How to manage your close process virtually

COVID-19 has forced us to adapt. Whether your processes are manual or more technically advanced, our tips can help.

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It's challenging to efficiently close the books during a normal month. The current environment is multiplying those challenges: a distributed remote workforce, strained technology resources, kids and loved ones who need help and care, and concerns about personal and financial well-being are looming large in everyone's minds.

COVID-19 government efforts to contain the spread worldwide are unprecedented, and CFOs, controllers and their teams may find themselves trying to rewrite the typical close playbook on the fly. Meanwhile, minor annoyances in your processes can suddenly morph into significant hurdles as stress levels increase.

Here are some ideas for how to set priorities, drive clarity and communicate effectively during a virtual close. These strategies can help you and your teams close effectively while positioning yourselves to emerge stronger once the worst has passed, perhaps with some ideas about how to thrive in the future.

We'll focus on two areas: teaming together and setting priorities, whether your operations are manual or more advanced.

While many software solutions are available, we developed this article with BlackLine, which provides a market-leading product in this space, so we have included additional information for companies using BlackLine in their close process. But these ideas and principles can generally be applied for all companies regardless of their platform.

Teaming together

Even in the best of times, teaming can be a hurdle. A multinational organization may have hundreds or thousands of users involved in the close who need to be on the same page.

Now, handing that file off to Jim or touching base with Susie in her office is no longer an option. Your organization also may have one or two people with the "tribal knowledge" to complete a certain task. What happens when they are unavailable?

We recommend:

1. Conducting more frequent meetings than normal. Use video software for key close meetings to add more of a personal connection. Try not to fray your communications throughout the month across too many channels.

2. Reviewing manual controls and controls that require two-person coordination. Do this before the close to determine whether remote working demands have changed (and be sure they are properly documented to support eventual audits).

3. Identifying where vital knowledge is concentrated in the minds of too few people. Ideally, groups of people should be equipped to pick up each other's work in case someone becomes unavailable.

4. Collaborating within your technology solutions, to the extent possible with your setup. Emails can be very overwhelming and easily overlooked, and those communications cannot be tied to action – whether to promote understanding about certain comments or exception-handling capabilities.

5. Communicating with management early on about how reviews and reporting should be handled. For example, determine how trial balance and preliminary P&L reviews will be conducted remotely with leaders so expectations can be managed. Ensure a plan is in place for report distribution and reviews related to the close. Management reporting recipients should be briefed before any changes are made.

Using the right teaming software

Using both Teams and the Task Management solution, such as services like BlackLine, your team members can take a step back and understand who is involved in this process. Instead of relying on meetings or in-person touch points to understand statuses, your team can use standard reports, dashboards and read-only access (for other stakeholders and auditors) for visibility into the entire process.

Teaming software structures allow multiple users to collaborate on the same task or reconciliation, which is especially helpful for the current environment. In the right solution, users can also attach documentation and access what was done in prior periods so that a new person or even a temporary worker has the information accessible and consolidated in one place for continuity, even if a key person is not able to work.

Communications can take place within teaming software solutions so one source of the truth is more easily preserved. A solution should allow files to be transferred securely, employees don't need to go to multiple places to get data. With key elements and KPIs defined and measured, you have a way to determine whether you are on-track or off-track.

Setting priorities

With more clarity into how you can team under the circumstances, you need a critical path focused on addressing your most high-risk items, since you are confronting strained resources and potential technology challenges. Understand your risks and prioritize them accordingly so the team's focus does not become frayed or focused on low-impact concerns.

We recommend:

1. Scrutinizing how the team's overall activities relate to broader milestones in the close. Those activities can center on closing subledgers and the general ledger, for example. Consider all the dependencies like entity-level processes that are dependent on local steps.

2. Assessing the risks associated with close activities like reconciliations, journal entries and other tasks like controls. Learn what you can from internal and external auditors and how your controls are structured to identify high-risk items as priorities.

3. Evaluating and enforcing materiality thresholds to reduce activities.

4. Appointing someone to monitor the close checklist as a secondary control to make sure steps are not missed.

5. Reviewing the virtual close plan with auditors to solicit input and suggestions. Determine whether anything extra can be done to support the audit process.

Efficiency in remote teaming

You should choose a solution that allows you to create business rules to drive efficiency, and it can help you operationalize your high-risk priority accounts with due dates and frequency information.

For example, a functionality that should be a priority would allow you to set review frequencies and levels based on business-defined criteria. Maybe some of your accounts have less volatility than others and do not need to be reviewed every month, or maybe you have zero-balance accounts that can be auto-certified.

A task management solution can be used to document, support and sign off on any task or activity. For example, many companies manage processes and procedures in Word documents and use spreadsheets and binders to sign off on individual tasks.

The best task management software can easily set up ad hoc or recurring tasks for tracking and certification. Users can typically stand up the module in hours or days.

Enduring — and thriving

Understandably, your goal is to close the books, and long-term considerations will be on the horizon. But some of these efforts will show you a way forward into becoming a more optimized function so that when COVID-19 becomes a bad memory, you are working better than ever, under better circumstances.

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