

The role of the controller essay

[Business](#), [Accounting](#)



It is apparent that the last couple decades have exposed the need within the financial industry for stronger control points as well as a standard level of accountability across the board for upper management when it comes to certifying the accuracy of financial information. The controller's role has migrated from one of just oversight to one that encompasses planning, control, reporting, accounting, and other primary responsibilities (Wilson & Collard, 1991). In addition to the desire for a greater skill set, the controller must assure that their subordinates adhere to ethical standards along with the many regulations enforced by the SEC. This paper will discuss the changes I would make as controller for the company I currently work for; "The Beverage company" along with the newfound role of the controller and its impact on internal control systems, investor relations, strategic planning, control of cash, customer credit and collections, and inventory control within The Beverage Company. Internal Control Systems As the controller at The Beverage Company I find it extremely important to implement control systems that satisfy the five main control objectives: authorization, reconciliation, recording, safeguarding, and valuation (Bragg, 2009, p. 0). Authorization will be achieved by setting approval limits on wire transfer amounts, therefore certain managers can only approve wires up to their limit.

This may require the approval from multiple managers in order to initiate a wire transfer out of the company's bank account. A monthly reconciliation is performed on general ledger and bank accounts to identify potential errors. This includes reconciliation of inventory, which requires matching what is in the general ledger with what is actually on hand. If any errors are discovered, they are

corrected name month and additional controls will be added to prevent those errors reoccurring. The Beverage company has three divisions, corporate, sales, and man Each division has a separate AP clerk. The current system allows duplicate payments to vendors on different divisions.

I would implement a process requires vendor payments to be restricted to one division. Another option working with the IT department to design a method of checks and balance identify duplicate payments between divisions. Another issue identified, changing invoice numbers to override to system for certain reasons. Alt sometimes necessary to accommodate certain situations. I would require to gain approval from the AP manager or a designated supervisor with ex whenever necessary to manipulate the system. When recording transacts transactions entered are audited/ reviewed by a second clerk using the Joy batches.

Points of review include backup information/support for the tram account numbers, invoice/transaction date; and a thorough description of transaction must be given before it is approved. Currently checks are PRI individual not authorized to enter into the Accounts payable system. A dad go should be kept that shows the sequence of checks printed, date printer initial of the individual authorized to print checks. This log should be revive monthly by the Accounting Manager. Currently, checks are kept in a lock and the key is kept by one of the authorized individuals. I would require t be maintained by the Accounting Manager.

This satisfies the safeguarding objective, by separating these duties from those who actually do the record and assigning these separate duties to

specific individuals. These proceed be reviewed and updated quarterly as necessary to satisfy 404 require Investor Relations One of a controller's main priorities when it comes to investor relations his audience. There are actually three broad groups that investor relation are predominantly directed towards: security analysts, stockbrokers, and institutional investors (Bragg, 2009, p. 139). In this case, I would seek to a the most analytical of the three which would be the security analyst. By f security analysts, you are able to appeal to a larger segment of investors, fine-tuning the instruments that are attractive to the other groups. In creating an interest among security analysts, it is important to struck eating that outlines the details of the company's strategic planning, new launches, and penetration of new markets. A presentation will be created the growth potential of current and new products, the company's organize structure and values, and current projects; most importantly, a comprehend summary of the company's financial health will be showcased within this presentation.

Strategic Planning It has been a while since the company has actually reevaluated its strategic plan; for that reason it is determined that the strategic plan needs to be revisited and revised. When taking into account the strengths and weaknesses of the company, the wide product line offered, and the desire to expand market share and growth, The Beverage Company needs to identify the product lines that are failing. If your mission statement is so broad that it encompasses everything, if your values statement praises all that is good, if your strategy says that you will be all things to all customers, then you need to learn to say No (Concern, 2013). The Beverage Company is providing too much of a broad line of products to target every

type of customer in the beverage industry. As a result, there are multiple beverage lines that are extremely unsuccessful and have been for a very long time that need to be discontinued. The biggest adjustment of this company's strategy needs to be based Off thorough environmental analysis focusing on external forces. Operating in an industry where the consumers are able to make more educated decisions with their purchases, paired with a growing health conscious crowd, The Beverage Company will need to adjust business operations accordingly. When beginning the strategic planning process, I recommend a good outside consultant.

A good consultant can encourage the CEO to listen more and talk less (Concern, 2013). An outside consultant will be needed to assist in the strategic planning process, this new addition will provide decision makers with a different outlook and initiate the changes that need to be made. There are current products such as carbonated soft drinks that do not take into consideration the shift in consumer purchasing and the company is suffering as a result. The carbonated soft drink industry is currently down by approximately 20%. The company strategy should be focusing on staying relevant tit who and what's driving the soft drink industry. Control of Cash Cash receipts are received through use of a lock system as well as area concentration banking. Occasionally, checks are mailed to the main office and an employee deposits them on a weekly basis.

Most of these payments are vendor rebates and can be for amounts in excess of \$1 MM. This is a cash nightmare! Large checks should be deposited

daily instead of weekly. I would encourage customers to pay by ACH transfer instead.

The individual that is in control of receiving and disbursing cash is also in charge of the records relating to cash. This pinpoints an internal control issue where a segregation of duties needs to be addressed. Another individual will be required to fulfill the requirements of record keeping to separate those functions from cash handling. Furthermore, the role of handling incoming cash will be separated from the role of cash disbursements.

Bank reconciliations should be handled by an employee whose role is separate from cash handling. Although bank reconciliations are done on a monthly basis, we will begin to enforce daily reconciliations by means of an electronic daily cash sheet. Due to high transaction volumes and use of multiple banks and bank accounts, a process will need to be developed to cross-check items to avoid missing transactions and missed days. The purpose will be to detect early signs of fraud as well as to expedite the month-end reconciliation process. Customer Credit and Collections The Beverage Company has a reputation to drive innovation and produce new product lines, therefore the need to tap into new markets will be extreme. As a result, loose credit policies would be ideal given the company will without its products; however, it will need to be limited to a select few in order to avoid the risk of loss of sales. Currently, The Beverage Company uses Dunn & evaluate new customers.

A company this size could benefit from the use model to extend credit to customers. The credit model should be designed specifically for the food and

beverage industry. The company also deals numerous mom and pop stores and key indicators could be used to Eden problems. As the need to issue a high credit line to certain customers air be reviewed on a case by case basis. Once credit is granted, customers will be notified via phone and mail detail the credit level and terms that have been granted to them.

A credit system will be employed in order to obtain immediate notification as to s financial changes with our customers. We want to make changes accords decrease the risk of unconvertible debt. An annual review of the company policy to include an evaluation of internal and external forces will be con policies will be changed accordingly. Customer credit limits will also be r an annual basis, which will be limited to the top 20%, while high risk clip reviewed on a more frequent basis. The Beverage Company currently does not have a dedicated collection apartment, the collection department is responsible for converting a lard of receivables into cash as soon as possible (Bragg, 2009, p. 541). One pee accounts receivable will then be assigned a full-time position as a collect position will be paid based on performance and will work under the cocoa receivable supervisor.

The purpose of this position will be to convert race more quickly and the compensation plan will be an incentive to work tow collecting as much and as quickly as possible. Another essential change in the collections process would be to offer c payments to our customers. The majority of our customers mail checks f payments which can take up to two weeks before payment is received an This in turn adversely affects our turnover ratio.

Not only will receipt of p expedited, but the offering of discounts by credit card payments offers a payment method to customers and may improve payment history of cuts are paying late. Inventory Control Inventory, when it comes to the manufacturing of beverages, is limited few things. These raw materials are packaging, bottling (glass, plastic, & and most importantly the main ingredient, sweetener.

Fructose is Burch Alicia and stored in a warehouse until it is needed and is distributed by truckload to the plants. At the end of the month, there is an extremely la of raw material sitting in the warehouse. In addition, the plants are also with finished goods that are close to expiring and must be sold in what w sales. One of the advantages of purchasing in larger quantities is a red price, however, it is resulting in high working capital investment in invent inventory turnover ratio. The purchasing of high volume and over production is proving to be less advantageous to the company. It is a priority that the use off much more efficient method is put into practice such as the KIT manufacturing system in order to resolve this issue.

Companies that implement the Just-in-time inventory model may be able to reduce the number of warehouses they maintain, or even allow them to eliminate those warehouses altogether (Conrad). This system will target each aspect of obtaining better control over inventory which will be purchasing, delivery, and manufacturing. Purchasing We currently purchase from multiple types of suppliers when it comes to fructose; Hereford, the list of suppliers will be narrowed down to a select few that specialize in smaller more frequent purchases. Regional suppliers that are close to manufacturing

plants will be sought in order to eliminate use of independent warehouses altogether. A long-term contract will be negotiated with these suppliers with the agreement that they lower the cost of their materials. Delivery A production schedule will be created based on the delivery schedule of suppliers. Due to the diverse beverage line and different supply needs, products using Steven will be produced when Steven is delivered and will switch to production of goods using fructose when fructose is delivered and so forth.

This allows complete utilization of raw materials and eliminates the need of space to store them. It also reduces the need to account for inventory in transit and monthly inventory revaluation. Manufacturing More attention can now be given to the flow of production process and reduction of damaged goods. As goods are produced as needed, we can focus on cost generators through other uses of facility space that is no longer needed. In turn, the risk of holding onto obsolete inventory is now minimized. Through the KIT system, we are able to target these three main areas that have hindered the company's ability to control inventory. Initial benefits will be recognized by minimizing working capital investment in inventory.

What would have been inventory in stock can now be used to pay back outstanding debt which will help lower carrying costs. Increased turnover ratio will hopefully eliminate use of fire sales and loss of profits through obsolete inventory. Those lower costs can make the company's products more affordable, and help the company gain a larger market share and stay ahead of its competitors (Conrad). The expanded role of the controller within

organizations has forced the individuals in these positions to become more versatile and multi-faceted. As controller my focus would be to possess strong interpersonal, management, and financial skills to lead the company in the direction of growth and profitability.

The controller's scope spans across multiple departments beyond just accounting when it comes to what we do and who our work affects. It is only anticipated that a controller's role will continue to evolve into a more complex, highly sought after position requiring a very unique set of skills.