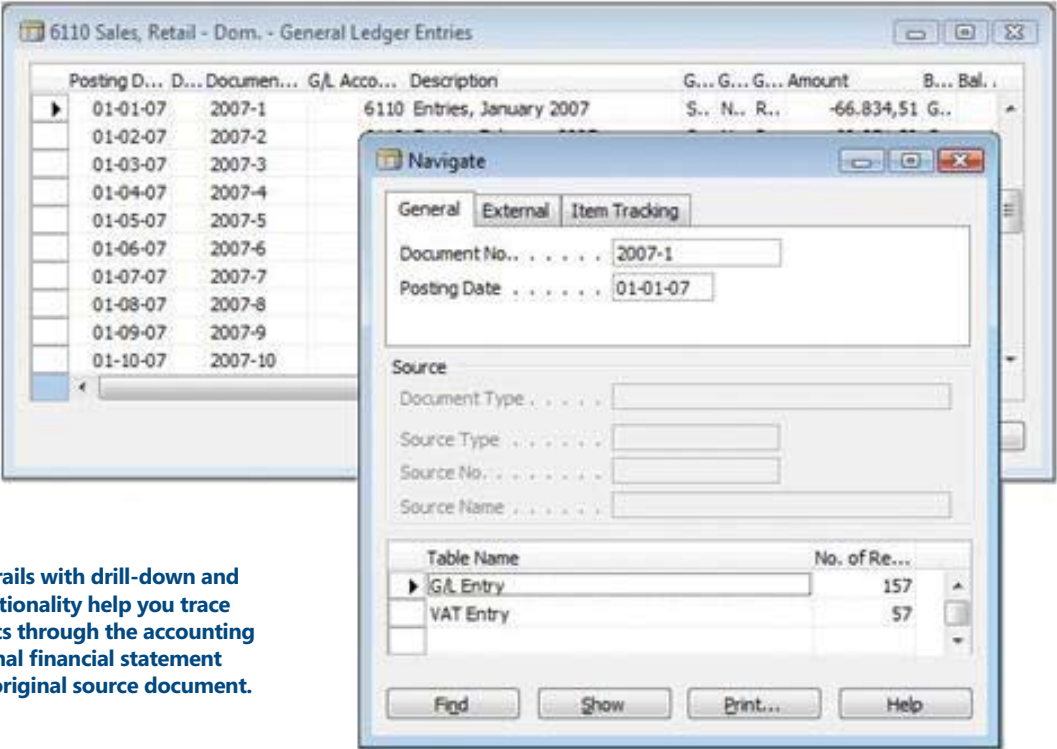


*Gain control of critical information, processes, and reports*



**Extensive audit trails with drill-down and drill-around functionality help you trace source documents through the accounting systems to the final financial statement and back to the original source document.**

*“The ability to customize reports has been tremendous. That’s what most impresses us about Microsoft Dynamics NAV: the ability to customize reports in compliance with federal reporting requirements.”*

**—James Pratt, Controller, Muscogee Creek Nation**

## *Gain confidence in your financial reporting with Microsoft Dynamics NAV*

Today, business accounting practices are subject to sharp scrutiny and increasingly complex national and international accounting standards. Complying with these standards—whether driven by national law, international compact, or financial industry expectations—may involve more than accurate accounting practices. Your organization may be required to adhere to specific procedures for everything from how and when financial transactions are recorded to what information must be included, under which line items, in public reports and disclosures. Simply understanding which standards apply to your company, what they mean, and how they impact your existing procedures can be a challenge. Failure to comply, however, can result in huge investments of time and expense to recalculate or restate figures, higher financing costs (or an inability to obtain financing at all), the negative publicity of qualified audit opinions, or more severe civil and criminal penalties.

Fortunately, an integrated business management solution can help you navigate the complexities of financial compliance. Microsoft Dynamics NAV can provide your people with the tools, information integrity and process assurance for consistent, transparent accounting and financial reporting practices. It can help you:

- Structure accounting processes and records to meet your organization’s unique compliance needs
- Help ensure the accuracy and security of your information
- Save time and effort on analysis and reporting.
- Maintain full information traceability and a clear audit trail.



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**For more information, visit**

[www.microsoft.com/dynamics/nav](http://www.microsoft.com/dynamics/nav).

Published July 2007.



# CONFIDENCE

*Regulatory Compliance Support*

Microsoft Dynamics NAV 5.0



Microsoft Dynamics NAV

A black and white photograph of three business professionals in a meeting. On the left, an older man with grey hair is looking towards the center. In the middle, a man with dark hair is smiling and looking down at a laptop. On the right, a woman with blonde hair is looking towards the center. The background shows a window with blinds and some indoor plants.

# ENABLE

*Increase information transparency and streamline creation of standards-compliant financial reports and documentation.*

## *Enhance accounting processes and controls to aid compliance*

Growing companies face increasing financial accounting challenges each year. Depending on industry, markets, geographic location, and financing needs, an organization may be subject to local generally accepted accounting principles (GAAP) and one or more of:

- **The Sarbanes-Oxley Act (SOX)**, a U.S. law passed in 2002 to protect investors by improving the accuracy and reliability of corporate disclosures.
- **The International Financial Reporting Standards section of the European Union's International Accounting Standards (IAS/IFRS)**, which went into effect in 2005 and sets forth international accounting standards for recognition, measurement, consolidation, and reporting.
- **New Basel Accord (Basel II)**, enacted in 2006 to address issues of financial institution risk and to promote greater stability in the overall financial system.

### **Enhance good practices with technology**

Compliance depends not only on accurate information and appropriate accounting processes, but also on the people who set up and administer those processes. An effective business management solution can facilitate compliance by helping to manage valid and accessible information through transparent processes that have been set up in compliance with industry and regulatory standards.

### **Realize the benefits of an integrated business management solution**

Microsoft Dynamics NAV delivers real-time, integrated operational and financial information from across your organization, so you can:

- Track financial data through custom account schedules for cash flow, revenues, balance sheets, fixed assets, capital structure, key performance indicators, and more.
- Help safeguard accuracy with role-based security and configurable application controls that prevent invalid or duplicate data entry.
- Quickly and easily generate financial reports in accordance with applicable regulatory standards.
- Maintain comprehensive audit trails with drill-down and drill-around functionality and change logs.

## *Manage compliance to the standards that matter*

Deliver integrated information, aligned processes, and easy-to-use tools to help your people meet the financial management expectations and standards that matter to your specific business.

### **Tailor account schedules to your needs**

- Define the structure of your company's chart of accounts based on business requirements and applicable regulatory standards.
  - Create accounts and handle complex processes related to a spectrum of business activities, including inventory valuation, foreign currencies, segment reporting, and departures from local GAAPs.
  - Control the level of detail for each recorded transaction and select detailed registration for specific types of transactions, such as fixed assets and accounts payable.
  - Tailor schedule calculations and display for financial reporting, or export the information to Microsoft® Office Excel® for further analysis.
- Prohibit access, provide read-only access, or enable full-access users to add, edit, or delete information.
  - Easily identify and resolve discrepancies with a reconciliation feature that retrieves current bank account and transaction information and compares it to general ledger posts.
  - Schedule manual or automatic backups to help protect information from electronic failures.

### **Improve information validity**

- Configure data fields to accept only information in the correct format, such as the correct number of decimal places or alphanumeric patterns.
- Help ensure information is complete with application controls such as requiring a vendor invoice number to be entered before a purchase order can be posted.
- Reduce the risk of inaccurate information or tampering and help protect sensitive information with access to information based on job role.

### **Sarbanes-Oxley: Validating Data and Processes**

The Sarbanes-Oxley Act establishes standards for all U.S. public company boards, management, and public accounting firms, including evaluation and disclosure of the adequacy of the company's internal controls over financial reporting. Documenting and testing critical manual and automated controls represents a huge commitment of time and resources for companies. Microsoft Dynamics NAV is especially suited for subsidiaries of larger organizations, and can help support small to mid-sized businesses in complying with Sarbanes-Oxley.

## **Comply quickly with discovery requests and reporting demands**

- Save time when you create standard reports that use common business parameters and criteria to satisfy typical reporting needs, ranging from order summaries to aging accounts receivable.
- Perform complex reviews with basic or advanced business analytics functionality.
- Create reports and displays using an interface similar to that of the familiar Microsoft Office Outlook®.
- Speed transmission of financial information to customers, shareholders, regulatory agencies, and the public with XML-based XBRL documents that support the exchange of financial information across different software and technologies, including the Internet.

## **Help ensure clear audit trails**

- Trace documents and information both forward and backward through the system, from the original source to final financial statements and back.
- Identify how, when, and by whom information was entered or edited, and to what account financial entries have been posted.
- Look up database changes, including previous and revised data, in the solution's Change Log.
- Increase audit trail transparency and usability, and speed information access for third-party auditors with drill-down, look-up, filtering, register, and navigation tools.

## **IAS/IFRS: Recognition and Measurement Standards**

Depending on the local GAAPs currently in use, one of the major recognition and measurement changes for IAS/IFRS is extended use of fair-value principles instead of historical cost. Microsoft Dynamics NAV can help companies calculate fair-value and net present value (NPV) concepts, which are focused on current and expected cash flow streams rather than historical purchase price. On the reporting side, it can provide segment reporting by business unit and geographical location.

## **Basel II: Implications for Reporting and Analysis**

Basel II, developed by the Bank for International Settlements, helps ensure safety and security in the financial system in three key areas: minimum capital requirements, supervisory review process, and market discipline. Although the accord applies to financial institutions and does not target small and mid-sized businesses, Basel II may have some implications for these organizations in reporting and analysis.