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**Accounting Best Practices -Course ID#AAC10807**  
**22 CPE Hours**

Exam: Please circle the most appropriate response. Please make sure to clearly circle only one answer.

**Chapter 1:**

1. A best practice is really any improvement over existing systems.  
True False
2. By implementing a plethora of best practices, a company can greatly improve its level of efficiency and information reporting.  
True False
3. Best practices can only operate if there is an overall strategic plan in place.  
True False
4. Best practices is particularly susceptible to improvement in the accounting department because of the large number of people who work there.  
True False

**Chapter 2:**

5. There are 3 main types of best practices.  
True False
6. An example of an incremental best practice is one such as using a signature stamp to sign checks since it only has a minimal impact on the organization.  
True False
7. The advantage of incremental best practices is that they rarely generate many complaints.  
True False
8. The second type of best practice is called reengineering since it requires complete reorganization or replacement of an existing function.

- |     | True   | False |
|-----|--|-------|
| 9.  | There is no need to consider the differences between the 2 types of best practices before designing an implementation plan for a best practice.  |       |
|     | True   | False |
| 10. | If multiple best practices are being implemented simultaneously, to ensure that scheduled resources are available it is recommended that each project maintain its own <u>calendar</u> and only review them at the end of the project to see what dependencies there were. |       |
|     | True   | False |
| 11. | There are many key components of a typical best practice implementation plan but – how much time is allocated to the project influences all of them.   |       |
|     | True   | False |
| 12. | Proper integration of low-level best practices planning with high-level corporate planning is required to ensure that the correct projects are completed.  |       |
|     | True   | False |
| 13. | A manager experienced in project planning is not really needed when planning an implementation project.  |       |
|     | True   | False |
| 14. | If corporate managements wants to install 6 different types of best practices in 5 different departments, the best implementation approach is to install all 6 best practices in the first department and then move on to the next department.                             |       |
|     | True   | False |
| 15. | One of the first implementation steps for all but the simplest improvements is to study and flowchart the existing system.   |       |
|     | True   | False |
| 16. | Cost-benefit analysis while a consideration should not be a major factor in undertaking a new cutting-edge project.  |       |
|     | True   | False |
| 17. | The <u>only</u> reason a best practice can fail is lack of control points.   |       |
|     | True   | False |

### Chapter 3:

- |     |   |       |
|-----|---|-------|
| 18. | Most of the accounts payable best practices are designed to reduce the matching work.   |       |
|     | True  | False |
| 19. | The area where the most best practices can be implemented is in the credit card area.   |       |
|     | True  | False |
| 20. | The universal problem of delays in receiving approval for supplier invoices can be avoided through the use of negative assurance. |       |

- |   | True | False |
|---|------|-------|
| 21. Entering receipts directly into the computer system, rather than forwarding receiving documents to the accounting dept for manual matching to the supplier invoice is a recommended practice. | True | False |
| 22. EDI has been commonly used in the retailing industry for a number of years.   | True | False |
| 23. Labor expended on auditing audit expense reports line by line rarely equals the cost savings of the expense reviews so an occasional sampling audit would be a better choice.                 | True | False |
| 24. Automated expense reporting is the way to go and the software packages are quite cheap so that even the smallest organizations can use them.  | True | False |
| 25. A simple list of approved account codes is an easy way to improve productivity and reduce the error rate of the accounts payable staff.   | True | False |
| 26. Outsourcing the accounts payable functions to a qualified well run supplier can save management time and be cost effective too.   | True | False |
| 27. Accounts Payable should always make that first payment to a supplier even if it has not yet received a W-9 form yet.  | True | False |
| 28. The primary purpose of the ACH transaction is to move money, while the X12 transactions are designed to move data.  | True | False |
| 29. Wire transfers avoid the time consuming tasks of creating, signing and mailing checks.  | True | False |
| 30. Using a signature stamp is never wise.  | True | False |
| 31. In order to use blanket purchase orders to overcome the time-consuming matching of invoices and purchase orders you need the cooperation of the purchasing staff and suppliers.               | True | False |

#### Chapter 4

32. You can save about 3 cents a mailing by adding carrier route codes to billing addresses.  
True False
33. Early billing of recurring invoices is effective only if the date of the invoice is shifted forward to the accounting period in which the invoice is supposed to bill.  
True False
34. The unfortunate reality of the situation is that most customers throw away month-end statements without reading them.  
True False
35. Filing a single invoice form or a multi-part form takes the same amount of time.  
True False
36. Automated bank deductions are particularly effective for customers whose billings change each month.  
True False

#### Chapter 5

37. Most companies find the budgeting process to be quick and painless.  
True False
38. Linking key assumptions to the budget allows for nearly instantaneous changes to the budget with minimal effort.  
True False
39. Budgeted revenue increases should be reflected by budgeted changes in all capacity levels (manpower, machinery, etc.) needed to handle the growth.  
True False
40. A step-cost is a block of additional expenses that must be added when a certain level of activity is reached.  
True False
41. When budgeting payroll staff positions, each individual should be listed to ensure ease of updating and review.  
True False
42. All too many companies have found that their budgets are entirely unworkable because they failed to account for the added cash required for working capital.  
True False
43. To issue a complete budget on time, a budget procedure and timetable should be issued, used, and fine-tuned.  
True False

44. Most companies find that Excel handles all their budgeting software needs just fine.

True

False

45. It is best to revise budgets just once a year.

True

False

### Chapter 6

46. Cash management implementations are generally quite expensive and take a long time to complete.

True

False

47. Accessing bank account information on the Internet is slow and inaccurate.

True

False

48. ACH payments and check receipts should be batched together and recorded as received to ensure a smooth reconciliation process.

True

False

49. One or more lockboxes can be a very effective way to avoid the cumbersome check deposit procedure and accelerate the speed of incoming cash flows.

True

False

50. Consolidating bank accounts may result in more cash available for investment.

True

False

51. If in a hurry, overnight express delivery is probably better than wiring the money electronically.

True

False

52. To accelerate cash inflows, when lock boxes are installed, the implementation of area-concentration banking should also be considered.

True

False

### Chapter 7

53. It is important to educate the sales staff on revenue recognition rules under which the company operates.

True

False

54. A key internal auditing task is making sure that cash is applied in a timely manner and that it matches amount received.

True

False

55. All bad debt write-offs should be approved regardless of the amount.

True

False

56. In order to know which customers to call, what they said and how frequently contact should be made in the future, it is important to maintain a collection call database.

True

False

57. Credit policy can impact product margin and should be reviewed periodically.

True

False

58. New customers generally call to find out the company's credit terms before their first payments.

True

False

**Chapter 8:**

59. Replacing a convoluted commission structure with a simplified model, without input from the sales department, may ease commission calculations but negatively impact the sales incentives of the sales force.

True

False

60. Using a standard commission terms table saves time and stress on the accounting side and reduces complaints on the sales force side.

True

False

61. Before merging commissions into the payroll system it is important to consider the potential tax implications for the salesperson.

True

False

62. Commission calculations are generally simple and do not need to be reviewed by internal audit more than once.

True

False

**Chapter 9:**

63. If a controller can effectively work with engineering, production and logistics to create a reliable bill of material review system, the result is a much more accurate costing system.

True

False

64. Labor costs are a large component of the total product cost so labor variance reporting is key.

True

False

65. There are a number of excellent reasons for maintaining an ongoing obsolete-inventory review system

True

False

66. Throughput accounting is particularly valid for manufacturing facilities that use large amounts of machinery.

True

False

67. It is a good idea to determine the landed cost item of every product purchased.

True

False

**Chapter 10:**

68. The two most expensive filing best practices are document imaging and extending the time period before computer records are purged from primary computer storage.  
True False
69. The market leaders in digital signatures include Entrust Technologies and Verisign.  
True False
70. Installation of battery backups and having a battery replacement schedule is one way to improve system reliability.  
True False
71. All documents can be destroyed after 7 years  
True False

**Chapter 11:**

72. Approaches to going public include equity carve-outs and spin-offs.  
True False
73. The “Open IPO” auction tends to yield higher share prices  
True False
74. Using Web broadcasting for public reporting has proven to be ineffective and a very expensive way to disseminate information.  
True False
75. Automatically enrolling all employees in the company’s 401 K plan is called “positive election” and has major downsides.  
True False
76. Even a small company can derive sufficient benefit from a treasury workstation to offset its cost.  
True False

**Chapter 12:**

77. A major factor in the delay in completing financial statements is the inclusion of operating data in the statements.  
True False
78. Auditors have become increasingly sensitive to the completeness of financial statement disclosures, especially in the areas of potential commitments for which a company may be liable.  
True False
79. Everyone in the accounting department always knows what their responsibilities are during closing so they doesn’t need to be assigned or clarified.  
True False



- |   | True | False |
|---|------|-------|
| 92. The Internal Audit Department should provide training guides on major topical areas that can be used by their staff at the end of audits if necessary to explain missing and needed controls. | True | False |
| 93. When new managers are assigned to a business unit, they are absolutely thrilled to see an internal auditor walking in the door to conduct a review and tell them what is wrong.               | True | False |
| 94. A very common management practice is to create a schedule of all internal audits to be performed for the next year.   | True | False |
| 95. Internal auditors are adequately trained in a standard set of auditing functions and up to any task so specialists should never be needed.  | True | False |
| 96. Assigning a senior internal auditor to be a relationship manager with each business unit is an excellent means for improving relations between Internal Audit and other parts of the company. | True | False |
| <b>Chapter 16:</b>  |      |       |
| 97. The accuracy of the financial statements is largely driven by the accuracy of the inventory.  | True | False |
| 98. The accuracy of a company's bills of material impact not only their records for inventory quantities but also their cost.   | True | False |
| 99. Rejecting unplanned receipts is an easy practice to implement.  | True | False |
| 100. Comparing recorded inventories to on-hand inventories is recommended only for extremely expensive materials such as gemstones.   | True | False |
| 101. The single most important cause of inventory inaccuracy is parts "walking out of the warehouse".   | True | False |
| 102. Moving the large and expensive inventory items to floor stock is efficient and will save a lot of work for employees in several departments.   |      |       |

	True	False
103.	Inventory accuracy should be tracked with periodic audits.	True
	True	False
104.	To ensure accuracy, inventory transactions should be manually entered into the computer system.	True
	True	False
105.	Drop shipping is particularly advantageous in situations where the company is purchasing finished products and already has a buyer for it.	True
	True	False
106.	A company tends to accept the lead times handed to it by suppliers.	True
	True	False
<b>Chapter 17:</b>		
107.	The payroll workload is even throughout the pay period.	True
	True	False
108.	The latest advance in the area of self-service is for payroll outsourcing companies, such as ADP, to manage self-service Web sites on behalf of their clients.	True
	True	False
109.	It is costly and difficult to post forms on the corporate intranet.	True
	True	False
110.	The IRS has issued specific regulations for the use of electronic W-2 forms.	True
	True	False
111.	Consolidating and lengthening payroll cycles is an excellent method for improving the efficiency of payroll however it must be done with the full approval of management and with adequate forewarning of all company employees.	True
	True	False
112.	Payroll is rarely outsourced.	True
	True	False
113.	A solution to answering employee questions is to publish answers to frequently asked questions on an intranet site.	True
	True	False
114.	Payroll is one area where inefficiencies are often retained because of the impact on employees.	True
	True	False

**Chapter 18:**

115. For best practices to succeed you need a sufficient budget, a supportive management and an employee reward system specifically focused on the success of its implementation.

True

False

**Course Evaluation**

On a scale of 1 (highest) to 5 (lowest), please evaluate the following.

- 1. How well did the course meet its stated learning objectives?
- 2. How well did the program materials help in achieving the learning objective?
- 3. How well did you like our web site?

Finally, what was your estimated completion time? \_\_\_\_\_ 50 minute hours.

Other comments.

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**Accounting Best Practices -23 CPE Hours**

If you wish to fax the exam please transfer your answers to this sheet and fax it so that you do not have to fax 11 sheets. Please make sure that your answers are clearly circled as either True or False.

1	T	F	24	T	F	47	T	F	70	T	F	93	T	F
2	T	F	25	T	F	48	T	F	71	T	F	94	T	F
3	T	F	26	T	F	49	T	F	72	T	F	95	T	F
4	T	F	27	T	F	50	T	F	73	T	F	96	T	F
5	T	F	28	T	F	51	T	F	74	T	F	97	T	F
6	T	F	29	T	F	52	T	F	75	T	F	98	T	F
7	T	F	30	T	F	53	T	F	76	T	F	99	T	F
8	T	F	31	T	F	54	T	F	77	T	F	100	T	F
9	T	F	32	T	F	55	T	F	78	T	F	101	T	F
10	T	F	33	T	F	56	T	F	79	T	F	102	T	F
11	T	F	34	T	F	57	T	F	80	T	F	103	T	F
12	T	F	35	T	F	58	T	F	81	T	F	104	T	F
13	T	F	36	T	F	59	T	F	82	T	F	105	T	F
14	T	F	37	T	F	60	T	F	83	T	F	106	T	F
15	T	F	38	T	F	61	T	F	84	T	F	107	T	F
16	T	F	39	T	F	62	T	F	85	T	F	108	T	F
17	T	F	40	T	F	63	T	F	86	T	F	109	T	F
18	T	F	41	T	F	64	T	F	87	T	F	110	T	F
19	T	F	42	T	F	65	T	F	88	T	F	111	T	F
20	T	F	43	T	F	66	T	F	89	T	F	112	T	F
21	T	F	44	T	F	67	T	F	90	T	F	113	T	F
22	T	F	45	T	F	68	T	F	91	T	F	114	T	F
23	T	F	46	T	F	69	T	F	92	T	F	115	T	F

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