

# ACQUISITION INTEGRATION ACCOUNTING CHECKLIST

## Synergy Tracking

- ☐ Determine synergy tracking approach. Decide on system and method.
- ☐ Identify team members and responsibilities.
- ☐ Create detailed implementation plans
- ☐ Create synergy tracking model templates
- ☐ Develop ongoing status reporting format and timing
- ☐ Monitor and report synergy results
- ☐ Establish budget linkage process
- ☐ Adjust budget by synergy values

## Additional Set of Books

- ☐ Obtain a copy Firm B's chart of accounts (COA)
  - ☐ - Modify Firm A COA to incorporate Firm B COA values
- ☐ Set up mirror entities in OFA
- ☐ Create ledgers for each of the Firm B's subsidiaries. This will be done at a corporate SOB level (held locally and submitted to consolidate). We'll need to map the Firm B's ledger to the Firm A's SCOA.
  - ☐ - Determine if these should be set up via local sets of books or company codes on the corp. ledger
- ☐ Create roll-ups for the new company codes to have separate roll-ups for Firm B's entities, Firm A's historical and total company

## Cash Management:

- ☐ Examine whether cash on hand has historically met seasonal needs of the Target
- ☐ Cash requirements - any potential excess cash above regulatory requirements and/or marketing/operating considerations
- ☐ Identify number and type of new accounts that need to be opened at Firm A's banks
  - ☐ - Assess the number of new accounts that need to be opened
  - ☐ - Determine type of accounts to open
  - ☐ - Determine which accounts Firm B can write checks on
  - ☐ - Identify who should have signing authority on new accounts
  - ☐ - Contact bank personnel that will assist in opening new accounts
- ☐ Identify and assess nature of outstanding commitments that do not show up as liabilities on the balance sheet
  - ☐ - Develop a comprehensive list of outstanding commitments
    - ☐ \* Property purchases
    - ☐ \* Project expansions
    - ☐ \* Operating lease obligations
    - ☐ \* Off-balance sheet transactions
  - ☐ - Assess dollar amount associated with each commitment
  - ☐ - Determine if plans need to be made to prepare for future
- ☐ Determine if Firm B has excess cash and if so, develop a plan for the excess cash

- ☐ - Plan for the integration of the Firm B's cash into Firm A's centralized cash account
- ☐ Determine how Firm B's short-term and long-term investments will be handled
- ☐ - Develop a plan for disposing of investments, if required
- ☐ Work with compliance to ensure proper reporting of investment reports
- ☐ Open new bank accounts and close pre-transaction bank accounts
- ☐ - Communicate account status with individuals who have signing authority
- ☐ - Transfer bank accounts, wire transfers, banking agreements and other account signatories, as necessary
- ☐ - Determine who will be authorized for wire transfers, account signatories, etc.
- ☐ Consolidate treasury, banking and investments under Firm A control
- ☐ Determine whether consolidation will result in any reduction in workforce
- ☐ - Coordinate any reduction in workforce with organization Design and Staffing Team
- ☐ Fully consolidate treasury functions
- ☐ - Contact bank personnel that will assist in opening new accounts

### **Accounting Policy Variances**

- ☐ Obtain inventory of Firm B's accounting policies
- ☐ - Evaluate the accounting treatment variances, for example
  - ☐ \* Revenue recognition
  - ☐ \* Cost of sales recognition and matching
  - ☐ \* Impairment
  - ☐ \* Capitalization policies
  - ☐ \* Liabilities and contingencies
  - ☐ \* Receivables
  - ☐ \* Property ownership
  - ☐ \* Due diligence inventories
  - ☐ \* Income tax provision
  - ☐ \* Property tax valuation and exposure
- ☐ Determine plan for migrating Firm B to Firm A's policies & procedures

### **Accounts Payable**

- ☐ Assemble coordinated team to perform Firm B process documentation and verification
- ☐ - Review A/P systems
  - ☐ \* Determine conversion strategy and cutover approach
- ☐ - Liaise with Firm B BPO for vendor communications and processing transition to Firm A
  - ☐ \* Invoices
  - ☐ \* EDI
  - ☐ \* Other
  - ☐ \* 1099 Processing
- ☐ Determine appropriate conversion methodology
  - ☐ - Vendor conversion
  - ☐ - Firm B continues to process open PO's for one month following close
  - ☐ - Manual conversion
    - ☐ \* Key open PO's after close
  - ☐ - W-9 must be setup for new vendors

- ☐ \* Coding information
- ☐ \* Required vendor
- ☐ - Determine sequential numbering strategy
- ☐ - Determine which entity's cash will be used
- ☐ - Method of payment
  - ☐ \* Bank accounts
  - ☐ \* Inter-unit cash transaction
    - ☐ o > Cash
    - ☐ o > Treasury
    - ☐ o > Check printing
    - ☐ o > Taxes
- ☐ - Determine types of check writing through accounts
- ☐ Migrate Firm B's system and processing to Firm A's Accounts Payable immediately following deal close
- ☐ - Configure Firm A's data elements
  - ☐ \* Setup Business Units
  - ☐ \* Establish vendors
  - ☐ \* Establish EDI feeds
  - ☐ \* Setup check writing
  - ☐ \* Setup positive pay
  - ☐ \* Setup ACH payments
  - ☐ \* Establish archiving methodology and approach
    - ☐ o > Duplicate payment query search
  - ☐ \* Update existing legacy reports
  - ☐ \* Review reporting needs
  - ☐ \* Establish security in Firm A
- ☐ - Determine authority level for PO inquiry, Firm A and Firm B
- ☐ Follow-up on integration items post-Firm A's conversion
  - ☐ - Escheatment process
    - ☐ \* Run-off checks
  - ☐ - 1099 Processing
  - ☐ - Closing out of AP bank accounts for Firm B
    - ☐ \* Liaise with Treasury for completion

#### **A/R & Cash Application**

- ☐ Determine impact of Firm A's reserve policy to existing balances
- ☐ Determine any changes to policies and procedures for managing customer deductions
- ☐ Determine any changes to policies and procedures for clearing cash out of the unapplied account and into the appropriate customer account
- ☐ Identify where (Firm A's lockbox) and how (wire, paper check) payments will be received
- ☐ Instruct whoever is now receiving payments to forward to new payment center
- ☐ Notify all customers with outstanding invoices of the acquisition, as well as where all future remittances should be
- ☐ Inform customers of new structure and where they should now be sending payments
- ☐ Determine any changes to policies and guidelines to factor receivables