Can fine-tuning your financial processes help accelerate your growth?

Find out how a faster process to close your books can help your business grow.
Think of your finance function as a high-performance unit of your business. Is it fit for today’s challenges and the challenges that may lie ahead? Are you getting the information that you need – that your stakeholders and investors expect – in a timely and cost-effective manner? Do you need the finance function to handle more complex accounting issues while increasing its focus on financial controls?

If you haven’t been asking these performance-related questions about your finance function and your financial statement close process in particular, it is time to think if they could be more effective – particularly while your business grows and innovates.

In a constantly changing global marketplace, businesses face a multitude of demands:

- Board of directors, shareholders and stakeholders ask for fast and reliable information.
- Upgrading Enterprise Resource Planning (ERP) or new consolidation systems require redesign of financial processes.
- Changes in regulatory and reporting requirements strain finance processes, and jeopardize timely and accurate financial reporting.
- Resource constraints limit the ability of the finance function to meet management’s needs for decision support and other value-added activities.

Is your finance function ready to deliver all this? Or, do you need a finance function that is leaner, more agile and efficient, and one that fosters a performance culture?

The EY Financial Statement Close Process Assessment (EY FSCPA) can provide clarity and insights into your finance function’s organization and performance, and improve efficiency and effectiveness throughout the close process.

How the EY FSCPA works

The EY FSCPA service uses qualitative and quantitative methods to help you evaluate your financial statement close process. And, it can be delivered by the EY audit teams that already know your finance function, constraints, operating structure and key risks, identified through the annual audit. This assessment is usually conducted as a five-step process:

**Step 1**

**Benchmarking analysis**

To help you evaluate the current performance of your financial statement close process against leading practices, the EY audit teams uses independent, high-quality benchmarking data from a third-party vendor that allows for comparisons based on similar industries, revenues or geographies. As part of the assessment, the teams review your mix of costs, full-time equivalents (FTEs), cycle days and other finance close process metrics. They then compare your metrics with those of leading companies, clearly illustrating the top, median and bottom quartiles, and your current position.

**Step 2**

**Maturity assessment**

As a next step, you can then self-assess the current performance for each of your key finance sub-processes (i.e., process and policy; reporting and management performance; organization; and data, people and technology), using the EY Maturity Assessment Tool. This can give you an indication of potential gaps and help you define a desirable future state.
How sound is your financial statement close process?

How can you tell whether you should look deeper into your financial statement close process and the potential benefits of an assessment? The EY FSCPA can help you improve your close process if you are facing one or more of the following challenges:

- Hectic month-end or year-end closing process
- Last-minute significant adjustments
- Delayed audit process
- Data inconsistencies
- Offline account reconciliations
- Manually uploaded, offline journal entry calculations
- Additional days to close the monthly and annual books
- High costs associated with your finance function
- Organizational changes (e.g., acquisition or redundancy program)
- Numerous manual entries used to meet management requests
- Inconsistent data from business units or subsidiaries
- KPIs provided by finance undervalued by operational and business unit management

An assessment for how well you close the books

The EY FSCPA can help you understand where and why mistakes occur, and bottlenecks appear, or if any extra effort is expended. It can also identify potential improvement opportunities in reliability, accuracy, speed and cycle time. The assessment’s findings can help you to:

- Compare your current performance against leading practices
- Improve the quality of data captured through your closing process to limit the number of adjustments
- Identify improvements for reducing the number of days to close the books
- Point the way to better content for KPIs, management reporting and dashboards
- Identify opportunities to reduce finance function costs
- Identify training needs, technology gaps and processes for automation

Financial statement close process activities review

For each key finance sub-process, the EY audit teams can help you assess the quality of procedures in place and the execution timing and velocity; investigate risks and controls in place; compare those with leading practices; and provide you with gap analyses and additional insights.

The EY audit teams can then review the current close process and identify issues that potentially slow it down. They then provide you with findings and recommendations for your future close process, focusing on increasing efficiency, eliminating delays and reducing dependency on individual employees. This can help you spend less time producing financial reporting and achieve a more robust and well-documented process.

Review of dashboards, KPIs and reporting packages

As a next step, the EY audit teams assess the quality and relevance of your dashboards, KPIs and monthly reporting packages, reviewing objectives, processes, computations and frequencies. Based on this review, the teams can provide improvement recommendations for your KPIs to harmonize with other materials, for your dashboards and monthly reporting packages to increase their relevance and effectiveness.

Findings and recommendations report

All results of the diagnostics are reported back to you. The report includes findings and recommendations to help you build a more effective finance function.
The value of integrated EY teams

As your external auditor, the EY audit teams already have a great understanding of your close process and your reporting needs as well as the environment in which you operate. Moreover, EY teams are multidisciplinary, work across geographies, and they combine experiences in assurance, tax, strategy, transaction and consulting services.

While performing the EY FSCPA, the EY audit teams can work with other EY professionals, where needed, reducing the time impact on you and your team. They are high-impact, senior-level professionals who bring a breadth of knowledge and practical experience with complex financial close processes, as well as multiple-year track records of working together with private businesses.

As Advisors to the Ambitious™, EY Private professionals possess the experience and passion to support private businesses and their owners in unlocking the full potential of their ambitions. EY Private teams offer distinct insights born from the long EY history of working with business owners and entrepreneurs. These teams support the full spectrum of private enterprises, including private capital managers and investors and the portfolio businesses they fund, business owners, family businesses, family offices, and entrepreneurs.

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