

Designing and Maintaining Effective Documented Procedures

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Have you had an employee leave their position suddenly? Have you needed to reevaluate a process to adhere to new rules or regulations? Have you received consistent findings for failing to demonstrate compliance with the same requirements in consecutive audits? If you answered yes to any of these questions, your organization may benefit from the implementation of documented procedures. Described below is information on how to create, access, and maintain written procedures.

Creating Documented Procedures

Deciding to create documented procedures is easy however, determining how to start can be challenging. Given the amount of detail and potential nuances to everyday processes, it can be difficult to capture all that is involved in a written format. The key to creating thorough documented procedures is to examine each process separately and in detail. For example, it would be expected that the processes for accounts payable and accounts receivable would be examined separately. Even though both processes impact the general ledger and contribute to decision making, they have unique process steps and objectives to consider.

Once each process has been identified, each process should have detailed instructions for how to complete each task or step within the process. The detail should be thorough so that any individual can rely on the instructions to complete the task accurately. For example, when instructing the user to process an invoice, there should be detail explaining if the invoices are in hard copies or paperless, where the invoices are located, how to determine if the invoices are okay to pay, which fields should be updated in the ERP system, how to review completed vouchers, how to organize paid invoices, etc. While these instructions should be detailed, they should also be concise. It is best to avoid unnecessary verbiage. One strategy for avoiding unnecessary verbiage is to utilize bullet points. The organization should consider utilizing system screenshots as guidance for certain task steps if determined to be beneficial.

An effective method for acquiring this level of detail is through conversation with the employee(s) involved. In general, more information can be obtained through conversation rather than through email. Each individual can also be tasked with documenting in writing their understanding of the processes they are involved with before the conversations. As each

process is addressed, it is recommended to ask the employee(s) involved to walk you through their process to complete each task or transaction from start to finish. This should include any other employees or items needed for the task, such as other ERP systems or forms used. Your organization should note that when the procedure refers to employees, it is recommended that the reference be to their position title rather than name. This prevents the need for edits in the future when personnel changes occur, as well as clearly establishes position duties.

Once all steps have been documented, the procedures should be reviewed for accuracy and compliance with requirements such as appropriate segregation of duties. If there are areas of improvement identified within a given process, the initial draft policy should be updated. Your organization should note that if a procedure should be added or changed, it is recommended to communicate the addition or change to the employee(s) involved beforehand to ensure that they are aware of what is required.

Accessing Documented Procedures

While creating accurate and comprehensive documented procedures is an accomplishment, without proper accessibility they will not provide value to the organization. First, it is important that employees are aware that the written procedures exist. It is recommended that the implementation of the procedures is communicated to those who would benefit from the resource. Periodic reminders to staff can assist in promoting the usage of the procedures to ensure utilization. For example, a communication could be sent out to staff on an annual or semiannual basis depending on the size and turnover rate of the organization. Second, employees should know how to access the procedures. The most common location for this type of resource is the organization's internal network share drive. Your organization should note that if the procedures are stored electronically, they should be locked for editing to avoid any unnecessary changes being made. Lastly, the organization should implement programs to verify employees are trained on the procedures, which could include in-person training, live webinars, or recorded on-demand trainings.

Maintaining Documented Procedures

Since documented procedures are intended to provide detailed guidance to employees on required process steps, it is important that any subsequent updates or changes made to a process are captured. Assuming employees are referencing the materials regularly, mistakes or oversights can occur quickly if these updates are not made timely. There are many reasons as to why these procedures may need updating.

One indication of needed updates to existing documented procedures is new or changes to laws or regulations. As information is made available it is important to review the guidance and determine if any adjustments need to be made to existing processes. For example, governmental entities should be aware of new pronouncements or updated guidance from the Governmental Accounting Standards Board (GASB). In recent years, GASB issued new statements related to leases and subscription-based information technology arrangements (SBITA) that required governmental entities to account for transactions related to these activities differently than what prior guidance dictated. The need for documented procedures for financial reporting requirements should be evaluated and implemented to verify adherence to the guidance on a go-forward basis. Without updates, your organization could fail to adhere to the standard in the implementation year or may not continue to follow the standard in future years.

Another indication of needed updates to existing documented procedures is staffing changes. For example, if an organization were to add or remove a position there is a strong possibility that the existing job duties of the employees may shift. As duties shift and processes change,

updates to written documentation should be made to reflect current operating procedures. For example, if a process indicates that the accounts payable clerk was responsible for picking up checks from the county, but then an administrative assistant position was newly created, filled, and tasked with picking up checks, that update should be made to the procedures to reflect this. As a reminder, it was mentioned previously that the processes should reference the position title rather than the employee name.

The last common indicator that updates to existing documented procedures are needed is if audit findings have been reported. Following each audit, management should review all audit findings and determine how the finding can be avoided in future audits by developing a corrective action plan. Did the finding relate to a process that did not exist previously but should? Or did the finding relate to a process that needs to be rewritten in the procedures for clarity or because it doesn't reflect current operations? Whichever the case may be, implementing any procedural changes needed to prevent future audit findings will help your organization stay on the path of compliance.

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