

TABLE OF CONTENTS

ABOUT IMA (INSTITUTE OF MANAGEMENT ACCOUNTANTS)	3
ABOUT THE AUTHORS	3
CONTROLLER ADVISORS	4
OTHER ACKNOWLEDGMENTS	4
WHAT THIS GUIDE WILL DO FOR YOU	15
SECTION 1. OVERSEEING GOVERNANCE, COMPLIANCE, RISK MANAGEMENT, AND INTERNAL CONTROLS	17
Introduction	19
CHAPTER 1. TONE AT THE TOP AND CORPORATE GOVERNANCE	21
DEFINING TONE AT THE TOP	22
IMPLEMENTING TONE AT THE TOP	22
MCI'S CODE OF CONDUCT	24
FOSTERING AN ETHICAL CLIMATE	24
PROMOTING TRUST	25
CREATING POLICIES AND PROCEDURES FOR YOUR CODE OF CONDUCT	25
TIPS FOR IMPLEMENTING AND MANAGING AN ETHICS HOTLINE.....	28
CORPORATE GOVERNANCE FOR SMALL BUSINESS	28
EXAMPLES OF COMPANY CODES OF ETHICS	29
SAMPLE TEMPLATE FOR COMPANY CODE OF ETHICS	31
UNDERSTANDING THE SARBANES-OXLEY ACT OF 2002 (SOX)	37
COMBATING CORPORATE AND ACCOUNTING FRAUD	39
TIPS FOR BETTER FINANCIAL REPORTING AND ANALYSIS UNDER SOX	40
MAKING GOOD USE OF YOUR DISCLOSURE COMMITTEE	41
USING AUDITS TO BOOST PERFORMANCE AND REVENUE.....	42
CHAPTER 2. RISK MANAGEMENT, INTERNAL CONTROLS, AND FRAUD PREVENTION	45
RISK MANAGEMENT: A NECESSARY FOCUS FOR ALL TYPES OF ORGANIZATIONS	46
SIXTY PERCENT OF ORGANIZATIONS FACE GREATER RISK IN 2016	47
RISK MANAGEMENT MODELS	48
SCENARIO PLANNING.....	51
ENTITY-LEVEL CONTROLS	52
COSO INTERNAL CONTROL—INTEGRATED FRAMEWORK.....	53
EXAMPLE OF AN ENTITY-LEVEL INTERNAL CONTROLS QUESTIONNAIRE.....	55
THE CONTROLS SELF-ASSESSMENT (CSA) MODEL.....	59
INTERNAL CONTROLS FOR PRIVATELY HELD COMPANIES.....	61
CEO/CFO QUARTERLY INTERNAL CONTROL CERTIFICATION	62
ADOPTING A GOVERNANCE, RISK MANAGEMENT, AND COMPLIANCE (GRC) BLUEPRINT	63
GRC CONVERGENCE.....	63
TECHNOLOGY FOR GRC SOLUTIONS.....	65
GRC JOURNEY ROADMAPS.....	67
CONTINUOUS CONTROLS MONITORING (CCM) AND AUDITING PROCESSES	68
SARBANES-OXLEY SECTION 404 ON INTERNAL CONTROL MONITORING	68
AUDITING OF FINANCIAL CONTROLS UNDER AS 5.....	69
FRAUD PREVENTION THROUGH INTERNAL CONTROLS POLICIES	70
EXAMPLES OF FRAUD.....	70
INTERNAL CONTROLS POLICY	71
DELEGATION OF AUTHORITY (DoA) POLICY	72
SEGREGATION OF DUTIES POLICY	72
MANAGING THE SEGREGATION OF DUTIES IN AP	73
SYSTEM ACCESS (SA) POLICY	73
SAS NO. 99	74
PREVENTING T&E FRAUD.....	75
AVOIDING FRAUD FROM MOBILE TECHNOLOGY USE.....	76
FRAUD STATISTICS	77

MARRYING INTERNAL CONTROLS WITH FRAUD PREVENTION: STANDARDS OF INTERNAL CONTROL... 78
 20 TOP INTERNAL CONTROLS THAT PREVENT FRAUD..... 79
 HOW ONE CONTROLLER USES SCENARIO PLANNING..... 81
 BEST PRACTICE TIPS: TAKE A PROACTIVE APPROACH TO RISK MANAGEMENT 84

CHAPTER 3. IT SECURITY CONTROLS87

IT SECURITY SCOPE..... 88
 ROLES AND RESPONSIBILITIES 88
 TOP 10 IT SECURITY AND PHYSICAL IT SECURITY CONTROLS 88
 SECURITY AND PRIVACY AWARENESS TRAINING..... 95
 IT GOVERNANCE..... 96
 AREAS OF FOCUS 96
 KEY COMPONENTS OF SUCCESSFUL GOVERNANCE..... 97
 THE COBIT 5 FRAMEWORK..... 97
 COBIT 5 AND THE BUSINESS MODEL FOR INFORMATION SECURITY (BMIS)..... 98
 OTHER IT INTERNAL CONTROL FRAMEWORKS AND CONSIDERATIONS 98
 BREACHES STEMMING FROM MOBILE TECHNOLOGY..... 99
 PHYSICAL SECURITY..... 100
 PREVENTIVE, DETECTIVE, CORRECTIVE, AND RECOVERY SECURITY CONTROLS 100
 ISO IEC 17799: 2005..... 101
 IT SECURITY FOR SMALL BUSINESSES..... 101
 BUSINESS CONTINUITY PLANNING..... 102
 BUSINESS CONTINUITY PLANNING DEFINITIONS..... 103
 DEVELOPING A BUSINESS CONTINUITY PLAN 103
 IT CONSIDERATIONS..... 104
 MOBILE TECHNOLOGY RISKS 105
 Endnotes 107

CHAPTER 4. THE CRUCIAL ROLE OF THE CONTROLLER IN

CORPORATE COMPLIANCE 109

COMPLIANCE COSTS AND RISKS 110
 THE SARBANES-OXLEY ACT..... 111
 FINANCIAL REPORTING AND ANALYSIS UNDER SOX 113
 USE SOX AUDITS TO BOOST PERFORMANCE AND REVENUE 114
 DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT..... 114
 SALES AND USE TAX COMPLIANCE, REPORTING, AND AUTOMATION 115
 ONLINE SALES TAXATION 116
 TERMINOLOGY AND APPLICATION OF SALES AND USE TAX..... 117
 STREAMLINED SALES TAX..... 119
 TAXABILITY OF DIGITAL GOODS 120
 CALCULATING AND PAYING SALES AND USE TAXES ON PURCHASES AND ACCOUNTS PAYABLE 121
 STATE SALES AND USE TAX TRENDS AND REGULATIONS 122
 STAYING IN COMPLIANCE WITH STATE SALES AND USE TAX LAWS 124
 SALES AND USE TAX COMPLIANCE AUTOMATION..... 125
 THE FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) 127
 INTERNAL REVENUE CODE CHAPTER 3 WITHHOLDING-AT-SOURCE UNDER FATCA..... 129
 PENALTIES FOR FATCA AND CHAPTER 3 WITHHOLDING-AT-SOURCE NONCOMPLIANCE..... 130
 HOW FATCA AND CHAPTER 3 WITHHOLDING-AT-SOURCE AFFECTS THE FINANCE FUNCTION..... 130
 FATCA DOCUMENTATION IS CRITICAL 131
 FORM 1099 COMPLIANCE IDENTIFY YOUR PAYEE: U.S. OR NON-U.S. PERSON..... 132
 REPORTING PAYMENTS ON THE FORM 1042-S 132
 WHAT GETS REPORTED ON THE 1099-MISC 132
 DETERMINING WHETHER A WORKER IS AN INDEPENDENT CONTRACTOR OR AN EMPLOYEE 135
 TAXPAYER IDENTIFICATION NUMBERS (TINs)..... 136
 BACKUP WITHHOLDING..... 136
 REPORTING EXCEPTIONS..... 137
 PAYMENTS TO ATTORNEYS 138
 FILING AND DEADLINES 138
 PENALTIES GETTING HIGHER FOR 1099 FILING ERRORS..... 139
 ADVICE FOR AVOIDING PENALTIES..... 140
 1099 COMPLIANCE CHECKLIST AND YEAR-END REVIEW 140

THE AFFORDABLE CARE ACT AND HEALTH REFORM COMPLIANCE..... 141
 COVER KEY ACA BASES TO AVOID TAX LIABILITY..... 145
 HOW DOES THE ACA 'CADILLAC TAX' WORK? 147
 PENALTIES FOR NONCOMPLIANCE WITH REPORTING REQUIREMENTS UNDER THE ACA 149
 CHOOSING COST-EFFECTIVE OPTIONS FOR HEALTHCARE COVERAGE 149
 OVERSIGHT OF UNCLAIMED PROPERTY 150
 COMMON TYPES OF UNCLAIMED PROPERTY AND THE NAUPA CODES 151
 RECORD REVIEW PROCESS FOR UNCLAIMED PROPERTY 152
 UNDERSTANDING THE TERM 'RECIPROCITY' 154
 CHECKLIST FOR UNCLAIMED PROPERTY 155
 THE CONTROLLER'S ROLE IN REDUCING WORKERS' COMPENSATION COSTS..... 157
 TIMELY REPORTING REDUCES WORKERS' COMPENSATION CLAIM COSTS..... 158
 COMPLIANCE WITH WHISTLEBLOWER PROTECTION LAWS..... 159
 SARBANES-OXLEY SECTION 806 AND DISCLOSURE OF CORPORATE FRAUD 160
 THE DODD-FRANK ACT WHISTLEBLOWER PROVISION..... 160
 THE FALSE CLAIMS ACT: MORE WHISTLEBLOWERS COMING FORTH 161
 IRS WHISTLEBLOWER PROGRAM 162
 PROTECTIONS FOR FEDERAL WHISTLEBLOWERS 162
 THE INTERNATIONAL FINANCIAL REPORTING STANDARD AND U.S. GAAP CONVERGENCE 163
 THE NEW REVENUE RECOGNITION STANDARD..... 163
 REVENUE RECOGNITION STANDARD CHALLENGES 164
 PREPARING FOR THE NEW STANDARDS..... 165
 START EARLY FOR COMPLIANCE WITH THE NEW STANDARD 166
 CORPORATE ETHICS AND MANAGEMENT: U.S. SENTENCING GUIDELINES..... 166
 THE FOREIGN CORRUPT PRACTICES ACT (FCPA) 168
 OFFICE OF FOREIGN ASSETS CONTROL (OFAC) 169
 THE BUREAU OF INDUSTRY AND SECURITY (BIS) 170
 SYSTEM FOR AWARD MANAGEMENT (SAM) 170
 THE OFFICE OF INSPECTOR GENERAL (OIG) 171
 OTHER LABOR LAWS 171
 CONTROLLER'S COMPLIANCE TOOLKIT 172
 ENSURE STRICT COMPLIANCE WITH 1099 REGULATIONS..... 179

SECTION 2. BUSINESS PROCESS BEST PRACTICES 183

INTRODUCTION..... 185

CHAPTER 5. PROCUREMENT AND THE MOVE TO P2P 187

TRENDS IN PROCURE-TO-PAY..... 188
 PROCUREMENT PROCESS STANDARDS..... 188
 COST SAVINGS AND PROCUREMENT 190
 KEY PERFORMANCE INDICATORS (KPIs)..... 191
 END-TO-END PROCESSING 192
 P2P AUTOMATION..... 193

CHAPTER 6: ACCOUNTS PAYABLE 197

ACCOUNTS PAYABLE'S ROLE IN THE ORGANIZATION..... 198
 AP and P2P 199
 BUILDING A SUSTAINABLE AP OPERATION 199
 AP PROCESS REVIEW 200
 TOP-PERFORMING AP OPERATIONS 202
 IMPROVING AP PRODUCTIVITY..... 203
 INTERNAL CONTROLS AND SYSTEM ACCESS 203
 OPEN COMPUTERS = OPEN SEASON 204
 ROLES, PROFILES, AND PERMISSIONS FOR SYSTEM ACCESS..... 205
 THE 'UNATTENDED APPLICATION' SYNDROME 206
 INVOICE PROCESSING AND MATCHING 206
 PAYMENTS..... 208
 WHEN A PAYMENT GOES OUT WITH A MISTAKE 210
 TRANSITIONING FROM PAPER TO ACH..... 210
 SECURITY AROUND ACH INFORMATION 211

OPPORTUNITY FOR FRAUD212

REBATES FOR ACH PAYMENTS212

P-CARD AND COMMERCIAL CARD USAGE.....213

TIPS FOR P-CARD SUCCESS.....214

P-CARD RISK REMEDIATION.....215

GHOST CARDS.....216

COMMERCIAL CREDIT CARDS FOR INVOICE PAYMENTS217

TWO PRIMARY COMMERCIAL CARD MODALITIES: BIP AND SIP217

BENEFITS OF PAYING INVOICES VIA A VIRTUAL COMMERCIAL CARD.....218

THE MASTER VENDOR FILE219

OBJECTIVES OF MASTER VENDOR FILE MANAGEMENT220

VENDOR FILE BEST PRACTICES.....220

VERIFYING VENDORS221

SETTING UP NEW VENDORS.....222

GUIDELINES FOR ENTERING OTHER IDENTIFIERS223

REVIEW OF INFORMATION IN THE VENDOR FILE224

MAINTENANCE OF THE MASTER VENDOR FILE224

AUTOMATION AND THE CLEANUP PROCESS225

AUTOMATION AND VENDOR PORTALS225

TRAVEL & ENTERTAINMENT: MAKING T&E PROCESSING MORE EFFICIENT226

SMALL TO MIDSIZE ORGANIZATIONS AND T&E SPEND227

TRAVEL ADVANCES.....227

EXPENSE REPORT COSTS AND PROCESSING BEST PRACTICES.....228

AUTOMATED EXPENSE MANAGEMENT SOLUTIONS.....229

EXPENSE REPORTING POLICIES.....230

T&E INTERNAL CONTROLS AND COMPLIANCE.....232

IMPLEMENTING AN ERP-TO-ACH PAYMENT SYSTEM.....232

IS ACH REMITTANCE INFORMATION ENOUGH FOR VENDORS?.....233

P-CARDS IN ACTION.....234

FIVE TIPS FOR COMMERCIAL CARD USE235

CASE STUDIES: COMMERCIAL CARDS AND INVOICE PAYMENTS236

COMBINING V-CARD AND ACH USAGE238

RELIEVING T&E SPEND PAIN POINTS.....239

EXPENSE MANAGEMENT CHALLENGES240

Endnotes241

CHAPTER 7. PAYROLL 243

PAYROLL WITHHOLDINGS: PAID BY EMPLOYEES245

EMPLOYEE PORTION OF SOCIAL SECURITY TAX245

EMPLOYEE PORTION OF MEDICARE TAX.....245

FEDERAL INCOME TAX.....246

STATE INCOME TAX246

COURT-ORDERED WITHHOLDINGS (GARNISHMENTS)246

GARNISHMENT AND THE CONSUMER CREDIT PROTECTION ACT247

OTHER WITHHOLDINGS248

PAYROLL TAXES, COSTS, AND BENEFITS PAID BY EMPLOYERS248

EMPLOYER PORTION OF THE SOCIAL SECURITY TAX248

EMPLOYER PORTION OF MEDICARE TAX248

STATE UNEMPLOYMENT TAX.....249

FEDERAL UNEMPLOYMENT TAX (FUTA).....249

WORKERS' COMPENSATION INSURANCE.....249

EMPLOYER PORTION OF INSURANCE (HEALTH, DENTAL, VISION, LIFE, DISABILITY)250

EMPLOYER-PAID HOLIDAYS, VACATIONS, AND SICK DAYS250

EMPLOYER CONTRIBUTIONS TO DEFINED CONTRIBUTION PLANS250

401(k), SAVINGS PLANS, AND PROFIT-SHARING PLANS.....250

EMPLOYER CONTRIBUTIONS TO DEFINED BENEFIT PLANS.....251

POST-RETIREMENT HEALTH INSURANCE251

THE FAIR LABOR STANDARDS ACT (FLSA)251

TERMS USED IN THE FLSA251

RECORDKEEPING.....252

WAGE AND HOUR DIVISION (WHD).....252

VIOLATIONS AND PENALTIES	252
ENFORCEMENT	253
RECOVERY OF BACK WAGES	253
BASIC WAGE STANDARDS	254
TIPPED EMPLOYEES	254
EMPLOYER-FURNISHED FACILITIES	255
SALARIES, WAGES, AND OVERTIME PAY	256
COMPUTING OVERTIME PAY.....	256
STAY ALERT TO CHANGING RULES	258
BEST PRACTICES AND PROCESS IMPROVEMENT	259
SIX-STEP REVIEW OF PAYROLL PROCESSES.....	259
CHECKLIST FOR PAYROLL PROCESSING	260
TRAINING	262
TAX AND COMPLIANCE ISSUES.....	263
RULES OF CONSTRUCTIVE RECEIPT	263
CLASSIFYING EMPLOYEES AND INDEPENDENT CONTRACTORS.....	264
BEST PRACTICES FOR WORKER CLASSIFICATION.....	265
SPECIAL CONSIDERATIONS WHEN PAYING EMPLOYEES.....	266
ROUNDING RULES FOR HOURLY EMPLOYEES.....	266
HIGHLY COMPENSATED EMPLOYEES	268
IRS RULES FOR DOCKING AN EXEMPT EMPLOYEE.....	268
GROSSING UP WAGES.....	269
TAXABILITY OF PRIZES, AWARDS, AND BACK PAY	271
QUESTIONS TO ADDRESS IN AN INCLEMENT WEATHER POLICY.....	272
FINAL WAGES PAID TO DECEASED EMPLOYEES	273
TAXATION OF HEALTHCARE DEDUCTIONS DURING LEAVES OF ABSENCE.....	274
PAYROLL REPAYMENTS.....	276
BENEFITS	278
W-2 REQUIREMENTS IMPOSED BY THE AFFORDABLE CARE ACT.....	278
HOW HSAs WORK.....	279
TAXATION OF COBRA BENEFITS.....	279
FUNDING RETIREMENT CONTRIBUTIONS	282
MILITARY RELIEF ACT OF 2009.....	283
UNEMPLOYMENT CLAIMS	285
UNEMPLOYMENT COMPENSATION (UC).....	285
HANDLING UNEMPLOYMENT CLAIMS.....	285
WITHHOLDING	286
INCOME TAX FOR MOBILE EMPLOYEES	286
PROPER WITHHOLDING ON FORM W-4.....	287
W-4 GUIDELINES FOR EMPLOYERS	288
CLAIMING EXEMPT STATUS	288
COURTESY WITHHOLDING.....	289
INTERNAL CONTROLS.....	291
PREVENTING TIMESHEET FRAUD	291
ASSESSING TIMESHEET CONTROLS	292
RECORD RETENTION.....	292
AVOIDING PENALTIES	292
PAYROLL STANDARDS.....	294
CHAPTER 8. ACCOUNTS RECEIVABLE	297
MANAGING THE AR PROCESS.....	298
HOW TO SPEED UP THE AR PROCESS.....	299
DISADVANTAGES OF MANUAL AR PROCESSES	299
ORDER PROCESSING	300
ORDER VERIFICATION	301
ORDER BACKLOG AGING AND EXCEPTION REPORTING.....	301
ORDER PROCESS METRICS.....	302
ORDER PROCESSING STANDARDS	302
CREDIT MANAGEMENT	303
DECIDING A LINE OF CREDIT.....	304
CREDIT ASSESSMENT WITH A CREDIT SCORE	305

THE CRITICAL ROLE OF THE CREDIT MANAGER	305
CREDIT BEST PRACTICES.....	305
CREDIT STANDARDS.....	306
SALES CONTRACTS	307
ORDER FULFILLMENT AND SHIPPING.....	308
BILLING	309
BILLING STANDARDS.....	310
THE CUSTOMER MASTER FILE.....	311
SETTING UP A CUSTOMER FILE	312
VERIFYING CUSTOMER DATA	313
DUPLICATE FILES	313
SECURITY OF CUSTOMER FILE DATA	314
CASH RECEIPTS	314
CASH APPLICATION.....	316
DEDUCTIONS.....	317
GETTING UNAUTHORIZED DEDUCTIONS UNDER CONTROL	318
MANAGEMENT OF DISPUTED ITEMS.....	318
RESOLVING DISPUTED ITEMS.....	320
ACCOUNTS RECEIVABLE STANDARDS.....	321
COLLECTIONS.....	322
COLLECTION METHODS	322
PRICING STRATEGY	323
THREE COMMON DISCOUNTING ERRORS	324
AUTOMATION	324
AR BEST-PRACTICE REVIEW.....	326
EMPLOYING STATISTICS AND ANALYTICS IN COLLECTIONS.....	329
HOW AND WHY CREDIT CAN HELP RETAIN CUSTOMERS	330
THREE SECRETS TO BILLING SUCCESS.....	331
THE DOs AND DON'Ts OF DEFERRED REVENUE BILLING	332
TRACK AND MEASURE SALES FORCE PERFORMANCE.....	333
CHAPTER 9. THE SUPPLY CHAIN	337
LOGISTICS	337
REVERSE LOGISTICS.....	338
THE ROLE OF FINANCE IN SUPPLY CHAIN MANAGEMENT	338
TRIMMING SUPPLY COSTS.....	340
BILL OF MATERIALS (BoM).....	341
ITEM MASTER FILE.....	341
MASTER PRODUCTION SCHEDULE (MPS)	342
MATERIAL REQUIREMENTS PLANNING (MRP).....	342
SUPPLY CHAIN PERFORMANCE METRICS	342
SUPPLY CHAIN STANDARDS	343
HOW TO MANAGE SUPPLIER CONTRACTS FOR OPTIMUM COST-EFFECTIVENESS.....	343
CHAPTER 10. INVENTORY CONTROL	347
TYPES OF INVENTORY	348
INVENTORY MANAGEMENT.....	348
TWO TYPES OF DEMAND	349
INVENTORY MANAGEMENT AND CONTROL	350
MANAGING RAW MATERIALS.....	351
INVENTORY COSTING METHODS.....	351
INVENTORY COSTING METHODS FOR SMALL BUSINESSES	352
OUTSOURCED INVENTORY MANAGEMENT	353
INVENTORY CONTROL STANDARDS	354
INVENTORY VERIFICATION	355
INVENTORY VALUATION.....	356
PRODUCT COST MANAGEMENT.....	356
MAINTAINING INVENTORY ACCURACY	357

CHAPTER 11. TREASURY'S ROLE IN CASH MANAGEMENT AND WORKING CAPITAL	361
THE EXPANDING ROLE OF TREASURY	362
CASH IS KING	362
THE COMPONENTS OF CASH FLOW	362
CASH FLOW MANAGEMENT	363
OPTIMIZING CASH FLOW	364
LETTERS OF CREDIT	365
CHECK 21	366
SUPPORTING WORKING CAPITAL MANAGEMENT WITH PROCESS IMPROVEMENT	366
IMPROVING WORKING CAPITAL WITH A PROACTIVE VENDOR PAYMENT STRATEGY	367
HOW TO QUANTIFY THE BENEFITS OF VENDOR PAYMENT ANALYSIS	368
CASH FLOW FORECASTS	369
THE ROLLING FORECAST	370
SUPPORTING YOUR MULTI-YEAR FINANCIAL FORECASTS.....	371
FORECASTING FINANCIAL RATIOS	372
FOREIGN EXCHANGE POLICY MANAGEMENT AND CONTROLS	373
MANAGING MULTIPLE CURRENCIES	374
FOREIGN EXCHANGE POLICY DEVELOPMENT PROCESS.....	375
ELECTRONIC PAYMENTS	375
WHAT IS ACH?.....	376
EXPLANATION OF TERMS	377
PURCHASING CARDS (P-CARDS)	378
IMPLEMENTING A P-CARD PROGRAM.....	378
ONGOING MAINTENANCE OF A P-CARD PROGRAM.....	380
WIRE TRANSFERS.....	380
INTERNATIONAL PAYMENT METHODS	381
TREASURY AND CASH MANAGEMENT STANDARDS	382
IMPROVING THE U.S. PAYMENT SYSTEM.....	384
CASH FLOW OPTIMIZATION SAVES MILLIONS OF DOLLARS	385
TEN STEPS FOR REDUCING HIGH DEBT SERVICE COSTS	385
CHAPTER 12. SHARED SERVICES AND OUTSOURCING	391
SHARED SERVICES CENTERS (SSCs)	392
SSCs DIFFER FROM CENTRALIZED SETTINGS.....	392
IMPLEMENTATION OF SSCs.....	393
PROCESS FOR TRANSITIONING TO A SHARED SERVICES CENTER.....	393
IMPACT OF IMPLEMENTING AN SSC.....	393
THE ADVANTAGES OF OUTSOURCING.....	394
TYPES OF OUTSOURCING MODELS.....	394
OUTSOURCING NON-CORE PROCESSES WITH BUSINESS PROCESS OUTSOURCING.....	395
ADVANTAGES AND DISADVANTAGES OF BPO.....	396
PERFORMING A COST-BENEFIT ANALYSIS	396
IDENTIFYING AND RESEARCHING POTENTIAL SUPPLIERS	397
SECTION 3. \PLANNING, BUDGETING, FORECASTING, AND FINANCIAL CLOSE	
BEST PRACTICES	401
INTRODUCTION.....	403
CHAPTER 13. BUDGETING BEST PRACTICES.....	405
LINKING THE BUDGET PROCESS TO THE STRATEGIC PLAN	406
PREPARATION FOR STRATEGIC PLANNING	406
KEY ELEMENTS FOR STRATEGIC PLANNING.....	407
STRATEGIC PLANNING METHODOLOGIES.....	408
STRATEGIC PLAN TABLE OF CONTENTS.....	409
MEASURING THE SUCCESS OF YOUR STRATEGIC PLAN.....	410
STRATEGIC PLANNING PERFORMANCE METRICS	410
THE BUDGETING AND PLANNING PROCESS	411
ACHIEVING A SUCCESSFUL BUDGET PROCESS	412
STARTING THE BUDGET PROCESS AT BOTH THE TOP AND BOTTOM.....	414

CONSIDERING INDUSTRY TRENDS AND ECONOMIC DATA 414
 ADAPTING TO CHANGING BUSINESS CONDITIONS 415
 MORE TIME AND DETAILS DO NOT EQUATE TO A BETTER BUDGET 416
 ESTABLISHING A BUDGET OWNER AND TRACKING PROCESS 416
 COMMON BUDGETING PROCESS CHALLENGES 417
 BOOSTING THE CONTROLLER'S FP&A SAVVY 418
 EIGHT SKILLS NEEDED FOR FP&A EXCELLENCE..... 419
 CORPORATE PERFORMANCE MANAGEMENT (CPM)..... 419
 THE CAPITAL BUDGET..... 420
 CAPITAL BUDGET DECISION-MAKING..... 420
 ALTERNATIVE METHODS FOR CAPITAL BUDGETING 422
 FORECASTING..... 423
 SCENARIO PLANNING..... 423
 BALANCE SHEET PLANNING..... 425
 BALANCE SHEET PLANNING TIPS 426
 BUSINESS INTELLIGENCE (BI) 426
 IMPLEMENTING A BUSINESS INTELLIGENCE SYSTEM 426
 Endnotes 428

CHAPTER 14. FINANCIAL CLOSE PROCESSES AND PROCEDURES..... 429

HOW TO OPTIMIZE YOUR FINANCIAL CLOSE PROCESS..... 430
 BEST-PRACTICE ORGANIZATIONS AND THE CLOSE PROCESS..... 431
 A TWO-STEP APPROACH FOR PREPARING FOR THE FINANCIAL CLOSE 432
 PREVENT THE DOMINO EFFECT 434
 AVOIDING COMMON PROBLEMS 435
 GLOBAL AND INTERCOMPANY FINANCIAL CLOSE CONSIDERATIONS..... 435
 MONTHLY CLOSING CONSIDERATIONS FOR SMALL BUSINESSES 436
 MONTHLY FINANCIAL CLOSE PROCESS CHECKLIST 436
 ENSURING A SMOOTHER MONTHLY CLOSE 440
 DON'T LET GLITCHES GET IN THE WAY OF A TIMELY CLOSE 441
 AN EFFECTIVE CLOSE STARTS EARLY 442

CHAPTER 15. FINANCIAL STATEMENT FRAUD 445

DETECTING RED FLAGS..... 446
 FRAUD CATEGORIES..... 446

SECTION 4. MEASURING PERFORMANCE 449

INTRODUCTION..... 451

CHAPTER 16. BENCHMARKING AND METRICS 453

MEETING—AND SURPASSING—BEST-IN-CLASS FINANCE PERFORMANCE 454
 HOW THE BEST FINANCE OPERATIONS ACHIEVE SUCCESS 455
 WHAT IS THE PURPOSE OF BENCHMARKING? 456
 TYPES OF BENCHMARKING 456
 THREE KEYS FOR DEVELOPING A SOLID BENCHMARKING STRATEGY 457
 SMALL BUSINESS BENCHMARKING BEST PRACTICES 459
 ACHIEVING BENCHMARKING SUCCESS..... 460
 FOCUS ON THE BENEFITS 460
 ROYAL DUTCH SHELL..... 461

CHAPTER 17. DEVELOPING A METRICS ROADMAP 463

MOVING THROUGH THE MEASUREMENT PROCESS STEP-BY-STEP 464
 METRICS FOR FINANCE AND ACCOUNTING 465
 BEST PRACTICES IN WORKING WITH KPIS 466
 KPIS FOR FINANCE AND ACCOUNTING 466
 LINKING KPIS WITH BUSINESS STRATEGY 468
 A FEW CAVEATS ABOUT KPIS..... 469
 USING THE 'SALES BY MONTH DEDUCTION METHOD' TO CALCULATE DSO 469
 METRICS THAT COUNT MOST IN MEASURING AP PERFORMANCE..... 471
 HOW TO CUSTOMIZE ACCOUNTS PAYABLE KPIS 473

MEASURING AP PERFORMANCE WITH DAYS PAYABLE OUTSTANDING474
 AP PERFORMANCE vs. TARGETS.....475
 ALIGNING AP AND PURCHASING METRICS FOR TOP P2P PERFORMANCE476
 USING DASHBOARD TECHNOLOGY TO TRACK PERFORMANCE477
 DASHBOARD TECHNOLOGY IS NOW MORE USER FRIENDLY AND DATA RICH.....478
 SEVEN TIPS FOR KPI SUCCESS479
 A METRICS-BASED APPROACH TO AR MANAGEMENT480

SECTION 5. PROCESS IMPROVEMENT THROUGH AUTOMATION & TECHNOLOGY 485

INTRODUCTION..... 487

CHAPTER 18. GOING PAPERLESS..... 489

10 REASONS TO AUTOMATE490
 WORKING FASTER AND SMARTER.....491
 ACHIEVING END-TO-END OPTIMIZATION492
 TRENDING TOWARD MOBILE TECHNOLOGY493
 IDENTIFYING SHORTCOMINGS OF MANUAL PROCESSING494
 CREATING NEXT-GENERATION ARCHITECTURE.....494
 PROCUREMENT AUTOMATION494
 PROCURE-TO-PAY (P2P).....495
 ACCOUNTS PAYABLE (AP)496
 PAYROLL496
 ACCOUNTS RECEIVABLE (AR) & O2C.....496
 THE SUPPLY CHAIN497
 INVENTORY CONTROL497
 TREASURY AND CASH MANAGEMENT498
 BUDGETING AND ACCOUNT RECONCILIATION498
 OTHER TYPES OF TECHNOLOGY SOLUTIONS TO CONSIDER.....498
 IN-HOUSE OR CLOUD?.....501
 THE DISTINCTION BETWEEN SaaS AND HOSTED SOFTWARE502
 WHY MULTI-TENANCY MATTERS503
 DETECTING SaaS IMPOSTERS504
 AP AUTOMATION: THE NUMBERS TELL THE STORY.....504
 BIG BENEFITS FROM BUDGETING AND ACCOUNT RECONCILIATION SOFTWARE.....504

CHAPTER 19. MAKING YOUR CASE FOR AUTOMATION..... 509

GETTING BUY-IN FOR YOUR AUTOMATION WISH-LIST PROJECTS510
 DEVELOPING A BUSINESS CASE.....510
 BUSINESS CASE OUTLINE511
 SELECTING THE SOLUTION514
 CREATING A SOLID RFP FOR YOUR AUTOMATION PROJECT515
 ENTERPRISE RESOURCE PLANNING (ERP) AND ACCOUNTING SOFTWARE REQUEST FOR PROPOSAL (RFP)
 516
 GETTING THE BEST ROI FROM YOUR ERP517
 HOW TO PICK A VENDOR.....518
 VENDOR COMPARISON MATRIX.....519
 OTHER FACTORS TO CONSIDER.....519

CHAPTER 20. PROJECT MANAGEMENT AND IMPLEMENTATION 521

FIVE COMPONENTS OF PROJECT MANAGEMENT522
 DEVELOPING A PROJECT PLAN522
 CREATING A BUDGET522
 STEPS TO TAKE WHEN DEFINING YOUR PROJECT523
 SAMPLE OUTLINE FOR A TECHNOLOGY IMPLEMENTATION524
 COMMUNICATING AND MONITORING WHILE YOU IMPLEMENT526
 CONDUCTING A POST-IMPLEMENTATION REVIEW (PIR)526
 PIR REPORT COMPONENTS.....526
 MANAGING THE 'PEOPLE SIDE' OF AN AUTOMATION PROJECT527

SECTION 6. LEADERSHIP AND THE EVOLVING ROLE OF THE CONTROLLER 531

INTRODUCTION..... 533

CHAPTER 21. FINANCIAL LEADERSHIP 535

ELEVATING THE CONTROLLER POSITION.....	535
GAINING VISIBILITY.....	537
EMBRACING SHIFTING ROLES AND EXPECTATIONS.....	538
ADAPTING TO A CHANGING LANDSCAPE.....	539
MEETING EXPECTATIONS BY DEMONSTRATING LEADERSHIP.....	539
BECOMING A STRATEGIC PARTNER.....	540
INTERACTING WITH OTHER BUSINESS AREAS.....	540
BUSINESS PARTNERSHIP MATRIX AND AREAS OF INFLUENCE.....	541
THE LEADERSHIP ROLE OF THE CONTROLLER IN SMALLER COMPANIES.....	543
THE CONTROLLER'S ROLE HAS EVOLVED, BUT WHAT ABOUT THE IMAGE?.....	544
FIVE WAYS TO FOSTER COLLABORATION BETWEEN FINANCE AND SUPPLY CHAIN.....	545
BUILD A FINANCE-LITERATE ORGANIZATION WITH FINANCE TRAINING.....	546