



2-Day Training Program: Core Business Accounting Processes and Departmental Workflows

DAY 1 — BUSINESS PROCESS WORKFLOWS & ORGANIZATIONAL INTEGRATION

MODULE 1: O2C (Order-to-Cash) and P2P (Procure-to-Pay) Business Processes

Objective: To understand the end-to-end flow of O2C and P2P cycles, their departmental linkages, and their financial implications.

Topics Covered:

1. Overview of O2C and P2P in an integrated business environment
2. P2P (Procure-to-Pay) Process Flow:
 - Step 1: Purchase Requisition (PR) creation
 - Step 2: Purchase Order (PO) issuance
 - Step 3: Goods Receipt (GR) and inventory update
 - Step 4: Invoice Verification (IR)
 - Step 5: Payment processing (Finance)
3. O2C (Order-to-Cash) Process Flow:
 - Step 1: Sales Order creation
 - Step 2: Delivery processing and dispatch
 - Step 3: Billing and invoice generation
 - Step 4: Payment receipt and accounting
4. Departmental Connections:
 - P2P: Procurement → Stores → Accounts Payable → Finance
 - O2C: Sales → Dispatch → Billing → Accounts Receivable → Finance
5. Consequences if Not Followed Properly:
 - Duplicate or missed payments to vendors/customers
 - Delayed deliveries or lost revenue
 - Audit exceptions due to incomplete documentation
 - GR/IR reconciliation mismatches
6. Case Study:
 - Example of a manufacturing firm where missed GR led to double vendor payment

MODULE 2: Vendor Management Process

Objective: To understand how vendors are selected, maintained, and monitored to ensure procurement efficiency and financial control.

Topics Covered:

1. Definition and importance of Vendor Management
 2. Vendor Lifecycle Stages:
 - Vendor registration and master data creation
 - Vendor evaluation and categorization
 - Vendor performance review (quality, price, delivery, compliance)
 - Vendor payment and reconciliation
 3. Departmental Connection:
 - Procurement Department: sourcing and evaluation
 - Finance Department: payment and compliance
 - Audit Department: control checks and validations
 4. Risks and Consequences if Not Managed Properly:
 - Duplicate vendor codes and fraudulent payments
 - Poor quality purchases and delayed deliveries
 - Non-compliance with statutory tax requirements (GST, TDS, etc.)
 5. Case Study:
 - Duplicate vendor creation leading to double payment and reconciliation errors
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DAY 2 — ACCOUNTING STRUCTURES, COST ANALYSIS AND FINANCIAL IMPACT

MODULE 3: Understanding Financial and Management Accounting in Business Processes

Objective: To differentiate between financial and management accounting and understand their complementary roles.

Topics Covered:

1. Financial Accounting (FI):
 - External reporting system for legal and compliance purposes
 - Key components: General Ledger (G/L), Accounts Payable (A/P), Accounts Receivable (A/R), Asset Accounting
 - Departmental use: Finance, Audit, Compliance
 2. Management Accounting (CO):
 - Internal reporting for cost and performance management
 - Key components: Cost Centers, Profit Centers, Internal Orders, Activity Types
 - Departmental use: Operations, Production, Budgeting
 3. Consequences if Not Integrated:
 - Mismatched profitability reports
 - Ineffective cost control and budgeting errors
 - Inaccurate management decision-making
 4. Case Study:
 - Finance posting error causing incorrect department cost allocation
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MODULE 4: Profit Centers and Cost Centers — Their Role and Impact

Objective: To explain the purpose, setup, and usage of cost and profit centers for performance analysis.

Topics Covered:

1. Definition and Purpose:
 - Cost Center: Tracks expenses incurred by departments
 - Profit Center: Tracks income and profitability by business unit
2. Departmental Structure Example:
 - HR → Cost Center (Employee expenses)
 - Sales Division → Profit Center (Revenue responsibility)
3. How They Work in Business:
 - Expense posting to cost centers
 - Revenue and cost allocation to profit centers
 - Integration into management reporting and analysis
4. Flowchart:

Department Expense Posting → Cost Center → Profit Center → Financial Reporting

5. Consequences if Not Followed Properly:
 - Distorted profitability analysis
 - Wrong budget allocations
 - Poor departmental performance tracking
 6. Case Study:
 - Marketing costs posted incorrectly, leading to inaccurate ROI reporting
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MODULE 5: Asset Accounting and General Ledger (G/L) Accounting

Objective: To explain how asset and G/L accounting contribute to accurate financial reporting and control.

Topics Covered:

1. Asset Accounting (AA):
 - Definition and purpose: managing company's fixed assets
 - Asset lifecycle: acquisition → capitalization → depreciation → disposal
 - Example: Purchase of machinery recorded in Asset Accounting
2. General Ledger (G/L) Accounting:
 - Definition and structure (Chart of Accounts)
 - Types of G/L accounts – Balance Sheet and Profit & Loss
 - Document posting and accounting entries
3. Departmental Connections:
 - Finance → Records transactions
 - Operations → Initiates asset use
 - Audit → Verifies capitalization and depreciation
4. Impact on Business:
 - Accurate asset valuation
 - Correct profit reporting
 - Regulatory compliance and audit readiness
5. Consequences if Not Followed Properly:
 - Overstated/understated profits
 - Misstated asset values
 - Non-compliance with accounting standards
6. Case Study:
 - Server purchase posted as expense instead of asset → loss of depreciation benefit

MODULE 6: Controlling (CO) – Integration with Financial Accounting and Other Modules

Objective: To explain how Controlling integrates with Financial Accounting (FI), Materials Management (MM), and Sales & Distribution (SD).

Topics Covered:

- Overview of Controlling (CO) – purpose and components
- FI–CO Integration: Cost Elements, posting flows, real-time reconciliation
- Integration Points: FI–MM (GR/IR, inventory), FI–SD (billing), FI–AA (depreciation)
- Internal Orders, Activity-Based Costing, CO-PA overview
- Case Study: Incorrect cost element mapping causing mismatch between FI & CO reports