

TRIDANT

Finance eGuide

3 steps to a faster financial close

Accelerating the Monthly
Finance Cycle



Your financial processes probably don't work under today's conditions.

Faced with hard deadlines and strict regulations to produce reports representative of an organisation's true financial position to inform management, investors, lenders, and regulatory agencies – finance teams are stressed.

Scrambling monthly to prepare all the supporting documentation to substantiate account balances in time for an accurate closing, has long been a manual task. The situation is magnified at year-end when finance teams face the added pressures of preparing annual statements and the dreaded external auditors.

With the sudden onset of the pandemic, many organisations were caught unprepared for an extended work-from-home scenario. With business in survival mode and executives struggling to keep abreast of shifting market conditions, the demands on the finance function are only increasing.



Many organisations rate manual effort as the #1 bottleneck in the financial close process.

Unfortunately, many organisations tend to maintain their existing close processes, repeating the tedious, time-consuming manual process month after month, simply because the process delivers the results they need for now.



When your finance team think about an upcoming close process, they think of the increased workload and long nights ahead. When will we be done this month?

Managing cross-team and cross-system dependencies is problematic.

Legacy systems, fragmented technology and data from multiple ERPs, subledgers, banks and other sources require extensive reliance on spreadsheets and a huge amount of manual, repetitive work for accounting teams.

With ever-increasing control requirements, reporting packs and other close activities, ensuring every period close is completed accurately and on-time unleashes a torrent of meetings, calls, email and manual updates to spreadsheet-based checklists. This manual process raises the potential for errors and material misstatement.

Collaborating across shared services, accountants, finance managers and controllers to enact a monthly close is a complex workflow. Standardisation is difficult, real-time changes may not be implemented across geographies and divisions at the same time and yet, the teams have related dependencies and wait on others for task completion.

With executives looking to quickly address market shifts and drive business continuity, finance teams need to report the numbers faster and reduce the number of days to close.



How much operational inefficiency can your business afford?

Time: Compiling, validating and processing spreadsheets to prepare for period close is widely acknowledged as a repetitive, time-consuming process that drains resources.

In our experience, low-end performers typically take more than five days longer than top performers to enact their monthly close. That is a full work week where the finance team and stakeholders are unable to focus on value-add initiatives for better business. Every month.

Risk: Manual accounting is highly correlated to financial statement integrity risk, due to the greater potential for error and higher chance of undetected abuse or fraud.

Audit and Compliance: External audits are expensive and time-consuming to support. Resources are required to meet audit requests, substantiate controls in the reconciliation process, and even manage site visits across the business. Worse, a lack of follow-up on aged items, incomplete reconciliations, inability to quickly answer questions and lack of overall visibility tie up accounting resources further.

Talent: The stress and complexity of period-end processes is negatively impacting finance talent growth and retention at organisations. Manual processes also lower employee engagement and productivity, ultimately reducing the value each employee can drive for the organisation.

**Transform your financial close, now.
Improve your record-to-report processes, fast.**

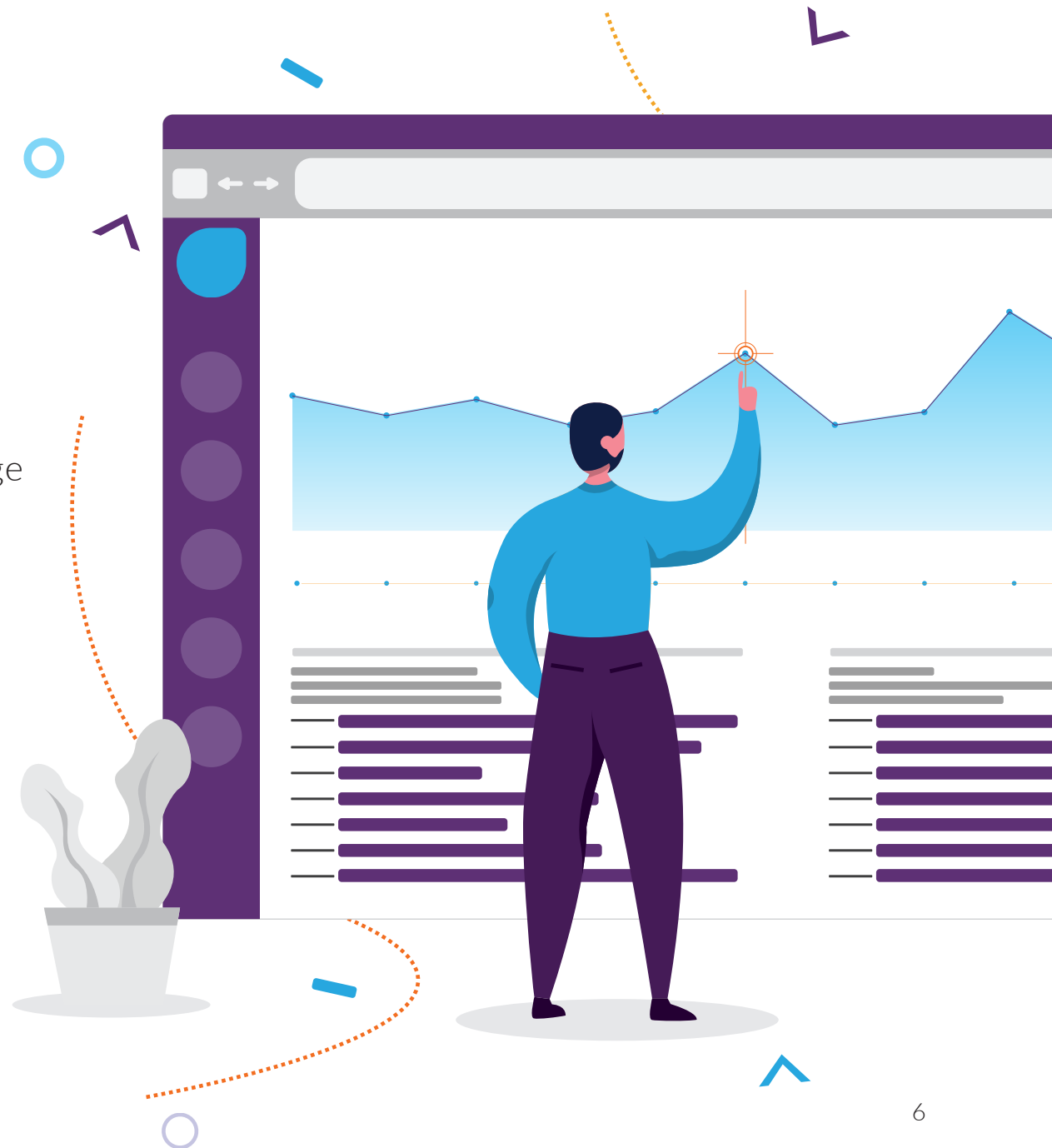


Studies have shown that finance tasks and processes have great potential for automation, with general accounting operations tasks being up to 77% automatable.

Close-to-disclose, faster and more reliably

Automation is a critical tool you can leverage to increase the overall efficiency of your team, gain real-time visibility into status and importantly, strengthen your control environment across the close process.

There are 3 essential steps to efficient and accurate financial closings:



1. Adopt rules-based automation

- **Save time:** Use a rules-based automation approach for your reconciliations.



Clients we worked with reported 50 - 70% auto-certification of accounts each month.

- **Gain efficiencies:** Define and embed materiality within your financial close and use a risk-based approach to account reconciliation.



Your auditors use materiality, so can you.

- **Auto-match transactional detail:** This is particularly useful for the more tedious balance sheet reconciliations.



With thorough discovery and configuration of an AI-powered rules engine, our clients have successfully automated up to 90% of their tick-tie work.



2. Activate multi-user real-time visibility

- **Centralise and share:** Centralise close tasks and dependencies into an online checklist that provides visibility into bottlenecks, and keeps reviews and approvals moving.

✓ The Hackett Group recently identified task ownership and standardisation of task lists as key elements of a world class close process.

- **Dashboards:** Enable Finance stakeholders to easily access real-time status updates, with easy to digest dashboards.

✓ Identify KPIs for the financial close process and implement customised dashboards that display the real-time status of your close process in a way that is meaningful to your team, stakeholders and business.

- **Move to cloud:** Prepare, store and enable access to balance sheet reconciliations and all supporting items via the cloud.

✓ Empower your team to securely access records whenever they need, from wherever they are located.

- **Embed auditor self-service:** Enable your auditors to login and access reconciliations, all required supporting detail and test controls.

✓ Remove reliance on your team to address every auditor query.

- **Store documentation:** Store supporting documentation for current periods, and have these items automatically rolled forward to subsequent periods.

✓ Easily substantiate balances, fast.



“I wanted better visibility of the close process, across multiple teams contributing to this process monthly. After working with my team to identify the key measures to evaluate progress, we then ranked these in terms of importance.

Tridant designed a single dashboard displaying the real-time status of our close process across our identified critical measures. This is the first time in my career I have had confidence that everything that should be done each month for the financial close process was done. The dashboards enabled us to transparently share updates, track milestones, and investigate any issues, with real-time updates.”

Group Financial Controller
ASX-listed company



3. Strengthen your control environment

Is the Finance Controller of your organisation across all the reconciling items in your business? Their aging? Their value and impact?

- Standardise workflows, enforce segregation of duties and track the risk and aging of reconciling items, for enhanced internal controls.
- Track and report on risky reconciling items sitting on your balance sheet, empowering management to perform more targeted, risk-based interrogation of accounts.
- Look to a financial close technology that will enable your team to define a single source of truth that integrates different ERP instances and/or multiple ERP technologies. This will embed confidence that that all reconciliations tie back to the final numbers, for all reporting purposes.

“In our first month on a cloud-based financial close solutions platform, the tool’s reporting functionality surfaced previously undetected misstatements that we had been carrying forward. Our team was able to identify, review and post the required adjustments, greatly reducing the risk of continuing misstatement.”

Finance Manager
Australian technology company



What are the strategic benefits of automating your month-end period close?

As a professional

- **Become a better business partner.**
The less time Finance spends on manual accounting, the more time they can spend on analysis and provide the business with insights and strategic-planning support.
- **Grow your career.**
Anything that involves applying rules to business situations is prime for automation. No one wants to tick and tie transactions all day anyway.
- **Protect your reputation.**
In accounting operations, reputation is everything. Give yourself confidence that everything that should be done, is done.

As an organisation

- **Close and report sooner.**
Reduce the days to close and report. Start forecasting faster.
- **Do more with less.**
Less time spent completing standard reconciliations and dealing with auditors means more time to add real value to your business. For example, deploy freed up resources to replace legacy quarterly forecasts with rolling monthly forecasts.
- **Proactively manage risk.**
Fast, error-free closings are critical to your organisation's compliance record, bottom line, and reputation.
- **Nurture talent.**
Avoid key-person dependencies and reduce opportunity for single points of failure. This will improve morale and help keep your talent. Disengaged employees cost organisations money and replacing strong talent is costly.



Tridant accelerates your record-to-report processes

Here are our top four best practices for a successful implementation:

- **Determine KPIs upfront:** Identify the key performance indicators that you will use to measure success post go-live. Will it be auto-certification rates, completion timeliness, or reduction in required adjustments?

✓ Whatever KPIs you land on, monitor and hold your team accountable.

- **Leverage demonstrable expertise:** An experienced implementation partner will maximise the functionality of a financial close solution for your business. Even if you are fully across regulatory and reporting requirements, ensure your partner's ability to assure your ongoing compliance – even in the face of regulatory amendments, and always in a timely manner.

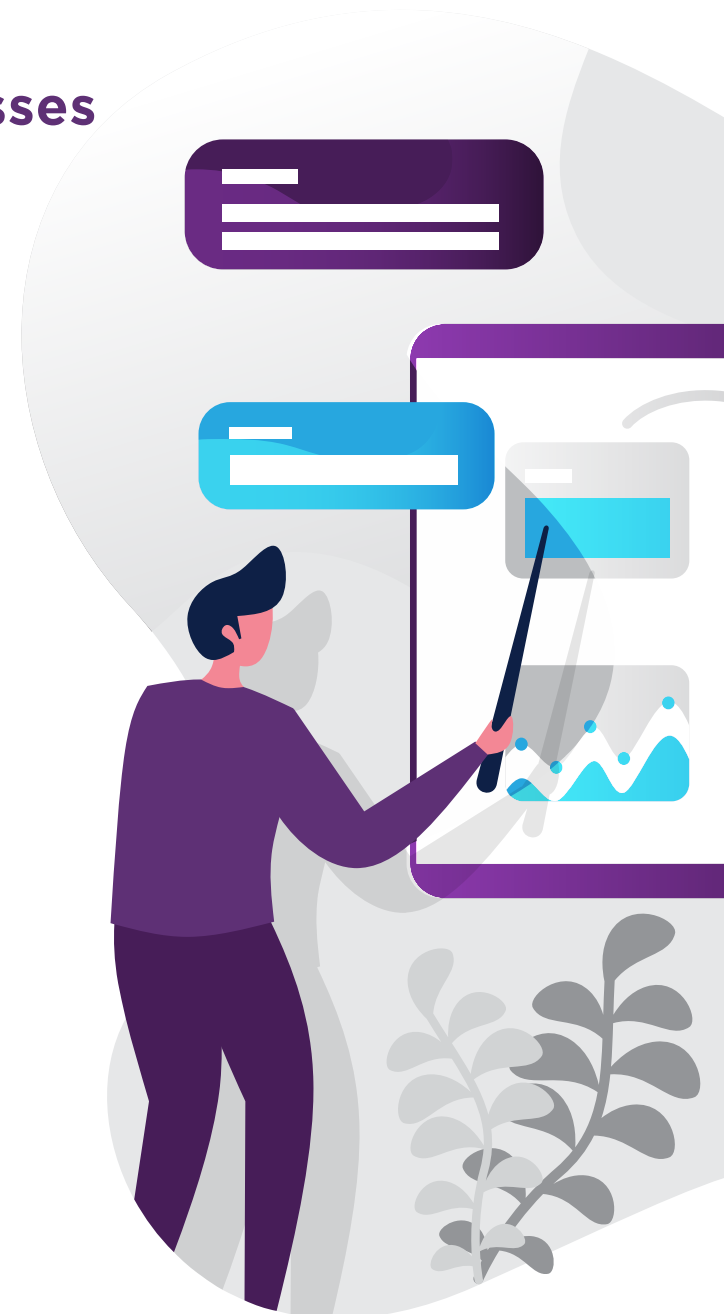
✓ Your business cannot be left materially exposed at any time.

- **More than a dropbox:** Organisations that get the least value out of their financial close solution are those that treat it as a repository for their reconciliation documents and fail to invest in understanding the platform.

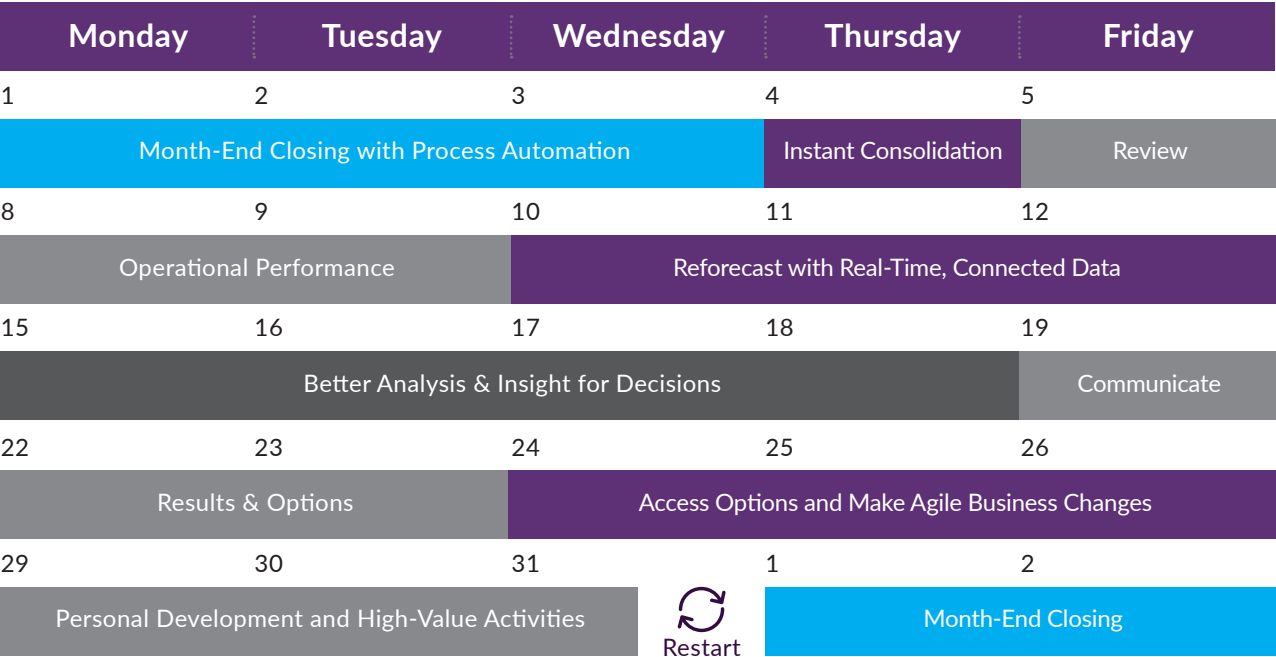
✓ Change your processes to leverage its functionality.

- **Identify the right super user:** Clients who gain the best results are those who have an engaged member of the finance team working in partnership with us throughout implementation. Super users will continue to drive adoption and optimisation of the platform post-implementation.

✓ Set your team up for long term success.



The Optimised Monthly Finance Cycle



At Tridant, we specialise in helping finance stakeholders optimise their organisation’s monthly financial cycle, enabling the strategic CFO to report sooner, and plan more frequently.

Our Corporate Performance Management practice empowers finance teams across mid-size and large enterprises to drive strategic, financial and operational excellence with analytics-enabled planning, processes and platforms to optimise the routine financial monthly processes for improved business performance.

TRIDANT

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