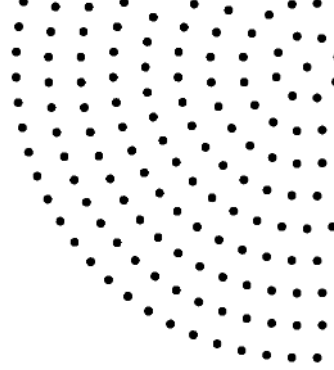


# Practice Management:

## 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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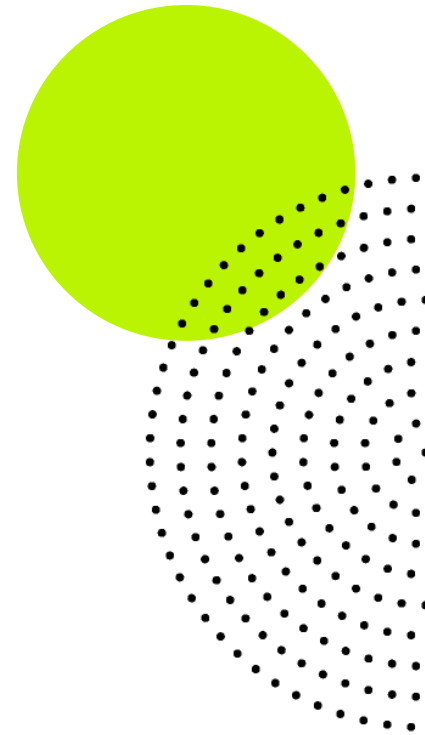
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# QUESTIONS & ANSWERS

Email questions to:

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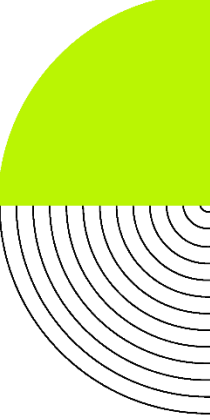


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# Special notes

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



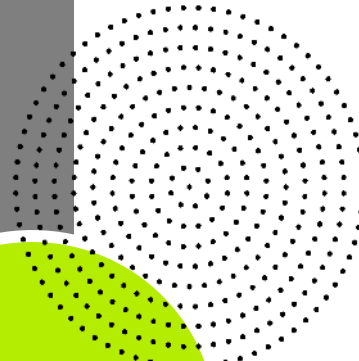
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# CPD INDEX

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

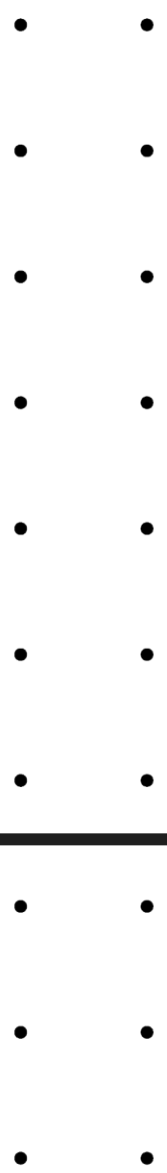


# 1. General overview

- 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!



# 4. Part 3: Individual



# 4. Part 3: Individual

- Introduction:
  - Look at each individual's performance
  - Holistic view against KPIs
  - Reward stars
  - Develop potential
  - Performance manage non-alignment





# 4. Part 4: Individual

- **Area 1 - Key indicators of success**

- Profitability of an individual
- Normal curve of success against pre-identified and – agreed key performance indicators (KPIs)



# 4. Part 3: Individual

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

- Every individual should have a job description
- Every individual should have a performance contract
  - Clear KPIs
  - SMART
- Information about performance should be gathered monthly on a per engagement basis



# 4. Part 1: Individual

- **Area 3 – Actions to get the required information together**
  - Ongoing systems of information gathering
    - Manual / automated for financial information
    - Self assessments
    - Peer reviews
    - Bottom-up reviews
    - Top-down reviews

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# 4. Part 3: Individual

- **Area 4 – Analysis of information**

- Make sure every team members understands the big picture
  - Firm – engagement - individual
- Analyse at minimum quarterly but preferably monthly and per engagement
- Informal and formal feedback sessions



# 4. Part 3: Individual

- **Area 5 – Related decision making**
  - System of continuous improvement



# 4. Part 3: Individual

- **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



# 4. Part 3: Individual

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



## 4. Part 3: Individual

- **My top 10 based on a generic professional practices firm!!**
  1. Each employee should understand the form goals, measurements and figures
  2. Each employee should have a performance contract with SMART KPIs
  3. Have a system of continuous improvement on KPIs
  4. Gather individual performance information per engagement
  5. Analyse frequent
  6. Have ongoing discussions
  7. Reward exception performance
  8. Develop potential
  9. Performance management non-alignment



## 4. Part 3: Individual



northpass

The real competitive advantage in any business is one word only, which is “people”.

”

**KAMIL TOUME**

*Writer & Thought Leader*

# 5. Summary



# 5. Summary

- The success of a practice is managed at 3 levels:
  - Firm
  - Engagement
  - Individual
- Financial and non-financial targets / budgets should be set in advance
- Robust processes are not negotiable
- Robust project management is not negotiable
- Financial and non-financial information should be gathered and maintained on an ongoing basis at least monthly
  - Timesheets
  - Project budgets versus actuals
  - Full management accounts

# 5. Summary

- Variances should be analysed at least monthly
- Remediation should be implemented immediately
- Communication is vital

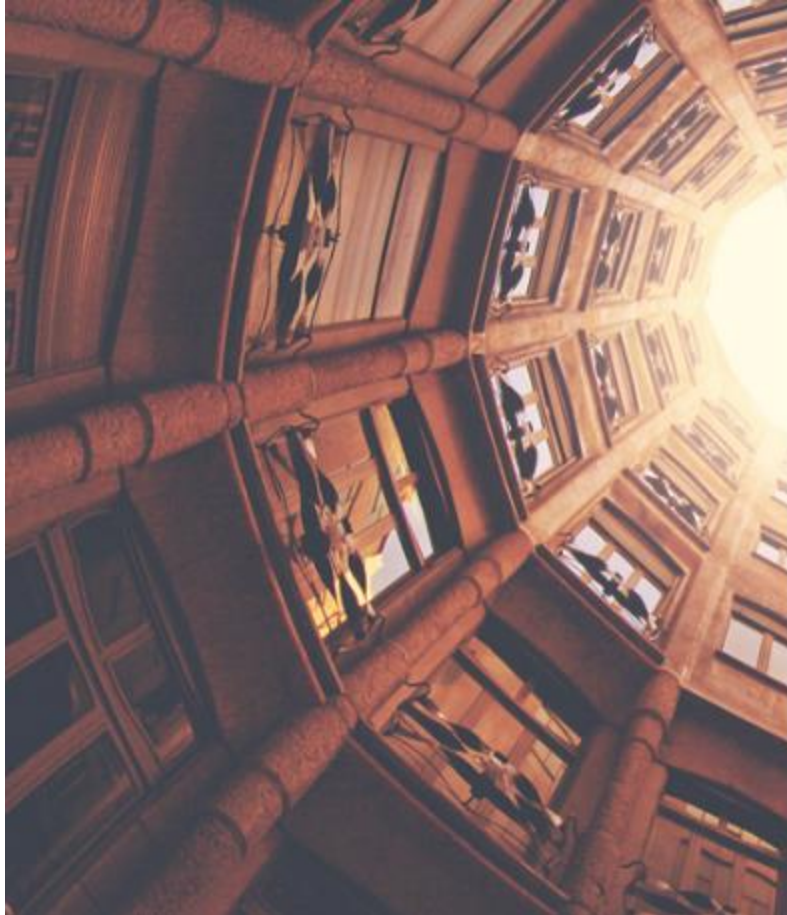
## **MORAL OF THE STORY**

**A SUCCESSFUL PRACTICE IS MANAGED PROFESSIONALLY**

**BE AS PROFESSIONAL AS YOU WISH YOUR CLIENTS ARE OR SEE YOUR CLIENTS**

**ARE**

# 5. Summary



northpass

An organization's ability to learn, and translate that learning into action rapidly, is the ultimate competitive advantage.

”

**JACK WELCH**

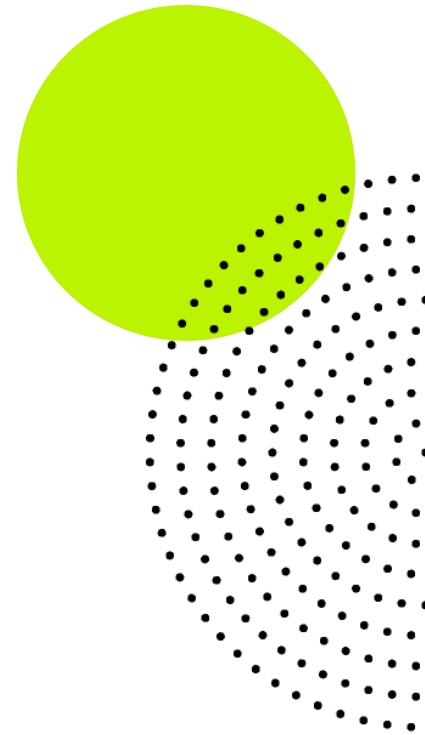
*Former CEO of General Electric*

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# QUESTIONS & ANSWERS

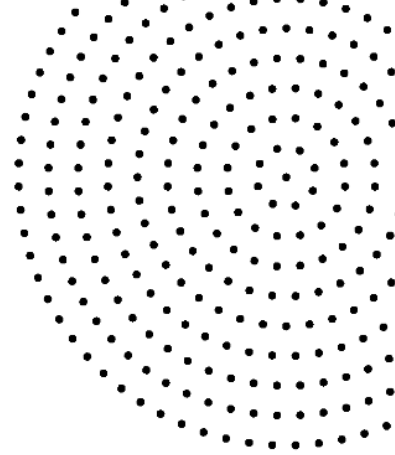
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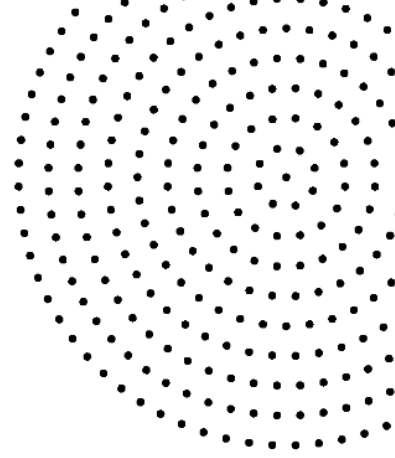
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