

THE FUTURE OF FINANCE FUNCTIONS

Improve your Month-end close

AQi//A

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Who am I? !!



Chris Tredwell



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Statistics

GrowCFO Survey showed average of 6 days to close (min 1 day - max 15+ days)

APQC's General Accounting Open Standards Benchmarking survey found that 25% said they need 10 or more calendar days to perform the monthly end close process.

For nearly 60% of organisations, the close process takes over a week

74% of mid-sized organisations take over a week and between two and five staff members to coordinate their month-end close?

(Accounting Web) 30% of our respondents take 16-19 working days to close the books.

Deloitte say *"the close process is often run by institutional memory rather than clear and specific protocols. Different people involved in the process "just know how things get done"— and have done it that way for years."*



Q) How would month end close go if you weren't there???



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Month End Close Challenges

- 3 out of 4 finance leaders are not confident in their close process
- No defined/documented process
- Accuracy
- Speed
- Manual Processes
- Correcting errors
- Delayed reconciliations due to adjustments and reclassifications.
- Remote v Office Based closes
- Lack of trust in the numbers
- Spending too much time looking back results in your not looking forward !

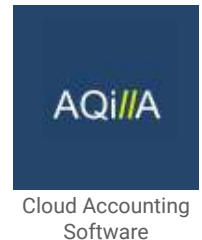
Many **finance teams** find that they only have access to **accurate data** at the end of the month, due to data not being uploaded into the system in time. Finance teams shouldn't have to wait until month-end for access to numbers, especially since business decisions don't wait until the end of the month. If that's the only time key stakeholders can access data, they'll simply make decisions without having all the data-based facts they need.



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General Improvement ideas

- Set interim goals to shave a day off the process each month or two (continuous improvement)
- Form a close improvement team - mix of people from all areas of the close
- Book pre & post close meeting
- Document every step in process, important deadlines and who is responsible for each step (Checklist)
- Identify the bottlenecks in the process
- Automation
- Start saving documents in centralized place
- If you're not using cloud software - regularly backup your data
- Get to a point where you can trust your data
- Cross-train key tasks
- Set reminders
- Get external stakeholders on board
- Improve communication channels (Slack etc...)
- Track changes
- To justify a budget ... cost out the resources used during this process



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Unified Ledger (aka Single Ledger aka Combined Ledger)

A **unified accounting system** is a single book in which two entries, a **debit and credit, are made at the same time**. All of the debits add to the same value as all of the credits. The result is that **no control accounts are required and no transfers to other ledger books**.

Key benefits of Modern Ledgers:

- Eliminates repetitive creation of multiple entries for every transaction
- Removes the need to reconcile individual ledgers
- Real Time posting to ledger provides instant access to the latest data
- Speeds up period / year-end closing
- No requirement to reconcile control accounts
- No opportunity for your system to be out of balance
- No hidden background processes within software that need to be checked or maintained

Be Aware *Some modular software systems claim to be unified by creating background processes and hooks to generate the additional entries. This typically creates unnecessary duplicate lines in the system, slows down processing time and can even stop a process working, resulting in the system being out of balance. A true Unified ledger system can never be out of balance.*



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10 Part Series

1. Is now the right time to change? (8/3/2022)
2. Why Strong Foundations are key to your departments' success (5/4/2022)
3. What is True Cloud Accounting? (10/5/2022)
4. Ensure you are able to scale alongside your growth ambitions (14/6/2022)
5. Automation in Finance (12/7/2022)
6. The value of Integration (9/8/2022)
7. What should I expect from Reporting (13/9/2022)
8. **Improve your Month-end close (11/10/2022)**
9. Get it right - Do's and Don'ts / Procurement Checklist (8/11/2022)
10. How to review the software market (13/12/2022)



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