

5 FAULTS OF INEFFECTIVE FINANCE & ACCOUNTING TEAMS

While this list is by no means all-inclusive, these 5 faults are the most common problems that we see. Overall, many of the problems that organizations encounter can be prevented with the right expertise and a proper distribution of resources. Not every finance and accounting team is going to have all the answers, but knowing when to get help is always a good first step.

1. Hiring People without the Appropriate Level of Accounting Knowledge

Most organizations can handle basic transactions, but a smaller team is more likely to lack the in-house expertise to handle complicated accounting techniques. Major areas in knowledge and technical know-how gap include revenue recognition, equity accounting and stock-based compensation for for-profit companies.

2. Poorly Implemented Accounting Systems

The main reason for poorly structured or poorly implemented accounting systems is an inexperienced internal financial management team. The team could have not done it before and the organization can suffer for the lack of experience.

3. Not Fully Utilizing an Accounting System

Lack of training is often related to the poor utilization of an accounting system. The usual tipoff of poor utilization is that the staff relies heavily on Excel spreadsheets rather than the system for reporting.

4. Not Training Your Accounting Staff

Business regulations and more complicated systems are always appearing, which means accounting employees need a higher level of training just to stay up-to-date. The companies that aren't investing in training for their accounting and finance team are hurting their employees and the company itself.

5. Not Creating Proper Internal Controls

Adequate internal controls require duty segregation, procedure documentation, and account analysis and financial reports. These duties must be segregated, even if that means having someone outside the accounting department performing them.

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