



Optimising your financial reporting systems for long-term value

Example survey tool
CPA Australia Streamlining your financial processes conference
23rd & 24th July 2008

Author: Micheal Axelsen
Director
Applied Insight Pty Ltd

Contact: m: +61 0412 526 375
t: +61 73139 0325
e: micheal.axelsen@appliedinsight.com.au
w: www.appliedinsight.com.au
b: www.michealaxelsen.com

Disclaimer

This presentation has been prepared solely for the purpose of providing a presentation for CPA Australian audience members and represents general observations and statements only. Any business seeking to apply these principles in practice should obtain its own independent advice suitable to its own situation. The presentation and accompanying speaker notes should not be used for any other purpose without the prior written consent of Applied Insight Pty Ltd.

In accordance with normal professional practice, neither Applied Insight Pty Ltd or employee of Applied Insight Pty Ltd undertakes responsibility in any way whatsoever to any person in respect of this presentation.

No liability is accepted to any other party for any loss or damage that may be suffered by any person relying upon such information.

Table of Contents

Introduction.....	1
Purpose.....	1
Overview.....	1
Guide to Improving Reporting Efficiency.....	2
Compliance Frameworks.....	2
Business Growth Strategy.....	2
People.....	4
Process.....	5
Technology.....	7
Financial Capacity.....	8
Effectiveness of information systems and financial reporting.....	9
Summary of Results and Action Plan.....	11
Key initiatives.....	12

Introduction

Purpose

This document is a companion document for a presentation entitled ‘Optimising your financial reporting systems for long-term value’. This presentation was prepared for CPA Australia’s ‘Streamlining Finance Processes’ conference on 23rd and 24th July 2008.

The presentation and accompanying speaker notes are available for download at www.appliedinsight.com.au and www.michealaxelsen.com.

Overview

Effective business reporting is determined by several factors in business:

- Compliance frameworks
- Business Growth Strategy
- People
- Process
- Technology
- Financial Capacity

These factors directly determine the effectiveness of the financial reporting systems.

The relationship between these factors and your finance reporting system is outlined below. This approach is used in this diagnostic instrument to assess the position of the firm and to guide a strategic response to the need for effective business reporting.



To use this guide, answer each question outlined honestly and objectively. The responses will provide direction in determining the strategic responses your business should put in place to increase the effectiveness of your finance reporting system.

Guide to Improving Reporting Efficiency

For each factor below, indicate how strongly you agree with the statement as it applies to your Business and information systems.

Compliance Frameworks

Business

Our business knows its specific obligations for the management of information and reporting requirements.

Strongly Disagree Strongly Agree

1 2 3 4 5

Our industry is **not** subject to significant information management and reporting requirements.

Strongly Disagree Strongly Agree

1 2 3 4 5

The penalties for breaching the regulatory requirements relating to our reporting requirements are **not** significant.

Strongly Disagree Strongly Agree

1 2 3 4 5

Information systems

Our current information systems support information management and reporting requirements.

Strongly Disagree Strongly Agree

1 2 3 4 5

Addressing our information management and reporting requirements does not require a large number of manual work-arounds (spreadsheets, in-house databases, etc).

Strongly Disagree Strongly Agree

1 2 3 4 5

Business Growth Strategy

Business

The business strategy, setting out goals and actions, is set out in writing

Strongly Disagree Strongly Agree
1 2 3 4 5

The business will grow substantially in size and staff over the next three years

Strongly Disagree Strongly Agree
1 2 3 4 5

The products and/or services provided by the business will stay fairly static over the next three years

Strongly Disagree Strongly Agree
1 2 3 4 5

Our service and/or product delivery methods do not need to fundamentally change over the next three years.

Strongly Disagree Strongly Agree
1 2 3 4 5

The business environment will be fairly constant and unvarying over the next three years.

Strongly Disagree Strongly Agree
1 2 3 4 5

The client marketplace will be fairly constant and unvarying over the next three years.

Strongly Disagree Strongly Agree
1 2 3 4 5

Real-time reporting is **not** required to meet the challenges of business growth

Strongly Disagree Strongly Agree
1 2 3 4 5

Accurate reporting is **not** required to meet the challenges of business growth

Strongly Disagree Strongly Agree
1 2 3 4 5

Relevant reporting is **not** required to meet the challenges of business growth

Strongly Disagree

Strongly Agree

1

2

3

4

5

An executive information system showing information that supports management by exception, is **not** required to meet the challenges of business growth

Strongly Disagree

Strongly Agree

1

2

3

4

5

As a business, we are good at adapting to change and using quantifiable information to make decisions

Strongly Disagree

Strongly Agree

1

2

3

4

5

The business is **not** currently constrained by the quality, relevance, and timeliness of the reports produced

Strongly Disagree

Strongly Agree

1

2

3

4

5

Information System

The Information System is able to provide accurate information that is relevant to business decision-making in a timely manner

Strongly Disagree

Strongly Agree

1

2

3

4

5

People

Business

We are good at managing IT technical staff

Strongly Disagree

Strongly Agree

1

2

3

4

5

Our people are good at coping with change

Strongly Disagree

Strongly Agree

1

2

3

4

5

Our people will use the quantifiable information contained within the reports, rather than relying on 'gut feel' to make business decisions

Strongly Disagree

Strongly Agree

1

2

3

4

5

Information System

We have the skills available (either through direct employment or contractual relationships) to support the Information System

Strongly Disagree

Strongly Agree

1

2

3

4

5

People with the skills to support the Information System are easy to find and employ at a sustainable cost

Strongly Disagree

Strongly Agree

1

2

3

4

5

The relationship with the software vendor is potentially strong

Strongly Disagree

Strongly Agree

1

2

3

4

5

The extra information provided by the Information System will be sufficiently easy to access and interpret that staff will use the information provided to make operational decisions

Strongly Disagree

Strongly Agree

1

2

3

4

5

Process

Business

Our business reporting needs are well defined

Strongly Disagree
1 2 3 4 5
Strongly Agree

Our Business processes capture the information relevant to business decisions

Strongly Disagree
1 2 3 4 5
Strongly Agree

A defined risk-aware process for selecting software exists

Strongly Disagree
1 2 3 4 5
Strongly Agree

Our internal controls over information are strong

Strongly Disagree
1 2 3 4 5
Strongly Agree

End users do not develop and implement their own reports on an ad hoc basis

Strongly Disagree
1 2 3 4 5
Strongly Agree

Our governance and management of information technology is very effective and robust

Strongly Disagree
1 2 3 4 5
Strongly Agree

Information System

The Information System does not require our processes and the way we do things to substantially change.

Strongly Disagree
1 2 3 4 5
Strongly Agree

The Information System can be adapted to meet our business reporting needs without customisation

Strongly Disagree
1 2 3 4 5
Strongly Agree

The Information System accesses real-time data for real-time reporting

Strongly Disagree

Strongly Agree

1

2

3

4

5

Technology

Business

We have a high level of understanding of the technologies we currently have in place

Strongly Disagree

Strongly Agree

1

2

3

4

5

We do **not** have many different and disparate technologies at the moment

Strongly Disagree

Strongly Agree

1

2

3

4

5

The information we require for effective business reporting is **not** contained within many different databases or applications

Strongly Disagree

Strongly Agree

1

2

3

4

5

We do **not** have many different and disparate technologies at the moment

Strongly Disagree

Strongly Agree

1

2

3

4

5

Our business has extensive experience in the successful implementation of business technologies

Strongly Disagree

Strongly Agree

1

2

3

4

5

Information System

The Information System is compatible with the technologies we currently have in place

Strongly Disagree

Strongly Agree

1

2

3

4

5

The technology used is stable and mature

Strongly Disagree

Strongly Agree

1 2 3 4 5

The Information System has a research and development plan that is in line with our business and industry requirements

Strongly Disagree

Strongly Agree

1 2 3 4 5

The Information System is widely used by our peers and/or market leaders in relevant industries

Strongly Disagree

Strongly Agree

1 2 3 4 5

The vendor of the Information System is profitable and stable, with a clear market direction that is aligned with our business needs

Strongly Disagree

Strongly Agree

1 2 3 4 5

The Information System is aligned with our Common Technology Framework

Strongly Disagree

Strongly Agree

1 2 3 4 5

The Information System is web-enabled

Strongly Disagree

Strongly Agree

1 2 3 4 5

Financial Capacity

Business

Our business would be no more effective if our business reports were any more accurate, relevant, or timely

Strongly Disagree

Strongly Agree

1 2 3 4 5

Our business understands the real business value of the intangible benefits of information technology and having quality information

Strongly Disagree

1

2

3

4

5

Strongly Agree

Information System

Our business has allocated sufficient funds for the software, hardware, and the professional services required to achieve a real business change

Strongly Disagree

1

2

3

4

5

Strongly Agree

Our business has allocated sufficient funds for the ongoing maintenance of the software in place (maintenance support contracts, other hardware needs)

Strongly Disagree

1

2

3

4

5

Strongly Agree

Our business has allocated sufficient funds for any increase in staffing or supplier resources to ensure that the technology implementation is a success

Strongly Disagree

1

2

3

4

5

Strongly Agree

Effectiveness of information systems and financial reporting

Business

Our current information systems and databases have a high level of internal consistency and integrity

Strongly Disagree

1

2

3

4

5

Strongly Agree

Our current information systems and databases reflect 'one version of the truth'

Strongly Disagree

1

2

3

4

5

Strongly Agree

Our current information systems and databases use common definitions and common

database keys to enable linking of information across databases

Strongly Disagree

Strongly Agree

1

2

3

4

5

Our current information systems and databases contain information that is highly relevant to the manner in which we conduct our business

Strongly Disagree

Strongly Agree

1

2

3

4

5

Our current information systems and databases have a high level of accuracy

Strongly Disagree

Strongly Agree

1

2

3

4

5

Our current information systems and databases are complete – there is no missing information or information that has been wrongly coded

Strongly Disagree

Strongly Agree

1

2

3

4

5

Information System

The Information System is able to access all relevant data stores

Strongly Disagree

Strongly Agree

1

2

3

4

5

The Information System is able to manipulate and report upon information contained within multiple databases and present a unified view of our information

Strongly Disagree

Strongly Agree

1

2

3

4

5

Summary of Results and Action Plan

Overall, how do you rate the following factors? Lower responses, with higher business impact, should be considered as a high priority towards addressing the effectiveness of your financial reporting system.

Identified Issues	Impact	Response
Business Growth Strategy 1 2 3 4 5		
People 1 2 3 4 5		
Process 1 2 3 4 5		
Technology 1 2 3 4 5		
Financial Capacity 1 2 3 4 5		
Systems Content 1 2 3 4 5		

Key initiatives

Identified Key Initiatives to implement effective business reporting systems are:

Ref	Description	Deliver By
1		
2		
3		
4		
5		