

NOVEMBER 2019

BCMA E~CREDIT NEWS

BCMA - It is All About You!

November 2019

This month's topics...

1) [Forum Question: Can anyone tell me if Segregation of Duties applies even when an employee is on vacation or sick?](#)

Credit Manager, Medical Corporation

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As an audit requirement or a SOX requirement, segregation of duties applies, regardless of whom may be unavailable, -- that is my understanding anyway. With tight staffing, it gets complicated to get things done sometimes.

Credit Exec, Steel Manufacturer

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2) [Thinking of your primary or most significant credit industry group, how do you submit payment data or other credit information?](#)

In our organization, allowances are made for out of office situations. We also have a few satellite offices where we just do not have enough staff to cover all tasks that need to be done to manage the operations. We manage these situations with allowances & acknowledgement in procedures, in audit control & testing. Our internal auditors, occasionally test the "OOO" procedures, & how well we manage to those directions. In fact, it is a good idea to have others cross-trained in a few others tasks for support that may end up being longer than planned.

Another point: it is a good idea to test a person's work when they are out of office. This is good way to identify errors, or worse (corruption, fraud, and etcetera).

Senior Manager, Credit & Collections

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As far as SOD violations, there needs to be a mitigating control with management sign off to ensure proper oversight. If a mitigating control cannot be found, then try for an additional management approval in those 'out of office' situations -- we use SAP's GRC, which allows for the creation of 'fire-fighter' roles. Fire fighter roles are created for emergency situations and are strictly monitored with additional management approval in SAP (every keys stroke is recorded on a log, which is then emailed to the manager for their required approval). Fire-fighter roles work well and certainly help with concerns over SOD violations for SOX (or in our case, JSOX -- the Japanese version of SOX -- a bit tougher on the documentation side than SOX, if you can believe there is one tougher than SOX!). If you do not have anything like fire fighter in your systems, you can create fire-fighter roles that track what would normally be considered SOD violations by granting a separate sign-on and password to be used only for these occasions and then ensure there is sufficient reporting around it for management to review and approve.

Director of Financial Services, Building Products Company



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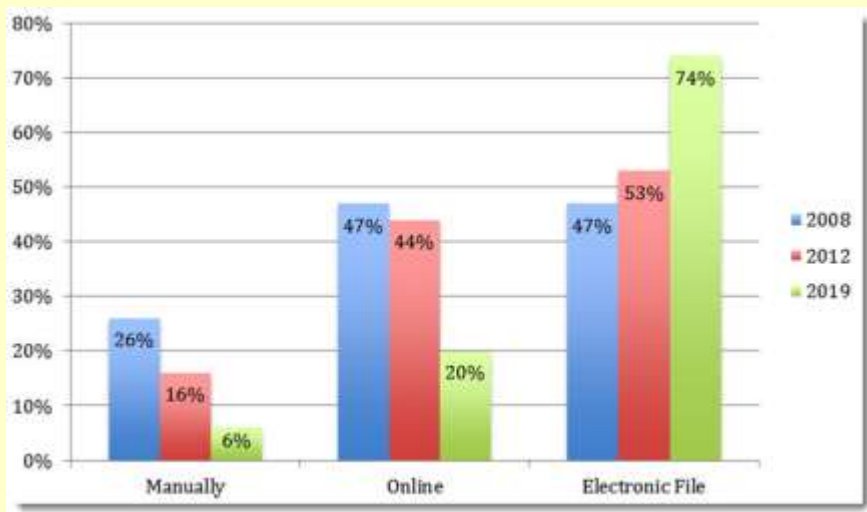
GOT AN IDEA?

Would you like to contribute to the BCMA Newsletter? The most important part is your idea. We can handle the polishing. Just write to us at BCMAEditor@CreditToday.net with your idea!

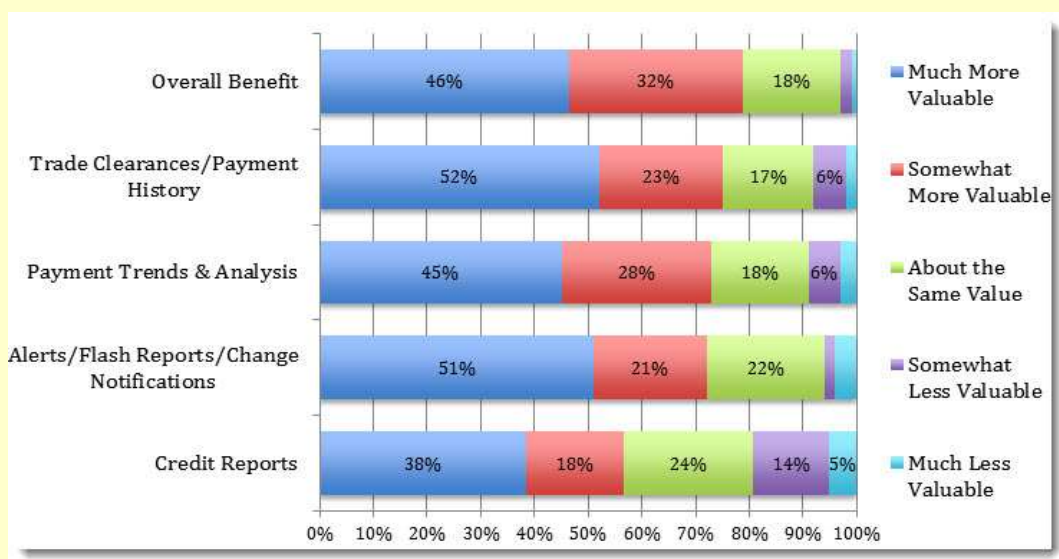
As you can see, the sharing of credit group data has become increasingly automated. If anything, the trend accelerated over the last 6 years. Here are additional details as to the meaning of the labels on the above chart:

- Manually involves paper or hard copy
- Online is done through an Internet web service with customer data entered one-by-one
- Electronic Files involve the submission of a trade tape or batch file (many customer records at once)

2. Thinking of your primary or most significant credit industry group, how do you submit payment data or other credit information?



2a. Question: In comparison to your primary credit, reporting bureau, how valuable is your membership in your primary or most significant credit industry group in each of the following categories?



2a. Question: in comparison to your primary credit, reporting bureau, how valuable is your membership in your primary or most significant credit industry group in each of the following categories? (Continued)

Analysis:

- In all five of the above categories, survey participants indicate that their industry credit groups provide more value than their credit reporting bureaus
- In all categories except credit reports, the perceived value received is significantly higher
- These responses tracked very similarly to those recorded in our 2012 survey

3. Meet Your Customers' Accounts Payable People in Person

Making it as easy as possible for customers to pay you is a credit management dictum. In addition, the best first step, according to Don Buehler, Controller at a major Midwest produce company, is to take the time to meet your customers' accounts payable people in person. "I introduce myself and work toward developing personal relationships," he says. While he spends time in their offices talking business, he also likes to take the A/P people to lunch and develop an additional dimension to the relationship.

During his visits, Buehler gathers as much information on the customers' posting and approval procedures as he can. He finds out exactly how they like paperwork to be submitted, so that his department can make it as easy and convenient as possible for the accounts payable people to perform their jobs. Next, it is important to be able to provide timely paperwork and information to customers. This involves several steps:

1. Find out when their account period deadlines are so that you can submit your paperwork before their deadlines. This not only helps you get paid quicker, but it also makes it easy for the accounts payable people to apply the charges to the proper accounting periods.
2. If customers need additional copies of invoices or other documentation, be able to provide them immediately. "We have created in-house procedures that allow us to access customer paperwork almost immediately when they request it," states Buehler.
3. While some smaller companies may prefer to "stretch you out" as long as possible, most larger companies have sufficient cash flow and want to pay in a timely manner. For this reason, Buehler stays on top of any apparent delinquencies, and contacts customers' accounts payable people as quickly as possible to notify them of any potential oversights or other problems. "If I ended up calling them at 45 days or so, I would be embarrassed," he admits. "I want to call them much quicker than this." Customers appreciate his notification of such problems. "They consider it a service and a courtesy for us to notify them of delinquencies," he adds. Post customer payments, credits, and adjustments immediately. "We keep our customers' accounts

3. Meet Your Customers' Accounts Payable People in Person (continued)

clean, and if we make any mistakes, we correct them as quickly as possible to eliminate miscommunication," he states.

4. Finally, if you need to call an accounts payable person about anything, try not to do it during the time they are posting invoices, unless the issue must be addressed immediately. "Accounts payable people are very busy during these times, so I don't want to bother them unless it is absolutely necessary," he explains.

Be Accurate

"For the most part, accounts payable people in large companies only deal in paperwork," notes Buehler. "If you send them paperwork that is complete, accurate, and all in order, they will pay it."

For this reason, accuracy and completeness are very important. "We do everything that we can to provide customers with quality paperwork, organized in the way they like it," he emphasizes.

In fact, Buehler has trained his employees to review all paperwork before it is sent to customers and make sure it is all in order. "If they notice that something is missing or that something just doesn't seem right, they flag it immediately, and we take care of it before we send it on to the customer," he says.