

# Course: Microsoft Visio for Accounting Information System

Lecture 12: Financing Cycle Mapping and Integration

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**WELCOME!**  
**MICROSOFT VISIO FOR**  
**ACCOUNTING INFORMATION SYSTEM**

# Financing Cycle

The financing cycle is a continuous and dynamic process that businesses undertake to secure, allocate, and manage financial resources effectively. It involves various stakeholders, including investors, creditors, financial institutions, and internal management. The primary goal is to ensure the availability of adequate funds to meet the organization's operational needs, pursue growth opportunities, and optimize capital structure.

# Key Stages of the Financing Cycle

1. Capital planning and budgeting
2. Fund sourcing
3. Capital structure management
4. Financial instruments and markets
5. Investor relations
6. Financial Risk Management
7. Debt Servicing and Dividends

# Financing Cycle from Accounting Perspective

The financing cycle, from an accounting perspective, involves the processes and activities related to obtaining and managing funds to support a company's operations and achieve its strategic objectives. Accounting plays a central role in tracking and reporting the financial aspects of the financing cycle, ensuring transparency, compliance with regulations, and effective decision-making.

# Financing Cycle in the Context of an AIS

The financing cycle in the context of an Accounting Information System (AIS) involves the integration of technology and accounting processes to facilitate the efficient and effective management of financial resources within an organization. An AIS is a system that captures, processes, stores, and communicates financial information to support decision-making and reporting.

# Integrating the Financing Cycle into an AIS

Integrating the financing cycle into an Accounting Information System (AIS) is a critical aspect of leveraging technology to streamline financial processes, enhance accuracy, and support strategic decision-making within an organization. The integration involves incorporating various components of the financing cycle, from capital planning to debt servicing, into the AIS to create a cohesive and efficient financial management system.

# **1<sup>st</sup> Step: Identify Financing Cycle Components**

# 1. Capital Planning and Budgeting

- Implement budgeting modules to facilitate the creation and approval of budgets.
- Integrate forecasting tools for accurate prediction of future financial requirements.
- Ensure real-time data access for dynamic adjustments based on changing circumstances.

## 2. Fund Sourcing

- Integrate with financial markets to explore and execute fundraising options.
- Automate transaction processing related to fund sourcing for accuracy and efficiency.
- Monitor compliance with regulatory requirements through integrated features.

# 3. Capital Structure Management

- Incorporate financial modeling software for simulating different capital structures.
- Implement scenario analysis tools for informed decision-making.
- Integrate risk management modules to identify and mitigate risks associated with the capital structure.

# 4. Financial Instruments and Markets

- Utilize portfolio management tools to track and manage investment portfolios.
- Integrate fair value accounting for accurate measurement of financial instruments' values.
- Connect with automated trading platforms for efficient trading and portfolio management.

# 5. Investor Relations

- Use financial reporting tools within the AIS for generating accurate financial statements.
- Implement online investor portals for real-time access to financial information.
- Ensure compliance with reporting standards for transparent communication.

# 6. Financial Risk Management

- Incorporate risk assessment modules for identifying potential financial risks.
- Implement tools for managing and automating hedging strategies.
- Enable real-time risk monitoring for proactive risk management.

# 7. Debt Servicing and Dividends

- Automate payment processing related to debt servicing and dividends.
- Ensure accurate accounting for dividends, including declaration and distribution.
- Monitor compliance with debt covenants through integrated features.

## **2<sup>nd</sup> Step: Seamless Workflow Mapping**

# 1. Workflow Integration

- Integrate workflows for efficient processing of financial transactions.
- Establish clear data entry points and sources within the AIS.
- Streamline approval processes and decision points within the system.

## 2. Information Flow Integration

- Identify integration points with other enterprise systems (ERP, Treasury Management).
- Establish consistency and integrity of financial data across integrated systems.
- Streamline data sharing to minimize manual data entry and errors.

# **3<sup>rd</sup> Step: Technology Integration**

# 1. AIS Customization

- Customize AIS features to align with the intricacies of financial modeling.
- Ensure scalability to accommodate future changes in the financing cycle.
- Integrate with other organizational systems for a holistic approach to data management.

## 2. Data Security and Privacy

- Implement robust security measures to safeguard financial information.
- Ensure data privacy and protection against cyber threats.
- Comply with data regulations and industry standards.

# 3. Real-time Data Access

- Ensure real-time updates of financial data within the AIS.
- Utilize cloud-based solutions for accessibility from different locations.
- Implement reporting tools that provide instant insights into financial performance.

## 4. Training and Skill Development

- Invest in training programs to familiarize staff with AIS functionalities.
- Provide documentation on AIS features and processes.
- Conduct ongoing training to keep staff updated on system changes.

# **4<sup>th</sup> Step: Compliance and Control Integration**

# 1. Regulatory Compliance

- Document processes for compliance with reporting standards (GAAP, IFRS).
- Implement controls for monitoring and ensuring regulatory compliance.
- Leverage AIS features to automate compliance checks.

## 2. Internal Controls

- Document internal control procedures within the financing cycle.
- Identify segregation of duties and authorization controls.
- Implement monitoring and audit processes for internal controls.

# **5<sup>th</sup> Step: Continuous Improvement**

# 1. Performance Metrics

- Identify relevant KPIs for each financing process.
- Establish benchmarks and targets for performance improvement.
- Monitor and analyze KPIs regularly.

## 2. Feedback Mechanism

- Implement mechanisms for collecting feedback from users.
- Conduct periodic reviews and evaluations of financing cycle processes.
- Use feedback to identify areas for enhancement and optimization.

**CONCLUSION**

# Mapping the Financing Cycle

Mapping the financing cycle in an Accounting Information System (AIS) involves a systematic process of identifying, documenting, and understanding the flow of financial transactions and information related to the acquisition and management of funds within an organization. This mapping is crucial for optimizing financial processes, ensuring compliance, and leveraging the capabilities of the AIS to support strategic decision-making.

# **1<sup>st</sup> Step: Identify Key Processes**

# 1. Capital Planning and Budgeting

- Identify budget creation and approval processes.
- Document the forecasting methods and tools used.
- Outline the steps for aligning budgets with organizational goals.

## 2. Fund Sourcing

- Document the processes for issuing stocks or bonds.
- Outline the steps for securing loans or utilizing credit facilities.
- Identify how internal funds, like retained earnings, are utilized.

# 3. Capital Structure Management

- Document financial modeling processes for evaluating different capital structures.
- Identify the steps involved in scenario analysis.
- Outline risk management processes related to the capital structure.

# 4. Financial Instruments and Markets

- Document processes for portfolio management.
- Identify how fair value accounting is applied.
- Outline steps for engaging with financial markets, including trading and investment decisions.

# 5. Investor Relations

- Document the preparation and distribution of financial statements.
- Identify online portals for providing real-time financial information to investors.
- Outline processes for compliance with reporting standards.

# 6. Financial Risk Management

- Document risk assessment processes.
- Identify hedging strategies and their execution.
- Outline real-time risk monitoring processes.

# 7. Debt Servicing and Dividends

- Document processes for automated payment processing.
- Identify steps for accurate accounting for dividends.
- Outline debt covenants monitoring processes.

## **2<sup>nd</sup> Step: Document & Information Workflow**

# 1. Workflow Mapping

- Document the step-by-step workflow for each key process.
- Identify decision points, authorizations, and validations.

## 2. Information Flow Mapping

- Identify data entry points and data sources for each process.
- Document how information is processed and shared across different departments or stakeholders.
- Outline the integration points with other systems, if applicable.

# **3<sup>rd</sup> Step: Consider System Integration**

# 1. AIS Integration

- Document how the AIS captures and processes financial data.
- Identify interfaces with other systems, such as Enterprise Resource Planning (ERP) or Treasury Management Systems.
- Ensure data consistency and integrity across integrated systems.

## 2. Customization and Configuration

- Identify customizable features within the AIS.
- Document configurations related to financial modeling, reporting, and risk management.
- Ensure scalability to accommodate future changes in the financing cycle.

## **4<sup>th</sup> Step: Compliance and Control Mapping**

# 1. Regulatory Compliance

- Document processes for compliance with reporting standards (GAAP, IFRS).
- Identify controls for monitoring and ensuring regulatory compliance.

## 2. Internal Controls

- Document internal control procedures within the financing cycle.
- Identify segregation of duties and authorization controls.
- Outline monitoring and audit processes for internal controls.

# **5<sup>th</sup> Step: Training and Documentation**

# 1. Staff Training

- Develop training programs for AIS users.
- Provide documentation on AIS functionalities and processes.
- Conduct ongoing training to keep staff updated on system changes.

## 2. Process Documentation

- Develop detailed process manuals.
- Include flowcharts, system screenshots, and explanations for each step.
- Maintain an updated repository of process documentation.

# **6<sup>th</sup> Step: Continuous Improvement**

# 1. Performance Metrics

- Identify relevant KPIs for each financing process.
- Establish benchmarks and targets for performance improvement.
- Monitor and analyze KPIs regularly.

## 2. Feedback Mechanism

- Implement mechanisms for collecting feedback from users.
- Conduct periodic reviews and evaluations of financing cycle processes.
- Use feedback to identify areas for enhancement and optimization.

**CONCLUSION**

# Microsoft Visio & Financing Cycle

Microsoft Visio is a powerful tool for creating visual representations of processes, including the financing cycle in an Accounting Information System (AIS).

# **1<sup>st</sup> : Understanding the Financing Cycle Components**

# 1. Capital Planning and Budgeting

- Begin by creating a flowchart in Visio to represent the steps involved in capital planning and budgeting.
- Use process shapes to illustrate budget creation, approval processes, and integration points with forecasting tools.
- Connect these shapes with arrows to depict the flow of the budgeting process.

## 2. Fund Sourcing

- Use flowchart shapes to represent the processes involved in obtaining funds.
- Utilize decision shapes to illustrate choices between equity and debt financing.
- Incorporate connectors to show the flow of the fund-sourcing process.
- Highlight integration points with financial markets through specific shapes or annotations.

# 3. Capital Structure Management

- Create a tree diagram in Visio to represent the hierarchical structure of capital.
- Use the root node for total capital and branches for equity and debt.
- Sub-branches can represent different types of equity and debt instruments.
- Include annotations to provide additional details, such as risk management strategies.

# 4. Financial Instruments and Markets

- Utilize a combination of flowcharts and diagrams to represent financial instruments and markets.
- Flowcharts can illustrate the processes involved in managing financial instruments.
- Diagrams can represent the relationships between different instruments and their positions in the financial markets.

# 5. Investor Relations

- Design a flowchart to represent the communication flow in investor relations.
- Use shapes to represent the preparation and distribution of financial statements.
- Include decision shapes for compliance checks and approval processes.
- Consider using swimlane diagrams to depict the responsibilities of different stakeholders.

# 6. Financial Risk Management

- Create flowcharts to represent risk assessment and mitigation processes.
- Use symbols to indicate various types of risks and their severity.
- Implement decision shapes for risk management strategies and processes.
- Illustrate real-time risk monitoring with dynamic data visualizations if needed.

# 7. Debt Servicing and Dividends

- Use flowcharts to represent the automated processes involved in debt servicing and dividend distribution.
- Employ swimlane diagrams to highlight different departments or entities responsible for each step.
- Include decision shapes to show compliance with debt covenants and authorization processes.

## **2<sup>nd</sup> : Workflow and Information Flow Integration**

# 1. Workflow Integration

- Ensure a seamless workflow by connecting shapes in a logical sequence.
- Implement swimlanes to represent different departments or roles involved in the financing cycle.
- Use Visio's connectors to depict the flow of information and decision points.

## 2. Information Flow Integration

- Designate data entry points using data flow diagrams in Visio.
- Connect these entry points to relevant process shapes.
- Consider using callout shapes or annotations to describe how information is processed and shared across different stages.

**3<sup>rd</sup> : Consider System Integration**

# 1. AIS Integration

- Clearly represent the integration points with the AIS.
- Use Visio's data flow diagram features to illustrate how financial data moves between the financing cycle and the AIS.
- Highlight interfaces with other systems, such as ERP or Treasury Management Systems.

## 2. Customization and Configuration

- Visio allows customization of shapes, colors, and styles.
- Customize shapes to represent specific functionalities or modules within the AIS.
- Use colors consistently to denote different components or stages of the financing cycle.

## **4<sup>th</sup> : Compliance and Control Mapping**

# 1. Regulatory Compliance

- Highlight compliance checks within the flowcharts.
- Use annotations to specify how each process aligns with regulatory requirements.
- Employ Visio's callout shapes to provide additional details on compliance measures.

## 2. Internal Controls

- Incorporate symbols or shapes to represent internal controls within the financing cycle.
- Use swimlane diagrams to clearly define segregation of duties and authorization controls.
- Illustrate monitoring and audit processes through flowcharts.

## **5<sup>th</sup> : Training and Documentation**

# 1. Staff Training

- Create visual aids for training by exporting Visio diagrams to training materials.
- Provide step-by-step guides using screenshots of Visio diagrams.
- Utilize Visio's features to create interactive presentations for training sessions.

## 2. Process Documentation

- Develop detailed process manuals by exporting Visio diagrams into Word or PDF formats.
- Include flowcharts, swimlane diagrams, and data flow diagrams in the documentation.
- Maintain an updated library of Visio documents for reference.

## **6<sup>th</sup> : Continuous Improvement**

# 1. Performance Metrics

- Create visual representations of key performance indicators (KPIs) in Visio.
- Utilize Visio's data graphics features to display real-time metrics.
- Develop dashboards using Visio for a quick overview of performance.

## 2. Feedback Mechanism

- Integrate feedback mechanisms within Visio documents.
- Encourage users to provide feedback directly on the diagrams.
- Use Visio's commenting features to facilitate discussions and improvements.

**CONCLUSION**

# Diagramming Financing Sources & Capital Structure

Diagramming financing sources and capital structure using Microsoft Visio involves creating visual representations that illustrate how an organization raises funds and structures its capital.

# 1. Type of Diagrams for Financing Sources and Capital Structure

- a) Pie Charts
- b) Bar Charts
- c) Tree Diagrams
- d) Waterfall Charts

## 2. Process of Diagramming Financing and Capital Structure

- a) Identify Key Components
- b) Choose Appropriate Diagram Types
- c) Gather Data
- d) Create the Diagrams
- e) Add Explanatory Elements

### 3. Considerations for Effective Diagramming

- a) Audience
- b) Consistency
- c) Accuracy
- d) Regular Updates

**CONCLUSION**

# Visualizing Investment and Financing Processes

Visualizing investment and financing processes using Microsoft Visio involves creating clear and comprehensive diagrams that illustrate the flow of activities, decision points, and information within these critical financial processes.

# 1. Type of Diagrams for Financing Sources and Capital Structure

- a) Flowcharts
- b) Swimlane Diagrams
- c) Data Flow Diagrams
- d) Time-Function Diagrams

## 2. Process of Visualizing Investment and Financing Processes

- a) Identify Key Processes
- b) Choose Appropriate Diagram Types
- c) Gather Data
- d) Create the Diagrams
- e) Add Explanatory Elements

### 3. Considerations for Effective Diagramming

- a) Audience
- b) Consistency
- c) Interactivity
- d) Scalability

**CONCLUSION**

# Leveraging Microsoft Visio

Leveraging Microsoft Visio to demonstrate internal controls and audit trails in the financing cycle involves creating visual representations that illustrate how the organization ensures financial accuracy, compliance, and accountability. This process is crucial for both internal management and external audits.

# 1. Type of Diagrams for Financing Sources and Capital Structure

- a) Flowcharts for Internal Controls
- b) Swimlane Diagrams for Accountability
- c) Data Flow Diagrams for Audit Trails
- d) Process Maps for Compliance

## 2. Process of Leveraging Visio

- a) Identify Key Control Points
- b) Choose Appropriate Diagram Types
- c) Gather Data
- d) Create the Diagrams
- e) Add Explanatory Elements

### 3. Considerations for Effective Diagramming

- a) Audience
- b) Consistency
- c) Interactivity
- d) Scalability

**CONCLUSION**

# Case

- PMZ Corporation, a mid-sized manufacturing company, is looking to streamline its financing cycle processes to ensure efficiency, compliance, and transparency. The finance team has identified the need for clearer visualization of the financing cycle, including internal controls and audit trails. Microsoft Visio is chosen as the tool to achieve these objectives.
- Challenges:
  1. Lack of clarity in the financing cycle processes.
  2. Inefficient internal controls and audit trail documentation.
  3. Difficulty in communicating the financing processes to stakeholders.

# Case

- Objectives:
  1. Improve process visibility
  2. Optimize internal controls
  3. Facilitate audits
- Implementation:
  1. Creating flowcharts for process visibility
  2. Swimlane diagrams for internal controls
  3. Data flow diagrams for audit trails
  4. Interactive dashboards for stakeholders

# Results

1. Improved Process Understanding
2. Strengthened Internal Controls
3. Streamlined Audits
4. Increased Stakeholder Engagement

# **CONCLUSION**

**CLOSING**

**THANK YOU AND  
HAVE A WONDERFUL DAY!**