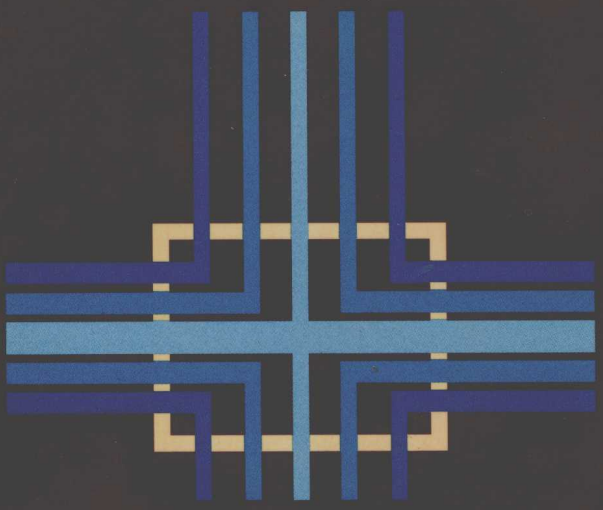
THE CONTROLLER'S FUNCTION

The Work of the Managerial Accountant



JANICE M. ROEHL-ANDERSON
STEVEN M. BRAGG

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JANICE M. ROEHL-ANDERSON
STEVEN M. BRAGG

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THE CONTROLLER'S FUNCTION

PREFACE

The controller's position has evolved from recording business transactions to assisting in an increasing range of functions that directly contribute to the success of an organization. In addition, the controller is being called upon to manage the various accounting functions more closely, to process tasks more rapidly, and to do so with fewer resources. Though many books tell the controller how to handle standard accounting transactions, very few provide advice about managing the multitude of functions now assigned to that position. This book provides the information necessary to meet the demands placed on controllers in the 1990s.

Within the more common accounting areas of the balance sheet and income statements, we provide management advice, rather than instruction regarding how to complete transactions. There are many excellent accounting texts that cover most transactions in detail; we cannot hope to address specific transaction-related issues in a book of this size. Instead, we cover advances in many fields that impact the controller's management of these traditional functions. For example, we list the steps needed to create an on-line, perpetual inventory system, which allows the controller to avoid or at least reduce the hassle of the year-end physical inventory. In addition, we provide an overview of how to cut down the length of the month-end (and year-end) closing procedure, thereby allowing management to be informed more quickly of the last period's results. Along similar lines, we discuss the impact on the controller of activity-based costing, manufacturing cells, electronic data interchange, and a host of other new topics.

Besides the traditional accounting areas that are summarized in the balance sheet and income statement, such as cash, liabilities, and equity, this book also provides an overview of the internal control and business planning functions. The internal control chapters describe typical fraud situations—how to spot fraud, and

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how to prevent it—as well as control objectives to use when designing a control system. The business planning portion of the book covers strategic planning, long-range financial planning, and annual budgeting.

The controller must also be knowledgeable in the field of computer science, particularly regarding those areas related to installing and maintaining accounting, data collection, and internal control systems. Consequently, we have included chapters about such topics as accounting system selection, disaster recovery planning, and electronic data interchange systems.

Finally, we include a brief overview of several peripheral topics for which the controllers of many smaller firms are responsible—the procurement of various kinds of insurance, tax record keeping, and corporate performance measurement systems.

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David Bassett, Consultant
BEST Consulting, Kirland, Washington
Chapter 21, Client/Server Computing

Sandra Borchardt, Senior Manager
Ernst & Young LLP, Boston Office
Chapter 22, Automated Financial Accounting Systems
Chapter 24, Software Package Integration

Melissa W. Bragg, Manager
Ernst & Young LLP, Denver Office
Chapter 27, Graphics in Business

Hans Hultgren, President
Integrated Systems Group, Inc., Denver
Chapter 26, Groupware

Sara Moulton, Manager
IBM, Denver Office
Chapter 29, Change Management

Jeffrey L. Sturrock, Account Executive
Texas Instruments. Dallas
Chapter 25, Electronic Data Interchange

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About the Authors

Janice M. Roehl-Anderson, MBA, is a Principal in Ernst & Young LLP's information Technology Consulting Group in Denver, with over 15 years of accounting and systems-related experience. She specializes in information systems security; financial and cost accounting system analysis, design, selection, and implementation; long-range information system planning; and information management reviews/audits. Prior to joining Ernst & Young, Ms. Roehl-Anderson was with the accounting division of US West. She has successfully completed the CPA exam.

Steven M. Bragg, CPA, CMA, CIA, CCP, CPM, CPIM, MBA, is the Director of Finance and Administration at isolation Technologies, where he is responsible for all accounting, finance, and computer systems. Prior to joining Isolation Technologies, he was a consulting manager with Ernst & Young and an auditor with Deloitte & Touche.

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