

How to Know If You're Accounting Department is Functioning Properly and Optimally

For Business Owners, CEOs and Managers, how do you know if you're accounting department is really functionally optimally?

The short answer is: **You Don't Know.**

The reason is simple because most Business Owners and CEOs **AREN'T** accountants. In fact, more than likely, most Business Owners and CEOs are focused on Sales, Product or Marketing. Rarely do you find a Business Owner who came up through the Accounting or Finance ranks. So, they've hired accounting staff but they're not really an accountant. And, unless they've worked in larger-sized companies,

HOW WOULD THEY KNOW IF THE ACCOUNTING TEAM IS REALLY DO THEIR JOB WELL?

They can't.

And, the less a Business Owner or CEO knows and understands the accounting and finance part of their business, two major risks potentially appear:

1. Your business will lack Financial Strategy, Analysis and Reporting that growth demands for your business to scale properly.
2. The possibility of Fraud or other undesired activities could emerge if your accounting department lacks proper internal controls and segregations of duties.

But, there are some key signs that can give you indication that you might have issues or your department is functioning optimally.

Here's some key indicators and symptoms:

- **The Close**

- Your Books aren't closed on a monthly basis
- Your Books are closed more than 30 days after month-end
- Reconciliation's aren't performed for ALL material General Ledger Accounts or the reconciliation aren't consistent.
- No Bank Reconciliation is performed.

- **Financial Reporting**

- You don't receive a Proper Monthly Financial Close Package including Balance Sheet and P&L or receive these reports greater than 30 days after month-end.
- The Business Owner or CEO does **NOT** get sent the Bank Statements directly as an internal control.
- You have **Input Errors** on the entry of transactions or transactions aren't being reviewed after entry.

- **Accounts Receivables**

- Your AR team is behind on Invoicing Customers.
- Your Days in Accounts Receivable aren't measured or are greater than 45 days.

- **Accounts Payables**

- Your AP team is behind on the Entry of Vendor Invoices.
- Your Days in Accounts Payables isn't measure or are greater than 45 days.
- You're missing Early Payment Discount opportunities due to Vendor Invoices not entered timely.

- **Cash Flow**

- YOu're having Cash Flow Issues
- A Cash Flow Projection is NOT performed on a daily or at least weekly basis.

- **Travel & Expense**

- T&E Reports are behind or aren't processed consistently.

- **Fixed Assets**

- Your Fixed Assets are properly recorded or tracked.

- **Complaints**

- Other Departments struggle or have conflict with your accounting team, either an individual or as a group.
- You receive Complaints from Customers or Vendors.

- **IT**

- Your accounting team "blames" your system
- Your not utilizing all of the core functions you paid for in your system.

The last point is that you can't rely upon your Outside CPA, who is typically focused on either taxes only or might provide auditing services, to provide you with a true assessment of your accounting department.

In the small business phase of a company's growth, the typical structure for accounting is to have an in-house accountant or bookkeeper and then rely upon your local or outside CPA firm for year-end financial statements and, most importantly, preparing and filing your business's taxes. But as a company grows, your financial and accounting needs will outpace the ability of your outside tax CPA. To truly scale and grow, you'll need a financial and accounting pro who is not an outsider. Most importantly, you need that professional to think strategically, align accounting and finance with your overall business direction and help drive profitability.

So, the list above are only a sample of indicators. For Business Owners or CEOs, the only way to truly know if you're accounting department is functioning properly and optimally is for an Accounting Expert to come in and assess your team's current performance.

This is NOT an audit. This is NOT to simply make your team "look bad." An Assessment is purely to provide you with what is working and provide you with specific Findings and Recommendations of what isn't.

An **Accounting Department Assessment** is entirely designed to align with your #1 Objective: Provide you the infrastructure to grow and increase profits, thus putting more money in your pocket. The Infrastructure Company performs a detailed diagnostic study of your business. We have extensive experience with similar business operations including setting up and managing Accounting Departments. An in-depth examination is performed including evaluating your current team, your accounting workflow, processes & procedures as well as internal controls to provide recommendations for improvement by identifying strengths and deficiencies and specific Action Steps to get results. The accounting assessment takes approximately one to three days.

Who We Are: The Infrastructure Company

We are Strategy and Efficiency experts and we're in the business of "Putting More Time Back into Your Life and More Money in Your Pocket." The Infrastructure Company provides accounting & operational consulting services for clients all over the US.

Request a call today for a free consultation on our Assessment services or visit our website to learn more.









