

Riordan manufacturing accounting and finance review



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Riordan Manufacturing Accounting and Finance Review The Finance and Accounting departments within the three operating entities of Riordan Manufacturing are vastly different. Each is managed independently, not only of each other but of the corporation sector as well. The Georgia, Michigan and California branches operate different business systems for their ledgers, accounts, orders, procurement, sales history, invoicing, payroll and all financial reporting. The process to get this information is unique from branch to branch and time consuming for corporate when it comes to consolidation. None of the systems used are integrated, which causes many hardships for the departments and the company in terms of untimely reporting and monthly labor.

The three entities need to be running systems which are all integrated. By modifying the systems used, and creating a seamless, or close to seamless process for managing the financial aspects of each branch the corporation will save time and money in the end with less labor costs, easier auditing and faster access to the data needed to manage their accounts and finances appropriately. A careful review of each department's Finance and Accounting systems has shown that two out of three are using either a product that is unsupported or a product which they have no source code access. The California or San Jose Branch has a license for a fully integrated ERP financial management system, however, they license does not include application source code.

This is important because the branch is unable to modify the system to meet their specific needs. In Michigan the software used came from a vendor which is no longer in business. This means the company can not rely on any

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resources for support from the vendor which the software originated.

Without the option of having vendor support, the company is financially responsible to hire internal or external system support.

This branch does own the source code; however, having a support resource is very important. Neither system is able to interface with the other. The Georgia branch uses a product which not only offers vendor support but they also have a license for the source code. The product uses a UNIX based operating system and runs on Window's workstations.

Georgia's current system includes all the requirements for all branches, with few exceptions. If upgraded to the product supplied by Georgia's vendor, San Jose's branch will no longer have the EDI, Bar Code Reading or EDSS (Executive Decision Support System) within the system. Accommodations for the loss of these features will need to be made which is considered an acceptable loss when compared to the benefits of using the global accounting software. When Riordan's Financial and Accounting systems have been upgraded in both San Jose and Michigan, the business processes that are currently in place will change. The manual transfer of data will no longer be necessary and there will be less need to send hard copies of data to the corporate office.

The audit process can be handled through the corporate office, and all the information will be available in a single application. The corporate office will be able to run reports and receive results including all three regions, without spending the labor to compile the data. The corporate offices will also be able to maintain government regulations compliance issues without the

manual process involved with sending the information back and forth to the individuals regions. A system with a consistent and timely data flow will allow for end of month reports to be available to the corporate office within the maximum of 10 days post the end of the month.

The risk or loss of features will be outweighed by the financial benefits of creating a fully integrated system between all branches. The company's financial records and ability to maintain each system will be dramatically improved after the software modifications. Each entity will be provided with support from the vendor and the company will have license for the source code of the product. Overall, the upgrades will vastly improve the business systems in place as well as the processes these departments go through for their financial record keeping. References Apollo Group (2006). Riordan Finance and Accounting.

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