

A close-up photograph of a person's hands in a dark business suit writing on a document with a silver pen. The person is seated at a table with other documents and a glass of water. The background is blurred, showing other people in a meeting. A red vertical bar is on the left side of the image.

# **RISK & ADVISORY SERVICES**

## **BUSINESS PROCESS RULE BOOK**

## BUSINESS PROCESS RULE BOOK-KEY OBJECTIVES

### BUSINESS PROCESS RULE BOOK

"BDO's Business Process Rule Book defines the rules for your business processes and standardised way of working and processing. It takes the form of Standard Operating Procedures (SOPs) and the key objective is to promote quality and standardised way of working through consistent application of a standard business process rules. Business Process Rule Book helps organisations become system driven rather than driven by people and their individualistic behaviour."



#### KEY UNDERLYING OBJECTIVES

- ▶ Define the standardised way of working and processing
- ▶ Define the roles and responsibilities of the individuals involved in performing business processes and communicate it effectively to achieve desired performance results
- ▶ Define the ownership of business processes and sub-processes
- ▶ Define the commitments in the form of output and results for each particular process / sub-process
- ▶ Define the purpose of each process / sub-process
- ▶ Promote quality, standardisation and eliminate un-desirable exceptions
- ▶ Inculcate Risk Management and Governance Culture at the level of sub-processes / activities
- ▶ Benchmark the processes with good governance practices
- ▶ Promote the traceability, ability of systematic audit and evidence of tasks, processes and results
- ▶ Set Key Performance Indicators (KPIs) for measuring effectiveness of processes and people
- ▶ Serves as an effective design and definition of Internal Control Framework and System
- ▶ Alignment to key business philosophies



## CONTENT OF STANDARDISED OPERATING PROCEDURES

### A COMPREHENSIVE, DETAILED AND TRANSPARENT BUSINESS PROCESSES RULE BOOK CONTAINS FOLLOWING COMPONENTS

- ▶ **Objective of SOP:** Outlines the key objectives of SOPs in order to align with overall goal of the organisation.
- ▶ **Risk Control Matrix (RCM):** Outlines the library of all risks prevailing at the level of sub-processes / activities and related controls mitigating those risks.
- ▶ **Organisation Structure:** It provides organisation Structure of the particular department / process.
- ▶ **Roles and Responsibilities:** It defines role of individuals performing particular processes and their job responsibilities. The Role is defined in terms of whether an individual is responsible, accountable, consulted / informed (RACI) matrix.
- ▶ **Segregation of Duties Framework:** Such that a combination of roles entrusted to an individual does not lead functional conflict of roles. For example Credit Control Function reporting to Sales Function may lead to a SOD conflict since the goal of achieving Sales target may conflict with the role of setting and monitoring Credit Control limits.
- ▶ **Process Flow Chart:** The flow chart is a means of visually presenting the flow of data through an information processing systems, the operations performed within the system and the sequence in which they are performed.
- ▶ **Process Narratives:** The narratives represent the documentation of process understanding, related controls and key roles and responsibilities within the process and sequence in which they are performed.
- ▶ **Mapping of Accounting Impact / Entries:** This maps the accounting impact at the level of each activities and the accounting entry for each transaction involved. Accounting impact involves accounting head, nature of transaction, accounts debit, accounts credit, maker, approver, list of documents required for accounting, checks and controls exercised etc.
- ▶ **Authority Matrix:** Levelwise and transaction typewise approval limits / spending limits / authorised signatories and limits.
- ▶ **Forms and Templates:** Standardised Forms and Templates involved in Business Process and information flow.
- ▶ **Key Performance Indicators:** Rolewise and Processwise Key Performance Indicators set for measuring performance of business processes.

## BDO CASE STUDIES – DESIGNING AND DEVELOPMENT OF BUSINESS RULE BOOK

### CASE STUDY 1:

**BACKGROUND OF CLIENT:** The client is world's fifth largest international oil and gas company with annual sales of €131,327 million in 2009. It is engaged in all aspects of the petroleum industry, including Upstream operations and Downstream operations.

**KEY OBJECTIVES:** Key expectation of the client was to develop and deliver user friendly standard operating procedures for procurement to payment cycle for its all business models as a pilot assignment in India. The overall objective was to prepare easily approachable, accessible, comprehensible and manageable.

**VALUE DELIVERED BY BDO INDIA:** BDO developed web enabled and linked standard operating procedures for procurement to payment cycle in order to meet the expectations of the client. Final deliverables were validated by Asia Pacific management. Based on the outcome we have been mandated to develop the Web enabled and linked SOPs for their Asia Pacific Operations which include:

- ▶ Process Flow Charts ▶ Process Descriptions ▶ SAP User Guides

BDO India established web linkages to business rules and policies applicable to all the entities of Asia Pacific and key controls with above web pages. This will enable the client to showcase standardised operating procedures and way of working across Asia Pacific.

### CASE STUDY 2:

**BACKGROUND OF CLIENT:** India's leading professional services firm with multiplications and offices across India. In a short time, the Firm has gained national and international acclaim for the successful professional services and client value delivery.

**KEY OBJECTIVES:** Develop Financial Information Reports to be periodically presented to Management and Director Group (Business Heads) for Financial Decision Making related to Engagement completion, time utilisation, billing, collections, Work in Progress Management. This will enhance the financial management efficiency. The Project also include developing Finance Organisation structure and roles and responsibilities and MIS processes.

### VALUE DELIVERED BY BDO INDIA:

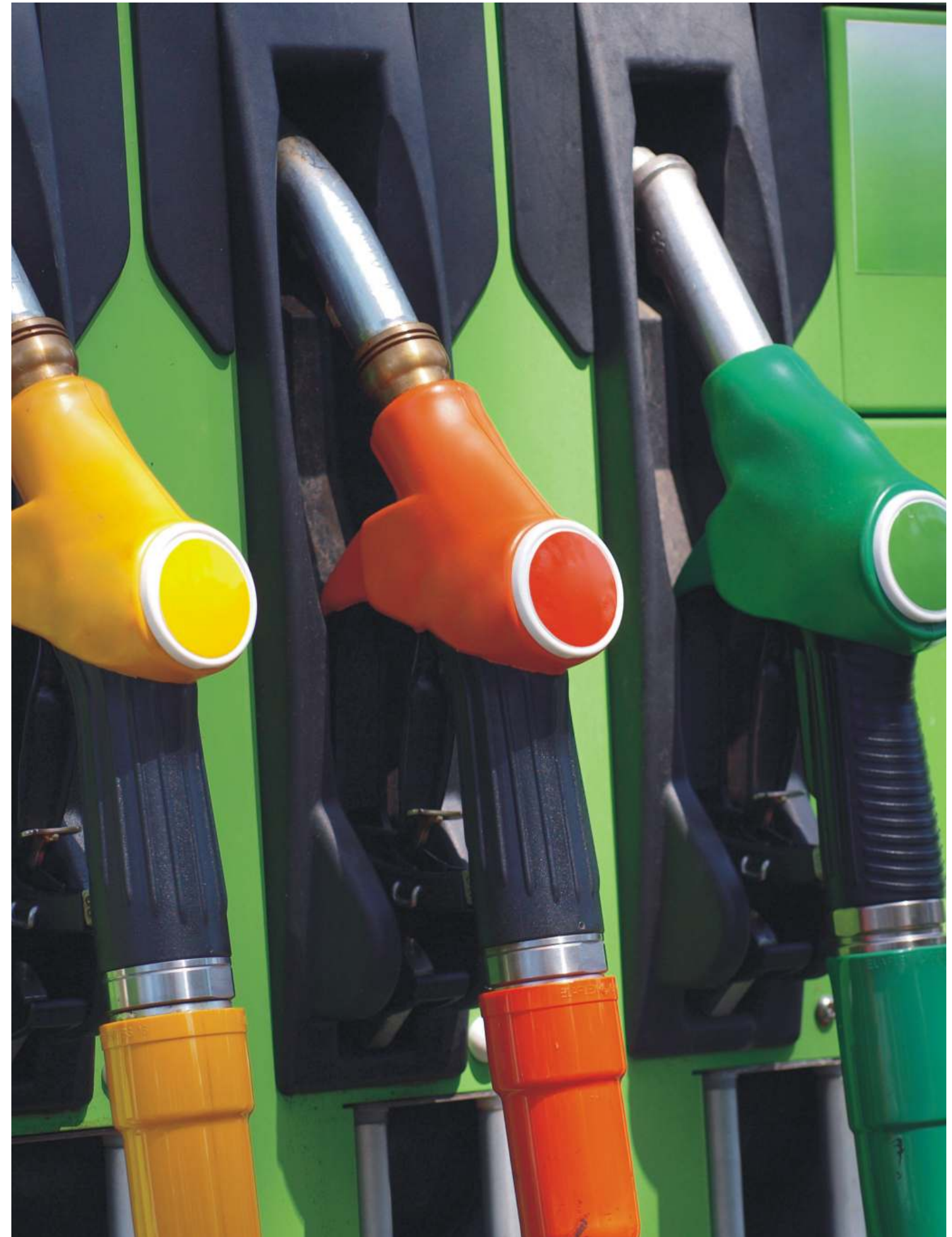
- ▶ Developed a detailed Requirement Definition and Impact Assessment.
- ▶ Designed Management Information Reports for Profitability, Work in Progress, Accounts Receivable (Billing and Collections), Time Utilisation and Accounts Payable.
- ▶ Developed Key Performance Indicators for Work in Progress, Accounts Receivable (Billing and Collections) and Time Utilisation.
- ▶ Developed a detailed Organisation Structure for Finance Department, Roles and Responsibilities and MIS Processes.
- ▶ Developed WIP Management Policies, Accounting Manual and Financial Organisation Structure.
- ▶ Developed MIS Dashboards for each of the Practice Groups / Director (Business Heads) Groups for August 2010.
- ▶ Prepared, implemented and furnished MIS Dashboard for 3 months and conducted implementation workshops for Finance Team and Director Group. Overall Financial Operations, Financial Information Reporting and Decision Making process have been transformed.

## CONCLUSION

Defining Business Process rules enable businesses to set clarity of roles, expectations and way of working. It also enables effectively communicating the rules for the way of working, performance benchmarks and indicators from the owners of business processes. Business Process Rules are approved by the highest level of Senior Executive Management of the Company. It helps improving the organisational performance, measuring the performance of processes, people and appraising the function and people. An effective Quality Management System is based on defined Business Process Rule Book (Standardised Operating Procedures). The SOPs should be comprehensively defined and integrated to include all the aspects of business processes, risks involved and controls designed.

### BDO INDIA'S OTHER RELATED SERVICES / SOLUTIONS

- ▶ Web Enabled Standard Operating Procedures Development
- ▶ Financial Information and Decision Support System (MIS development)
- ▶ Accounting Manual
- ▶ Compliance Manual
- ▶ Quality Management Systems – Policies and Procedures
- ▶ Information Security Management Systems (ISMS) – ISO 27001
- ▶ IT Services Management (ITSM) – ISO 20000
- ▶ Segregation of Duties (SOD) framework and rule book
- ▶ Corporate Governance – Internal Controls Over Financial Reporting Framework
- ▶ Enterprise Risks Management Framework (ERM)
- ▶ Revenue Assurance framework for Technology, Telecommunications, Media and Entertainment and Professional Services Firms.



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