

## How to Use This Manual

Credit unions are faced with a variety of challenges finance officers must address. In addition to concerns about the potential impact of current credit conditions, finance officers have the complicated role of managing several functions: finance, accounting and auditing, budgeting and cost control, and internal and external reporting. With so much to manage, many finance officers find themselves constantly reacting or responding to emergencies or regulatory reporting requirements. They don't have time to take a proactive role in providing information to other members of the credit union's senior management team, and in analyzing and improving the financial performance of the credit union.

The *Credit Union Finance Officer's Manual* provides the structure and guidance needed to make the reporting, accounting, budgeting, and management aspects of this job easier. This manual provides organized hands-on guidance to help yield the maximum amount of useful information to guide your credit union into the future.

You should review all of the material provided in the *Credit Union Finance Officer's Manual* to evaluate the adequacy of the financial function in your credit union. The manual presents many ideas and techniques that you should be able to successfully implement in your credit union.

This manual is divided into four parts:

- Part I — Management

Part I presents tools and techniques for making the finance officer's area more efficient and effective. This part discusses the mission and scope of the finance officer's function and presents information to help you assess and manage the finance and accounting functions. It also discusses credit union strategic planning issues and the role the finance officer has in the strategic planning process.

- Part II — Accounting and Auditing

This part provides strategies for managing the general ledger and explains the accounting issues for which you and your staff have to collect and analyze data, and generate reports. You can use this part to help accurately prepare reports and to help train staff on important accounting issues. This part also discusses internal control and auditing issues.

- Part III — Budgeting and Cost Accounting

Credit union finance officers must be able to generate information for use within the credit union for planning, controlling, decision-making, and costing of various cost objects. This is the focus of Part III. This part provides guidance on the more traditional budgeting and cost accounting methods, but also explains new and emerging methods of analyzing and presenting budgets and evaluating credit union costs and prices.

- Part IV — Reporting

The finance officer must provide accurate and timely financial information to both internal and external sources. Since most of the information must be gathered from individuals outside of the finance officer's area, you must rely on a well-organized data collection process. Furthermore, you must be ready to modify the data collection process when reporting needs change. The chapters in Part IV explain the reporting process — for both internal and external users — and provide guidance on managing these reports.

### **A Word on Terminology**

Because the Credit Union Finance Officer's Manual presents information from a credit union's unique perspective, some of the traditional financial and accounting terms have been modified in an attempt to reflect credit unions' practices and philosophy. In many instances throughout this manual, we have used the phrase "net income" to represent the concept of "profit." We have also incorporated the phrase "financial performance" to represent the concept of profitability. Where we have modified a term to reflect credit union practice or philosophy, we have provided an explanation to define specific terms.