My submission for the "Best Practices Award"

Separation of Duties to Achieve Maximum Control and Accuracy of Inventory

Retail operations are notorious for having inventory problems. Seeking control and ways to improve processes that contribute most to inventory control is always a challenge.

The opportunity to change our invoice processing was embraced when we filled two open positions in the University Bookstore, one in accounting and the other in general books. Inventory loss can be astronomical when paperwork is not processed timely, accurately and with knowledge of the product. Previously one employee was the invoice processor located in the accounting area of the bookstore and the other was in the general book area. The accounting support staff person was responsible for processing **all** invoices. This took up her working hours. I did not feel that the information being processed was entirely accurate, nor could it be because of these reasons:

1. Accounting employee was exposed to only the paperwork arriving into the office to be processed.
2. Accounting employee did not realize all pricing policies.
3. Accounting employee did not recognize vendors to their products
4. Accounting employee did not have a real relationship with buyer, mostly because of the time constraints. Thus they did not know the buyers habits, shortcomings and expectations. In fact they did not know their customer.
5. Accounting employee did not have time to learn item 4 and at times this was frustrating on the part of the processor and the buyer.

The decision was made to change the procedure for processing vendor invoices and credits. Since we were hiring a new support person in general books and one in the accounting office, it was a perfect time to make that change. So, I approached each buyer asking if they would work with me to teach their support staff how to process vouchers within their specific area. I felt like someone in their specific area would know items 2-4 of my reasons for having invoices and credits processed in specific purchasing areas.

After one fiscal year since this procedural change our physical inventory vs book was better than it had been for some time. The areas where we found the most improvement and it was evident by our support conversations among accounting and processors were:

1. Processors identified incorrect pricing on Pos before processing and booking.
2. Processors identified merchandise being offered for sale when invoice had not been processed and corrected.
3. Merchandise was processed in correct mocode and account.
4. Cost of goods could be counted on to be accurate because of processing in correct mocodes.

5. Processor began to own their processes as they identified problem areas and solved them with the knowledge they had from the familiarity of their area of the bookstore.
6. New accounting support staff had time to reconcile vendor statements, so statements were cleared of old invoices and credits, putting the Bookstore in a much better position with vendors.
7. Processors outside the accounting office prepared batches only and accounting support staff uploaded the batch in PS and attached invoices/credits to corresponding vouchers for submission to internal University Accounting office. The bookstore accounting office maintained ultimate control of processing, but the batches were a result of a better controlled payment process within the divisions of the bookstore.

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