

# Four Lean Accounting Tools Supporting Sarbanes Oxley

**Office Kaizen**

**Process Flow  
Charts**

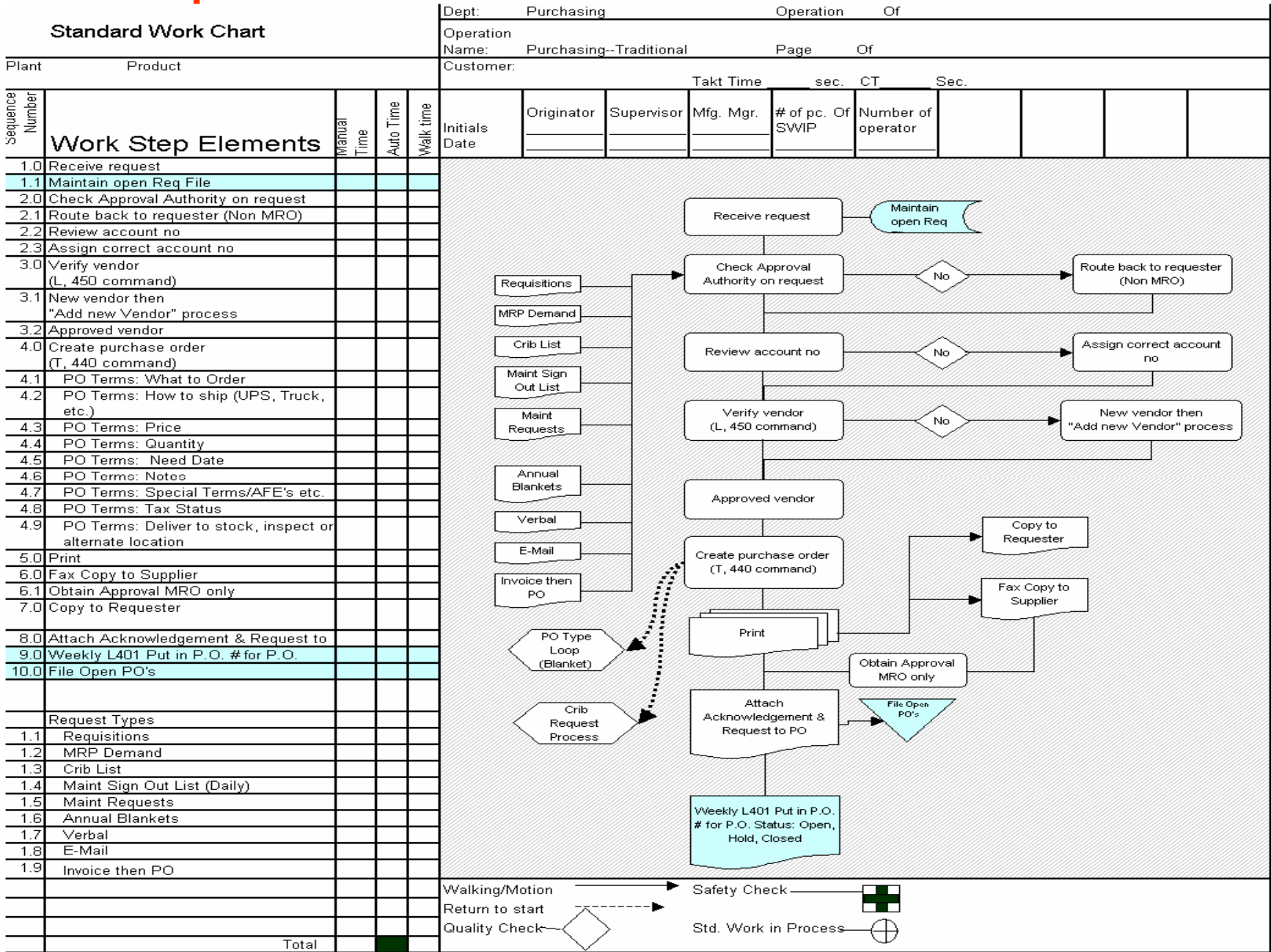
**Visual  
Documentation**

**Kaizen  
“Newspaper”**

# Example of Lean Office Kaizen Standardized Work

	Primary Activity	Accounting Controls (if required)	Required Detail / Tools
	Charter		Define Problem, Goal and Scope
	Progress Report		What are the measures?
			Champion, Lean member, Steering Committee
	Pick Team (include 1 outside)		Champion, Lean member, Steering Committee
Day 1	Complete Process Map		Plaster wall to visually see process
			Flow Chart, Spaghetti Diagram
			Include Forms used in process
			Time studies for each step
	Analyze Data		Pareto, Histogram
			Sanity Check - does it agree with Charter
	Review Charter, Data Progress Report and Process Map with team		Leader
	Identify VA/NVA steps in Process Map	SOX - List Control Risks	
	Generate Office Improvement Idea	Lean out Risks.	Brainstorm, Parking Lot
Prioritize Ideas	Are controls in place?	Low Hanging Fruit	
Create ITC List	Implement controls.	ITC Worksheet	
Day 2	Eliminate non-Value Activities		Discuss with and inform customer
	Reassign Value added activities		If Appropriate
	Kaizen Value added activities		Improve Value added processes
	Develop Standard Work		For each operation
	Put Measures in place		Measurement Chart
	Create Training Plan for Standard Work		For all effect employees
	Audit STD Work and Measures		Leader for 1 week than hand-off to champion
Day 3			
	Prepare for Final Presentation		OFFICIAL QUARTERLY EVENT ONLY
			1 Week ITC's Follow-up
			ITC's Follow-up
			Utilized Space Before
			Spaghetti Diagram (travel distance)
			Pictures / Drawings Before / After
			Lessons Learned
	Final Presentation Format		Team Introduction
			Charter
			Progress Report
			SWS
			Before and After Examples
			ITC's Follow-up (15 Day)
			Lessons Learned
Final Presentation			
Leader / Kaizen Evaluation			
Luncheon		OFFICIAL QUARTERLY EVENT ONLY	

# Example of a Lean Process Flow Chart





# Example of COSO Risk Matrix

COSO Risks		Lean	COSO	COSO Ref	IAD Ref	Control Activities
1	Out of Date or incomplete price information  --pay appropriate Price	.AP # of defects-price  .Standard Work--Review Price	O	page 80	page 23	Monthly PO audit>\$1,000 (PM) >\$10,000 (Acctg)  Spending controls AP reviews price lists & PO price match User Access Control Network Procurement Phases 1 and 2
2	Purchase orders may be lost --record authorized PO's completely and accurately	.AP # of defects .Standard Work--complete PO; inform required; filing	OF	page 82	page 24	AP & Receiving compare against PO file
3	Inadequate policies and procedures to prevent unauthorized use.	.Yearly review of User Access  . IT Standard Work	OF	page 82	page 24	Yearly review of user access  Access Limited to authorized personnel P Card issuance is approved by Dept. Manager/controller P Card use is controlled by corporate policy.
4	Inadequate vendor screening, including periodic re-qualification of existing vendors --identify and purchase from vendors capable of meeting the entity's needs	.Standard Work  .OTD and Quality for vendor  .Certified suppliers can become uncertified (Quality, Engineering and Mtl Mgr)	O	page 78	page 21	Network Procurement Phase 1 & 2  Supplier performance report reviewed quarterly  New inventory suppliers complete self-evaluation form  Majority of production suppliers are 3rd party certified.
5	Unavailable or inaccurate info on inventory levels or production needs --order appropriate quantity at appropriate time	Financial or Operational Control (COSO)?  .MRP Report; kanban; DSI; Std Work	O	page 81	page 23	DSI  Kanbans  OTD for supplier  MRP Report
6	Purchase orders are not entered into the system on a timely basis	.Visual system of unprocessed requisitions  .Standard work	O	page 81	page 24	PO Requisitions in Queue--visual perf measures standard work
7	Unavailable or inaccurate info on items ordered but not received.	Past Due Report	O	page 81	page 24	Past due report reviewed weekly for production items  Daily task includes maintaining open PO's

# Example of Kaizen Newspaper

IDEA TRACKING CHART		Completion Level			
PROJECT: PROCUREMENT (PURCHASING, RECEIVING, A/P)  GAP ANALYSIS IN BLUE		Idea -	○		
		In-Process -	∅		
		Complete -	●		
		Dropped -	☒		
#	Task Description	Person Responsible	Status	Due Date	Comments
13	Integrate SOX into workbook.	Garbinski	∅	11/30/04	
14	Make list of departments and details for purchasing	Martinez	●		Completed on 10/27
15	Create batch cover sheet.	Black	●		Completed on 9/17
16	Training	Black	●		Completed on 9/23
17	Change process for changing a remit-to address to include control	Black / Cassada	●		Completed by 9/30
18	Change default expense account number from P.O. Receipt to 28V240	Martinez	●		Completed on 10/18
19	Start receiving electronic version of invoice from Butler Bros.	Kelley / Cassada	●		Completed by 10/31
20	Start receiving electronic version of invoice from Maine Lube	Kelley / Cassada	☒		
21	Track reasons for invoice retrieval	Black	☒		
22	Collect data on \$ of Autovoucher vs \$ total	Black	●		Completed during kaizen (9/15 & 9/16)
23	File invoices by batch instead of by vendor	Black	●		Completed during kaizen (9/15 & 9/16)
24	More ERS suppliers - measurement	Black	●		Completed during kaizen (9/15 & 9/16)
25	Print debits from July and August and review reasons why	Black	●		Completed during kaizen (9/15 & 9/16)
26	Quit writing voucher and check date on invoices	Black	●		Completed during kaizen (9/15 & 9/16)
27	Run tape of invoices, match to batch total of Manman / corporate	Black	●		Completed during kaizen (9/15 & 9/16)
28	Look into eliminating manual vouchering	Black / Kelley / Cassada	●		Completed during kaizen (9/15 & 9/16)