

Bookkeeping Tips

Improving Purchase Controls

Here's an easy way to improve your company's/client's purchase controls:

1. Make a list of approved vendors. To create this list, start with all the vendors your firm has done business with within the last 12 months. Next to each, indicate whether its products and services were satisfactory, any problems the firm had with it, how serious each problem was, and how each problem was resolved. Review your draft with the appropriate manager or executive to determine which vendors should be on the approved list.
2. Track and rate vendor performance. Vendors are as interested as you in how they are doing. To monitor vendors, create this rubber stamp:

Delivery	q	As requested
	q	Late
Prices/Terms	q	As expected
	q	Different
Quality	q	Good
	q	Rejected
Initialed by	_____	

Rubber-stamp each purchase order and check off the boxes. Make a copy of each stamped purchase order for your "Vendor File," which will be your record of vendor performance.

3. Have only one employee track deliveries—office manager, whomever opens the mail or someone else—to avoid disputes with vendors about receipt of shipments.
4. Make sure forms are prenumbered. If receiving reports and purchase orders are numbered, it's easy to account for each one, including voids and missing numbers.
5. Create a mini-"Purchase Library"—simply a file drawer or bookshelf of vendor catalogs, price lists and brochures. Keep a second set in your reception area and ask sales reps who visit for a copy of their latest catalog.
6. List authorized signatures. Even the smallest firm must know who has authority to order which goods and services at what levels—e.g., the president, unlimited; VP to \$5,000; office manager to \$500. Update the list annually.

(continued)

BOOKKEEPING TIPS is a free newsletter published by The American Institute of Professional Bookkeepers (www.aipb.org). To subscribe: Send a blank email to bookkeepingtips-on@aipb.org

Contact information: AIPB. Suite 500, 6001 Montrose Road, Rockville, MD 20852.
Tel.: 800-622-0121, Fax: 800-541-0066, email: info@aipb.org. Web site: www.aipb.org

The American Institute of Professional Bookkeepers (AIPB), is the national association for bookkeepers, currently with 30,000 active members

AIPB was founded in 1987 for the following purposes:

- To recognize bookkeepers as accounting professionals
- To make sure that each member has the latest bookkeeping, accounting and tax information
- To answer members' everyday bookkeeping and accounting questions on the telephone at no charge.
- To provide bookkeepers with low-cost continuing professional education.
- To return the membership fees of any bookkeeper who is dissatisfied with the benefits of membership