

INDEX

- ARR, *see* Accounting rate of return
- ASPE, *see* Financial reporting, Accounting Standards for Private Enterprises
- Accounting rate of return (ARR), 172–173
- Accounting software selection, 232–233
- Accounting standards, 341–347
- Annual financial reporting, *see* Financial reporting
- Audit or review, 348–350
- Automobile insurance, 99–101

- BPI, *see* Business process improvement
- Balanced scorecard model, 313–315
- Banks and bankers, 52
- Board of Directors
 - internal control, 2
 - responsibilities of, 119
 - risk management, 3
- Bright Shine Car Wash Case Study, 196–209
- Budgeting
 - budget software packages evaluation, 154–155
 - capital expenditures budget, *see* Capital expenditures
 - case study, Bright Shine Car Wash, 196–209
 - cash flow budget, 145–149
 - direct method, 146–148
 - indirect method, 148–149
 - cash flow forecast, 141
 - cost of sales estimates, 158
 - percentage of sales method, 158
 - unit cost method, 158
 - direct labour estimates, 160–162
 - documentation, 142
 - income taxes estimate, 167–168
 - individual performance goals, 142–143

Budgeting (*cont'd*)

- material purchases estimates, 158–160
 - purchase pattern analysis (PPA) method, 159–160
 - unit cost method, 158
 - other income and expense estimates, 167
 - planning and control opportunities, 144–145
 - process, 136–141
 - assumptions, 136
 - capital expenditure plan, 140
 - marketing plan, 138–139
 - operating budget, 140–141
 - plan approval, 141–142
 - production plan, 138
 - sales plan, 136–138
 - staffing plan, 139–140
 - sales estimates, 155–157
 - selling, general and administrative (SG&A) estimates, 165
 - successful budgeting concepts, 150–153
- Business interruption insurance**, 97–98
- Business process improvement (BPI)**
- BPR, *see* Business process reengineering
 - defined, 263
 - examples of process improvements, 264–265
 - IDEF (*Integrated Computer Aided Manufacturing DEFinition*) method, 266–267
 - process modelling, 265–267
 - TQM, *see* Total quality management
- Business process reengineering (BPR)**
- aspects of organization addressed, 280–281
 - causes of failure of process, 277–278
 - defined, 271
 - goals of, 275
 - Hammer's principles of, 278–279
 - Hammer's theories, 272
 - information technology to facilitate process, 272–273
 - new product development example, 273–274
 - nine rules for success, 295
 - phases of process, 285–291
 - baseline analysis, 286–288

- benchmarking, 288–289
 - design, 289–290
 - implementation, 290–291
 - monitoring, 291
 - planning, 285–286
 - vision, 289
- Business transformation, 295–296
- CEO, working with, 38–39, 43–46
- COBIT (*Control Objectives for Information and Related Technology*), 212–213, 236–237
- COSO's *Enterprise Risk Management–Integrated Framework*, 73
- COSO's *Internal Control–Integrated Framework* (ICIF), 103
- CTI, *see* Information technology/systems, computer and telephony integration
- Capital expenditures, 168–195
 - capital budget preparation, 169–170
 - capital investment risks, 189–193
 - decision-tree analyses, 189
 - Monte Carlo simulation, 189
 - sensitivity and breakeven analysis, 189–193
 - cost/benefit analysis for proposed investments, 171–188
 - accounting rate of return (ARR), 172–173
 - discounted cash flow (DCF), 174–178
 - cost of capital, 179–181
 - hurdle rate, 178–179
 - future cash flows, 184–186
 - internal rate of return (IRR), 175, 176–177
 - net present value (NPV), 175–176, 186–188
 - risk factor, 181–183
 - payback method, 173–174
- Control, *see* Internal control
- Controller
 - building respect as part of management team, 39–43
 - dealing with the CEO, 43–50
 - delegating tasks, 17–18
 - finance department, *see* Finance department
 - new to the job, 31–36
 - assess accounting department, 33–34

Controller (*cont'd*)

- establish priorities and expectations, 33
- meet key operating personnel, 32
- review key legal documents, 32–33
- transition from larger organization, 34–37

prioritizing work, 16–17

project management, 19–20

procrastination, avoiding, 18–19

responsibilities in big and small organizations, 1–3

risk management, *see* Enterprise risk management

time managements, *see* Time Management

working with other managers, 38–39

working with outsiders, 50–58

- accountants and auditors, 55–57

- banks and bankers, 52

- customers and supplies, 50–51

- insurance agents and brokers, 57–58

- lawyers, 52–55

Controllershship, defined, 1

Corporate governance, 104–105

Cost/benefit analysis, *see* Capital expenditures

Cost of capital 179–181

DCF, *see* Discounted cash flows

Deming's 14 points, 169

Disaster recovery plan, 247–252

- analysis of risks, 249

- business recovery plan documentation, 248–249, 251

- disaster simulation, 251–252

- plan for loss of equipment, 250–251

- backup site, 250

- cold site, 250

- hot site, 250

- mirroring, 251

- types of disasters, 247

Discounted cash flows (DCF), 174–178

ERM, *see* Enterprise risk management

Ecological paradigm, 296–297

- Enterprise resource planning (ERP), 256–261
 - advantages of, 257–258
 - evaluation of business needs, 259–261
 - problems with, 258
- Enterprise risk management (ERM), 73–81
 - components of, 75
 - COSO ERM cube, 74
 - defined, COSO, 73
 - event identification, 77–78
 - insurance, *see* Insurance
 - internal environment, 77
 - objectives of, 74, 76
 - risk assessment, 78
 - risk avoidance, 80
 - risk reduction or control, 80–81
 - risk retention, 79–80
 - risk transfer, 80
- Ethical issues, 25–31

- Finance department, 3–11
 - accounting manager, 4–5
 - documenting policies and procedures, 5–6, 9–11
 - samples of, written, 59–71
 - improving staff productivity and self-sufficiency, 6–8
 - monthly close, 21–24
 - closing cycles, 21–22
 - motivating staff, 9
 - staff meetings, regular, 8–9
 - standards of behaviour, 25–31
 - business judgement rule, 25–26
 - ethical dilemmas, 28–29
 - ethics, code of or policy, 29–31
 - personal liability issues, 26–28
 - supervision of accounting team, 4
- Financial reporting
 - accounting standards, 341–347
 - Accounting Standards for Private Enterprises (ASPE), 342
 - annual reporting, 347–350
 - audit or review, 348–350

Financial reporting (*cont'd*)

- year-end working papers, 349–350
- generally accepted accounting principles (GAAP), 341–347
 - comparability, 346
 - relevant information, 345
 - reliability, 345–346
 - understandability, 345
- interim reporting, 351–352
- International Financial Reporting Standards (IFRS), 341–344
 - complexity of, 342

GAAP, *see* Financial reporting, generally accepted accounting principles

Hammer's principles and theories, 272, 278–279

Hurdle rate, 178–179

ICIF, *see* *Internal Control – Integrated Framework*

IDEF, *see* Business process improvement (BPI)

IFRS, *see* Financial reporting, International Financial Reporting Standards

IRR, *see* Internal rate of return

Information technology/systems

- accounting software selection, 232–233
 - value added resellers (VARs), 233
- assessing current system, 214–215
- COBIT 5 (*Control Objectives for Information and Related Technology*), 212–213
- characteristics of, 214
- collaboration software, 217
- computer and telephony integration (CTI), 216–217
- controller's responsibilities
 - developing policies and procedures, 223
 - documenting the information system, 222
 - hardware and software, 223–224
 - implementing system controls, 223
 - hardware service agreements, 224–225
 - understanding flow of information, 222–223
 - controller documentation of, 225–227

- controls, 233–247
 - data warehouses, 215
 - disaster recovery plan, *see* Disaster recovery plan
 - document management, 216
 - electronic data storage, 221–222
 - backed-up data, 222
 - primary data, 221
 - secondary (archived) data, 221–222
 - enterprise resource planning (ERP), *see* Enterprise resource planning
 - evaluating technology systems, 229–233
 - symptoms of system inefficiencies, 230–231
 - system performance and capacity, 229–230
 - written technology plan, 232
 - evaluation of insurance coverage of, 227
 - fraud and abuse, 252–254
 - types of, 252–254
 - internal control, *see* Internal control, information technology
 - operating environment
 - components of, 218
 - defined, 217
 - physical environment, 217–218
 - security of environment and security plan, 220
 - software piracy policy, 228
 - strategic approach, 211–217
 - virus and malware, 254–256
 - precautions to protect, 256
- Insurance, 81–101
- agent selection, 88–91
 - automobile, 99–101
 - bidding process, 84–86
 - business interruption, 97–98
 - commercial automobile, 99–101
 - evaluate current agent's performance, 86–87
 - evaluate current carrier's performance, 87–88
 - identifying risks, 81–83
 - cost/benefit analysis, 83
 - occurrence-based versus claims-made, 98–99
 - reducing costs, 95–97

Insurance (*cont'd*)

- selection presented to management, 94–95
- soliciting quotes, 92–94
- umbrella policies, 98

Internal control, 103–108

- corporate governance, 104–105
- defined, 103
- financial statement assertions, 108
- frameworks, 103–104
- information technology, 233–247
 - COBIT standards for, 236–238
 - characteristics that increase potential for error and fraud, 234–236
 - continuity of processing, 240
 - control over systems development, 243–244
 - input controls, 244
 - ITCG (*Information Technology Control Guidelines*) (CICA), 236, 239
 - logical access security, 242–243
 - long-term failure, 241–242
 - organizational and administrative controls, 240
 - processing and output controls, 244–247
 - short-term failure, 240–241
- responsibility for, 105

Internal Control – Integrated Framework (ICIF), COSO's, 103–107

- components, 106
- definition of internal control, 104
- objectives, 106
- techniques to effect control, 107

Internal rate of return (IRR), 175, 176–177**Knowledge management**, 296**Management reporting**

- appearance of report, 331
- consistency of information internally, 332
- documentation of, 339–340
- exception reporting, 333
- financial reporting, *see* Financial reporting

- graphics use, 335
- narrative reporting, 334
 - executive summary, 334
 - line-by-line comments, 334
 - page-by-page comments, 334
- prospective information, 335–336
- relevance of information, 332
- timeliness, 332–333
- timetable for, 336–337
- understandable, 333

Meetings, 16

Mission statement and vision, 121–124

Monte Carlo simulation, 189

NPV, *see* Net present value

Net present value (NPV), 175–176, 186–188

Performance measurement

- assessing information requirements, 325–330
- attributes to be measured, 299–300
- balanced scorecard, 313–315
- characteristics of information
 - aggregation and granularity, 303–304
 - usefulness and timeliness, 301–303
- charts and graphs usage, 323–324
- communicating information – management reports, 318–320
- cost/benefit for gathering information, 324–325
- external use, 301
- identifying value drivers, 316–318
 - value drivers defined, 317
- internal use, 300–301
- key performance indicators, 320–323
 - productivity, 321–322
 - profitability, 321
 - quality-related, 322–323
- management reporting, *see* Management reporting
- non-financial performance measurement, 304–306
- performance pyramid, 311–313
- results and determinants framework, 306–311

Planning, *see* Strategy and planning

Policies and procedures

documenting, importance of, 5–6, 9–11

samples of, written, 59–71

Productivity, 321–322

Profitability, 321

Resource planning, *see* Enterprise resource planning (ERP)

Risk management, *see* Enterprise risk management (ERM)

Strategy and planning

action plan, detailed, 130–133

anticipating downside risks, 113

Bright Shine Car Wash Case Study, 196–209

budgets vs. strategic planning, 112

case study, Bright Shine Car Wash, 196–209

communicating purpose, 113–114

enhancing performance, 114

managing growth and change, 113

mapping future direction, 112

mission statement and vision, 121–124

objectives/goals setting, 129–130

planning sequence, 111

preliminary planning considerations, 115–117

purpose and principles, 109–110

reporting and review, 133–134

senior management working together, 114

sessions and process, 117–120

soliciting input, 119–120

SWOT analysis, 124–130

timetable, 117

SWOT analysis, 124–130

opportunities, 127–128

strengths, 124–125

threats, 128–129

weaknesses, 126–127

Technology, *see* Information technology/systems

Time managements, 11–15

- filtering emails and paper, 13–15
- time-consuming activities identification, 12–13
- Total quality management (TQM)
 - concepts, Deming's 14 points, 269
 - continuous improvement, 270
 - defined, 268
 - quality, 269–271
- Umbrella policies, 98
- VARs (value added resellers), 233
- Value drivers, 317