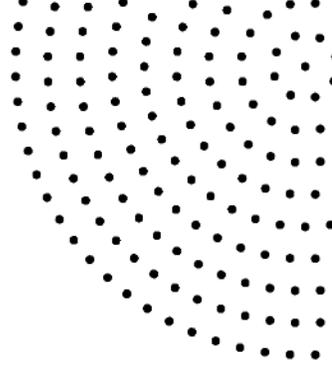


# Practice Management:

## Management accounts and performance management

JULY 2022

PRESENTED BY  
ANNALIEN CARSTENS



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# ABOUT THE PRESENTER

**Annalien Carstens**  
**MCom, CA(SA), Registered Auditor, Chartered Tax Adviser**

Annalien is the Managing Director of Altimax. As a company, Altimax focuses on solutions impacting people. Annalien's solution specialisms include IFRS, IFRS for SMEs, IPSAS, GRAP, ISAs and ISQM 1. For the past 18 years, she has been the lead director for the implementation of several turn-around; audit quality; audit improvement; adoption of new reporting and auditing frameworks and standards; and training projects. In doing so she served listed entities, large non-listed entities, national and provincial departments, constitutional entities, legislatures, public entities, municipalities, audit firms and professional bodies.



# CPD CERTIFICATE



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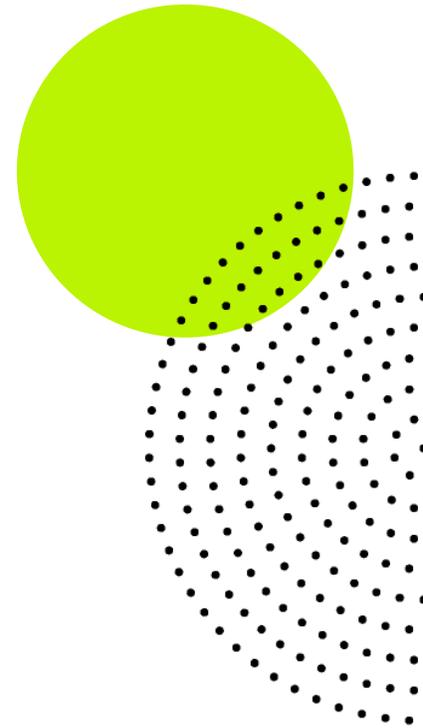
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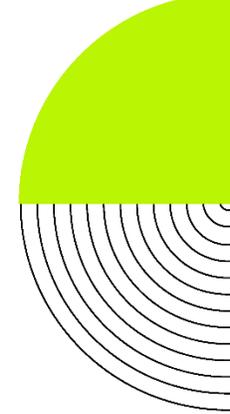
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# QUESTIONS & ANSWERS

Email questions to:

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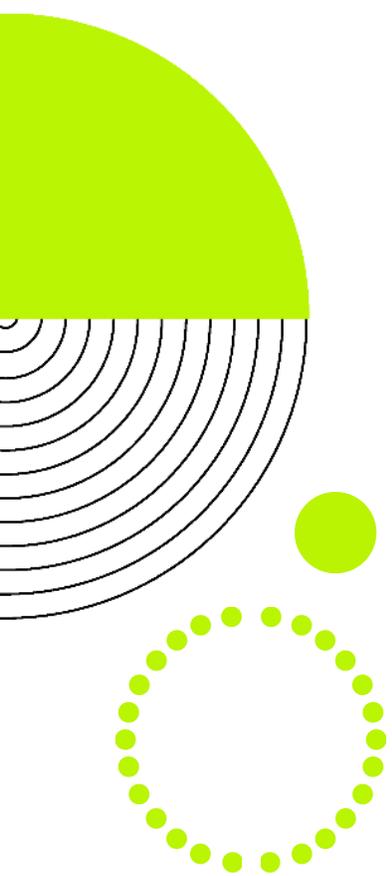


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# Special notes

Some quotes and clips have been taken from the internet to demonstrate a concept

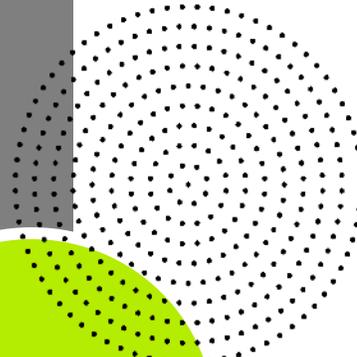


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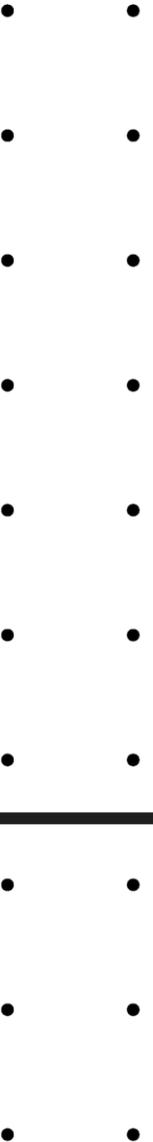


# CPD INDEX

1. General overview
2. Level 1 – Firm level
3. Level 2 – Engagement level
4. Level 3 – Individual level



# 1. General overview



# 1. General overview

- What is important when managing a firm?
  - Quality
  - Profitability
  - Compliance with laws, regulations and standards
- This should be managed:
  - At firm level
  - At engagement level
  - At individual level



# 1. General overview

- Focus of this seminar:
  - Profitability
  - Other key financial ratios
- Scope out:
  - Quality
  - Compliance with laws, regulations, standards



# 1. General overview

- This seminar will be divided into 3 main parts:
  - Part 1 – Firm
  - Part 2 – Engagement
  - Part 3 - Individual

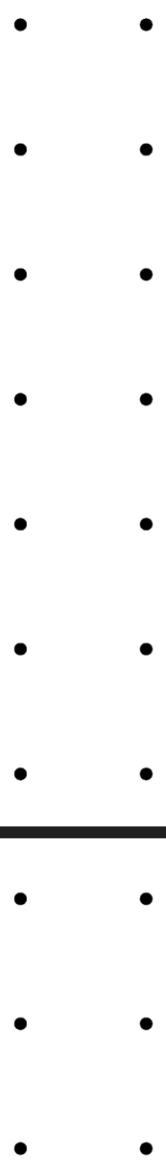


# 1. General overview

- We are going to focus on 6 areas in each part:
  - Area 1 - Key indicators of success
  - Area 2 - Information to be maintained
  - Area 3 – Actions to get the required information together
  - Area 4 - Analysis of information
  - Area 5 - Related decision-making
  - Area 6 - Critical actions
  - Top 10 actions to take away!



# 3. Part 2: Engagement



# 3. Part 2: Engagement

- Introduction:
  - Look at each engagement's performance
  - Holistic view against budgets



# 3. Part 2: Engagement

- **Area 1 - Key indicators of success**
  - Profitability of project
  - Budget versus actual
    - Material
    - Labour – MOST IMPORTANT!!!
    - Overheads



# 3. Part 2: Engagement

- **Area 2 – Information to be maintained**

- Every engagement must have a formally agreed quotation
  - Every quotation must have a cost and profit calculation
- Every engagement must have a formally agreed budget
  - Budget must be aligned to the required work – not to the quotation
- Standard costing for certain inputs especially labour
- Timesheet system
- Other cost records



# 3. Part 2: Engagement

- **Area 3 – Actions to get the required information together**

- Agree formal quotes
- Do a proper costing and profitability calculation for all quotations
- Price professionally
- If a price is lowered, ensure return on investment will be achieved later on



# 3. Part 2: Engagement

- **Area 3 – Actions to get the required information together**
  - Prepare a detailed budget for every engagement
    - Per time period
    - Per activity / task
    - Per resource
  - Keep timesheets on a daily basis
  - Record keeping for other costs with monthly allocations

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# 3. Part 2: Engagement

- **Area 4 – Analysis of information**

- Analyse at minimum monthly but preferably weekly for larger projects

- Sales variances

- Frequent billing (versus work in progress)

- Volume variance (versus hours worked)

- Rate variance



# 3. Part 2: Engagement

- **Area 4 – Analysis of information**

- Analyse at minimum monthly but preferably weekly for larger projects

- Labour variances

- % of hours used versus % of work completed
- Volume variance (hours worked versus hours budgeted)
- Rate variance
- Mix variance
- Effectiveness and efficiency variances



# 3. Part 2: Engagement

- **Area 4 – Analysis of information**

- Analyse at minimum monthly but preferably weekly for larger projects
  - Other cost variances
    - Printing, travel, telephone costs
    - Hours for hidden activities like client calls, meetings, re-submission of information by clients etc.





# 3. Part 2: Engagement

- **Area 6 – Critical actions**

- Run your firm like a business
- Have professional systems
- Have rigid processes
- Have all your information 100% up to date at all times
- Have all your financial and non-financial reporting 100% up to date at all times
- Demand robust response at individual, engagement and firm level
- Monitor frequently
- Remediate immediately



# 3. Part 2: Engagement

- **Top 10 actions to take away!!**
  - You know your firm best...so you know which of these you are already doing, which ones not, and which ones require more intense action



# 3. Part 2: Engagement

- **My top 10 based on a generic professional practices firm!!**
  1. Have a budget for every project
  2. Price in line with real costs
  3. Project management is CRITICAL
  4. Keep daily timesheets
  5. Bill frequently but at a minimum monthly
  6. Allocate labour costs frequently
  7. Analyse labour variances frequently and correct immediately
  8. Watch out for hidden costs
  9. Review and supervise
  10. Communicate with team and client



### 3. Part 2: Engagement



*Operations keeps the lights on,  
strategy provides a light at the end of  
the tunnel, but project management is  
the train engine that moves the  
organization forward.*

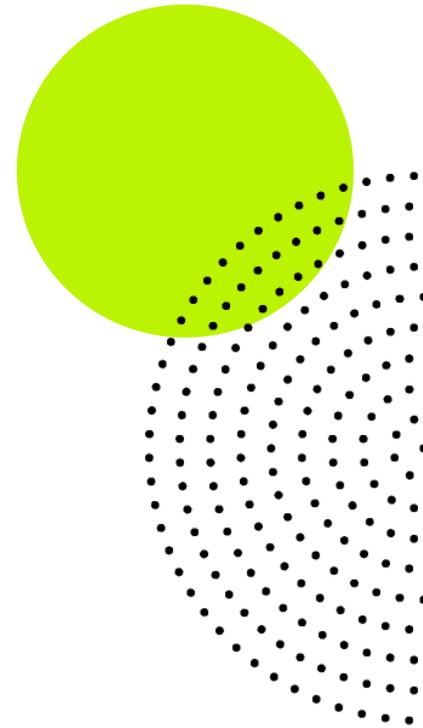
**- Joy Gumz**

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# QUESTIONS & ANSWERS

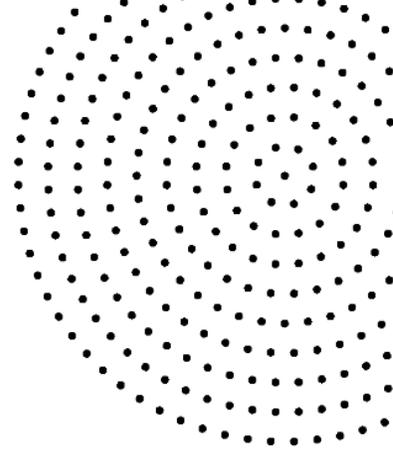
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# THANK YOU

For joining us for the event.  
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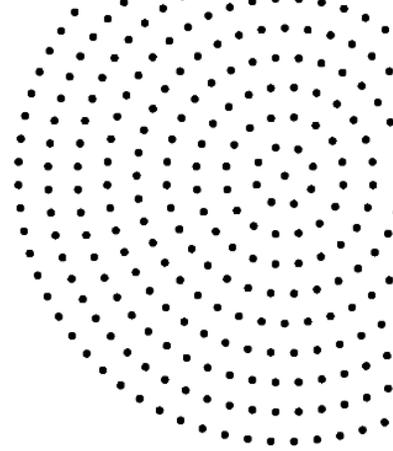
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