an orderly manner. Data may be hard copy or stored in a computer.
>
> In addition the quality management system should provide a method for removing and/or disposing of documentation used in the manufacture of products when that documentation has become out of date. The following are examples of types of documents requiring control: drawings; specifications; blueprints; inspection instructions; test procedures; work instructions; operation sheets; quality manual; operational procedures; quality assurance procedures.

The standard explains that the quality manual can be one document supported by several tiers of other documents, each becoming progressively more detailed. For example, there may be an overall system manual and one or more specific procedural manuals. Together, these documents define the complete quality system. This standard is expounded upon in a handbook published by the ISO, *Documentation and Information,* and ISO 10013, *Guidelines for Developing Quality Manuals.*

The ISO 9004-2, "Guidelines for Services," describes the standard documentation system. Standard 5.4.3.1 states that the appropriate quality system documentation includes:

> (a) Quality manual: This should provide a description of the quality system as a permanent reference. It should contain the quality policy; the quality objectives; the structure of the organization, including responsibilities; a description of the quality system, including all elements and provisions that form part of it; the quality practices of the organization; the structure and distribution of the quality system documentation . . .

This standard is followed by Standard 5.4.3.2, "Documentation Control." This standard requires that documentation be legible, dated, clear, and readily identifiable, and that it carry authorization status. Methods should be established to control the issuance, distribution, and revision of documents. The methods should ensure that documents are "approved by authorized personnel; released and made available in the areas where information is needed; understood and acceptable to users; reviewed for necessary revision; removed when obsolete."

The ISO standards cited here require firms to maintain a "quality manual." Companies are not required to maintain an accounting manual, but we certainly recommend that every firm have one. Also, a firm's auditors expect an accounting manual, because adequate documentation is described by Statement of Auditing Standard (SAS) 55 as one of the primary control procedures and thus is an integral part of the control structure.

Again, the ISO standards suggest that the quality manual be one document, supported by several tiers of other documents, each becoming progressively more detailed. The ISO gives the example of an overall system manual and one or more specific procedural manuals, which together define the complete quality system. This book describes a system in which a company's accounting manual is composed of multiple modules that include the general accounting manual, accounting procedures, year-end or period-end manual, budgeting manual, property accounting manual, forms manual, user manual, information technology manual, and human resources manual. This is just one possible design, but is quite similar to that recommended by the ISO for the quality manual.

ISO 9000 requires that the quality manual contain the quality policy as well as the quality objectives. Most accounting manuals explain a firm's accounting policies, but many accounting manuals fail to provide a statement of the objectives of the accounting system. This would be a positive addition to the manual. Such a provision might include a mission statement for the accounting department, a vision statement, and some specific strategies that the department has adopted to reach the vision.

This section illustrated that ISO 9000 standards call for the documentation of quality systems, which includes a quality manual. With this knowledge in hand, accountants can offer their expertise in documentation to their firm's quality control function. Accountants in firms that are undergoing ISO 9000 certification can also learn from the quality control function, as recommendations for changes in the quality documentation may have an impact on company-wide procedures, especially in purchasing. For further information on ISO 9000 and the ISO in general, see the ISO site on the World Wide Web at www.iso.ch.

1.16 IN THE BEGINNING

To begin improving the current accounting system documentation, one should determine the strengths and weaknesses of the current documentation. To do this, questionnaires should be sent to the controller, the professional accountants on the staff, the clerical personnel in accounting, and the managers of departments related to accounting but not part of the accounting department. These departments generally are purchasing, shipping, receiving, finance, and human resources, as well as any other department that furnishes information to accounting.

Exhibit 1.1 is a questionnaire for determining the current status and use of an accounting manual. One form should be used for each separate manual. Enter the general name of the manual, the date that the form must be returned to the person designated to summarize the data, and the department or name of that person (who may also be a consultant). The employee receiving the questionnaire completes the form as follows:

- If the designated manual is not used at all by the recipient, it should be left blank and returned. If used, the frequency of use should be checked.

- A section should address some of the common problems with documentation. These questions are answered "yes" or "no," along with an example to illustrate any "no" answers.

- The recipients answer each use with "yes" or "no" and enter a final overall rating of the manual being surveyed.

```
MANUAL: General Accounting Manual

Name of Reviewer _____ Title _____ Dept._____

  I. __ Check here if your position does not require use of this accounting
         manual. Then stop your work on this questionnaire and return it to the
         address below.

         How often does your position require you to use this accounting manual?
         Check the appropriate frequency.
         _____ Daily
         _____ Several times per week
         _____ One or two times per week
         _____ Several times per month
         _____ One or two times per month
         _____ Several times per year
         _____ One or two times per year

 II.     For this manual, did you find any of the following? Give a specific example
         of any item marked "No" on the other side of this form.

         1. Manual was not readily available.           _____ Yes      _____ No
         2. Information needed was missing.              _____ Yes      _____ No
         3. Information was not clearly written.         _____ Yes      _____ No
         4. Contained terms and jargon I did not know.   _____ Yes      _____ No
         5. Information was difficult to locate.         _____ Yes      _____ No
         6. Information was not current.                 _____ Yes      _____ No
         7. Other problems                               _____ Yes      _____ No

III.     Rate how useful the manual is for each of its uses. (Use a 10-point scale,
         where a 1 is not at all useful and a 10 is tremendously useful.)

            Use                                                   Rating
         a. Training new personnel                                _____
         b. Ensuring uniformity and consistency of reports        _____
         c. Evaluating controls                                   _____
         d. Communicating new policies, procedures, and information _____
         e. Overall rating                                        _____
         f. Other uses (please list):                             _____


                            (date)            Controller's Office
Return completed form by _____  to  _____
```

Exhibit 1.1 Current Accounting Documentation Questionnaire

```
1.  Manual _____  Person Responsible _____

    Brief description of the contents of the manual:



2.  What is the distribution of the manual (who has manuals)?



3.  Describe the format of the manual. Are manuals distributed in printed form or
    part of an electronic document system? If they are distributed on electronic
    media, describe the system used.



4.  If the manual is updated, how often? How is the update accomplished?



5.  Are there other sources of documentation of the accounting function/system
    besides the manual described above?



6.  Is there anything in this documentation that you feel is a major weakness? If
    yes, describe.



7.  SUMMARY OF QUESTIONNAIRES: How was the accounting documentation rated on a
    10-point scale, where 1 is not at all useful and 10 is tremendously useful?
    _____ Controller.
    _____ Average of all accounting professional staff.
    _____ Average of managers of departments related to accounting.
    _____ Average of all accounting department clerical staff.

8.  Does it appear that there is a need for more documentation? Explain.
```

Exhibit 1.2   Summary of Current Accounting Documentation

Exhibit 1.2 is the Summary of Current Accounting Documentation, which is compiled by the person designated to do so. This person should be knowledgeable about the current documentation and may be the principal writer. The reviewer completes this form as follows:

- Enter the formal name of the manual, the person responsible for maintaining its contents and distribution lists, and a brief description of the manual being surveyed.

- Enter the normal distribution of the manual in general terms, such as accounting personnel or designated departments.

- Describe the general format of the manual, such as numbered sections, indexing, and general layout. Also describe how the manual is available via electronic media or some other method.

- Describe how the manual is updated. Is it edited and changed periodically, such as each year, or are only new items distributed as needed?

- Describe any other possible sources of documentation, such as file folders of examples of transactions or forms, or textbooks.

- Describe anything the reviewer thinks may be a major weakness. (The principal weaknesses are listed in the questionnaire.)

- Summarize individual questionnaires for the groups shown. There should be some weighting of each user group. Also, the yes-no answers to question two of the individual questionnaires should be summarized to determine whether there are definite patterns of weakness.

- Enter an opinion about whether improved documentation is needed, with explanations of what principal weaknesses were discovered.

Once the survey is completed and discussed with appropriate personnel such as the chief financial officer, controller, and treasurer, the task to develop new documentation can begin.

1.17   PROCEDURES TO WRITE AND CHANGE PROCEDURES

Though many people want to sit down at a computer and immediately start writing procedures, this usually leads to a set of documents with poor formatting and inconsistent writing. When such documents are issued, readers find them difficult to read, so many ignore them, thereby voiding the purpose of the procedures.

A better way to approach procedure writing is to first create procedures that describe not only how to create a new procedure, but also how to update an existing one. These two tasks are documented in the sample procedures shown in Exhibits 1.3 and 1.4.

Policy/Procedure Statement	Retrieval No.:	PROC-01
Brasto Publishing	Page:	1 of 1
	Issue Date:	10/28/0X
	Supersedes:	N/A
Subject: How to Write a Procedure		

1.   PURPOSE AND SCOPE
This procedure is used by any employees who require some assistance in determining the methodology for creating a new procedure.

2.   RESPONSIBILITIES
WRITER   **Staff Writer**

3.   PROCEDURES

3.1   WRITER   **Access Procedure Template**
Go to the Word subdirectory and access the template file for a procedure. Fill in the blanks on the form and give it to the controller to be entered into the corporate procedures database. The blanks on the form include the following areas:
1. *Purpose and Scope*. List the reason for the procedure and specify who is expected to use it.
2. *Definitions*. Describe any words used in the procedure that readers may not be familiar with.
3. *Responsibilities*. List the employee positions that are responsible for completing various steps in the procedure.
4. *Procedures*. List all the steps in the procedure. The level of detail should be sufficient for a user to complete the described steps without having to ask for additional assistance.
5. *References*. Note any related procedures or documents that the user should refer to that will help in understanding this procedure.
6. *Records*. Note where the documents (if any) resulting from this procedure are to be stored, as well as where documents needed for it are located.
7. *Governing Policies*. List the policies that set boundaries for activities described in this procedure.

3.2   WRITER   **Review Document**
Issue the preliminary procedure document back to all employees who are involved with the activities described within it, and ask them to review its content. Be sure to specify a due date.

3.3   WRITER   **Enter Adjustment**s
Once the revised procedure document is returned, enter all adjustments into the database, print the final version, and release it to all personnel who are listed on the approved distribution list. Put a hard copy of the new procedure in the master procedures manual.

Exhibit 1.3   How to Write a Procedure Statement

Policy/Procedure Statement	Retrieval No.:	PROC-02
Brasto Publishing	Page:	1 of 1
	Issue Date:	10/28/0X
	Supersedes:	N/A
Subject: How to Change an Existing Procedure		

1.   **PURPOSE AND SCOPE**
     This procedure is used to facilitate an orderly change in an existing procedure.

2.   **RESPONSIBILITIES**
     USER   **Procedure User**
     WRITER   **Staff Writer**

3.   **PROCEDURES**
3.1 USER   **Copy the Procedure**
                   Fill out the procedure change notice and make any changes to the procedure. Alternatively, obtain
                   a hard copy of the existing procedure and mark any changes directly onto it in red ink.

3.2 USER   **Turn in the Request Form**
                   Turn in the request form to the procedure writer. Keep a copy for your records in case the original
                   is mislaid.

3.3 WRITER   **Input Data Changes**
                   Enter the requested changes to the procedure. Give the rough draft to the user who requested the
                   change and ask that it be proofed for errors. When the procedure is returned, make any additional
                   changes and print out the final version.

3.4 WRITER   **Distribute the Procedure**
                   Release the procedure to all employees who are on the distribution list for this procedure.
                   File a copy of the revised procedure in the master procedures manual.

Exhibit 1.4   How to Change an Existing Procedure Statement