**Prepayments Reporting**

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| --- | --- |
| Event | Start |
| Property Department\* | Acquired Plant and Machinery Equipment  E-mail request to purchasing department  Property Manager reviews price quotes |
| Purchasing Department\* | Obtain insurance for new Machinery Equipment  Approved price quote w/ insurance policy, e-mail request and disbursement request  Insurance quotes from third parties  Yes  Purchasing manager approves the purchase  Approve insurance quote?  Purchasing clerk requests for price quotes  No  Inform third-party of disapproval |
| Accounting Department | **A**  Draft JE (recognize prepaid asset) and update prepayment monitoring spreadsheet  SE-009 Policy for Prepayments  Yes  Intermediate accountant reviews the documents and prepares an AP voucher and draft JE  Prepayment?  End  Post entry into the system\*\*  Senior accountant reviews and approves the JE and AP voucher  Control #1  No  Draft JE (recognize expense)\*\*\*  AP voucher |

\*Obtaining new property insurance is out of scope for this process (amortization of the prepayment account).

\*\*This will be covered in the purchases and cash disbursements process.

\*\*\*This will not be covered for learning purposes.

**Amortization of Prepayments**

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| --- | --- |
| Accounting department (monthly) | Intermediate accountant prepares a JE recording amortization based on the total for the month in the spreadsheet  Start  **A**  Post entry in the system  Prepayments monitoring spreadsheet  End  Senior accountant reviews the spreadsheet and JE  Control #2  Draft JE |

**Review by Finance Manager**

|  |  |
| --- | --- |
| Accounting department (monthly) | Individual JEs  Finance manager compares the information in the spreadsheet with the JEs entered in the system  GL  Start  Intermediate accountant will record the unrecorded transaction (see Prepayments Reporting section)  Senior accountant prepares a reconciliation and explanation of differences  End  Prepayments monitoring spreadsheet  Monthly budget |