

# Financial statement close process assessment

Delivering enhanced value  
to your business

# A faster and more efficient close process to meet the changing needs of the business

## In a globalized and constantly changing marketplace, companies face a multitude of demands:

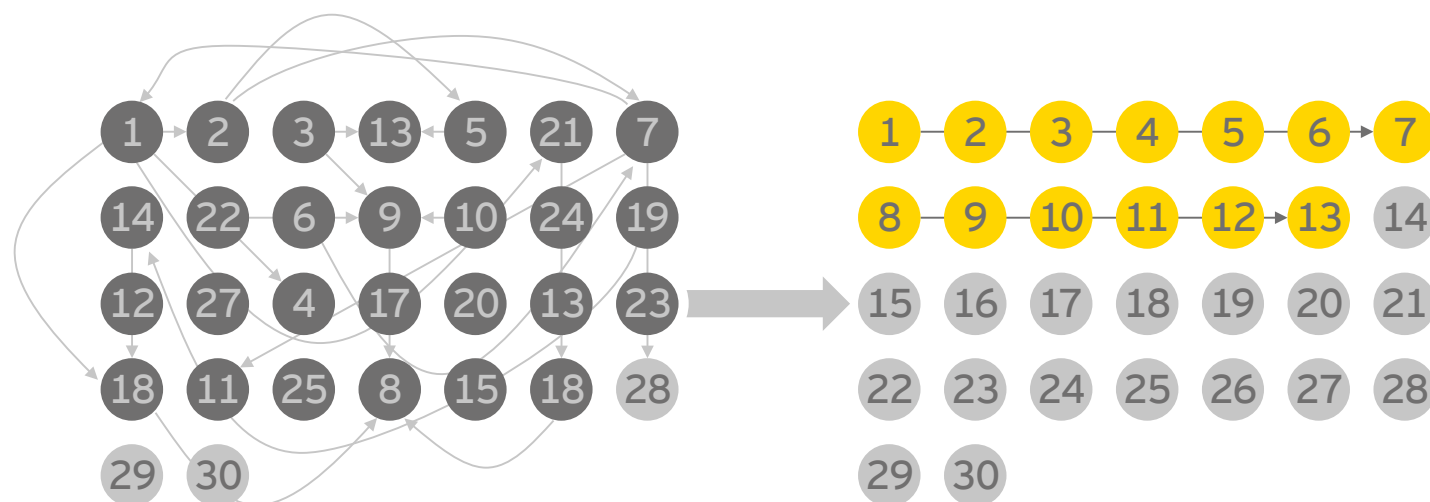
- ▶ Boards of directors, shareholders and other stakeholders want fast and reliable information
- ▶ Upgrading ERP and/or new consolidation systems require redesign of financial processes
- ▶ Changes in regulatory and reporting requirements strain finance processes to ensure timely and accurate financial reporting
- ▶ Integrating disparate finance departments into a shared service center
- ▶ Resource constraints limit the ability of finance to meet management's needs for decision support and other value-added activities

Leading companies are often successful because they adapt to new conditions while improving their processes.

## Could your close process be more effective?

Think of your finance function as a high-performance unit of your business. Is it fit for the organization today? Will it be fit for the organization in three years? Are you getting the information that you need – that your investors expect – in a timely and cost-effective manner?

If you haven't been asking performance-related questions about your finance function and your close process in particular while the company grows and innovates, you might wonder whether your finance function could be more effective.



Your answers to these performance-related questions are important since an effective financial statement close process helps companies make better and more timely decisions about strategy and the business.

With the insights gained from this assessment, you can move forward, with more confidence in your financial statement close process.

## An assessment for how well you close the books

EY's assessment helps you see into the company's financial statement close process. It helps you understand whether, where and why mistakes are made or bottlenecks happen or extra effort is expended. It also points you toward improvements in reliability, accuracy, speed and cycle time, and efficiency needed by the company you're running today, or the one you expect to run tomorrow.

Based on the assessment, our findings can help you:

- ▶ Compare 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
- ▶ Help point the way to better content for KPIs, management reporting and dashboards
- ▶ Identify opportunities to reduce finance function costs
- ▶ Identify training needs, technology gaps, processes for automation

The EY assessment provides **clarity and insights** into the financial statement close process to help you optimize efficiency and effectiveness.

## Should you consider EY's financial statement close process assessment?

How can you tell whether you should look deeper into your financial statement close process and the potential benefits of an assessment? First, consider these performance indicators:

	Yes	No	Not sure
Hectic month-end or year-end closing process			
Last-minute significant adjustments			
Intermittently delayed audit process			
Data inconsistencies			
Offline account reconciliations			
Manually uploaded, offline journal entry calculations			
More days to close the monthly and annual books			
High costs associated with your finance function			
Organizational changes (e.g., acquisition or redundancy program)			
Too many manual entries used to meet requests of management			
Lack of confidence in the efficiency and reliability of the finance function by operational and business unit management			
KPIs provided by finance are undervalued by operational and business unit management			

If you answer "yes" or "not sure" to two or more of these indicators, maybe it's time to have a closer look with your EY audit team. We'll be happy to share insights and ideas based on EY's vast experience helping clients monitor and improve the performance of their financial statement close processes.

## How the EY assessment works

Your EY audit team uses a combination of qualitative and quantitative methods to evaluate your financial statement close process. We conduct a five-step assessment and report back to you our findings and recommendations.

### Step 1 Benchmark analysis

Our team evaluates your company's financial statement close process performance against best practices. We use a database of metrics by APQC, the leading provider of independent, high-quality benchmarking data, to make comparisons based on similar industry, revenue or geography. We review a mix of costs, full-time equivalents (FTEs), cycle days and other finance close process metrics.

We provide you with benchmarks of your key finance function metrics, each with a range of responses split into top, median and bottom quartiles. This allows you to compare your organization's finance function and provide a high-level preliminary diagnostic for the rest of the close process analysis.

### Step 2 Maturity assessment

Our maturity assessment tool allows you to self-assess the current performance for each of the key finance sub-processes (i.e., process and policy, reporting and management performance, organization, data, people and technology) as compared to best practices and determine expected future state.

### Step 3 Detailed review of the financial statement close process activities

For each key sub-process, our team assesses the quality of procedures in place and the execution timing and velocity; investigates risks and controls in place with comparison with leading practices; and provides you with gap analyses, insights and recommendations.

We review the current close process and identify issues that slow the process down. Based on our understanding of the current process and reporting needs, we can provide you with findings and recommendations for the future close process, focusing on increasing efficiency, eliminating delays and reducing dependency on individual employees. As a result, you will spend less time producing financial reporting and achieve a more robust and well-documented process.

### Step 4 Review of dashboards, KPIs and monthly reporting packages

Our team assesses the quality and relevance of your dashboards, KPIs and monthly reporting packages. We review objectives, processes, computations and frequencies. Based on our review, we can provide improvement recommendations for your KPIs to harmonize with the other materials and for your dashboards and monthly reporting packages to increase their relevance and effectiveness.

### Step 5 Findings and recommendations report

All results of the diagnostic are reported back to you. The report includes findings and recommendations to help you build a more effective finance function.

## Why use your external auditor?

We understand your close process and your reporting needs as well as the environment in which you operate. We know your teams, your constraints, your operating structure and the key risks identified through the annual audit.

Your audit team provides insights and effectiveness through leveraging relationships, knowledge of the IT system, accounting system, and your financial and operational reporting and tools, as well as knowledge of your industry, key stakeholders, and processes and practices from walkthroughs during the external audit.

## The value of an integrated team

While performing the financial statement close process assessment, your audit team works with other EY specialists, where needed, reducing the time impact on you and your team. EY specialists bring a breadth of knowledge and practical experience with complex financial close processes. They are high-impact, senior-level professionals with multiple-year track records of working together to achieve significant results for our clients.

## Is your finance function ready to meet the needs of the business?

Does your business need a finance function that is leaner, more adaptable and more efficient and that fosters a performance culture? Do you need it to handle more complex accounting issues while increasing its focus on financial controls? Do you need to augment your business's ability to attract and retain highly competent employees? Do you need solutions to reduce overtime while allocating more resources to support timely, high-quality management information?

The EY assessment provides clarity and insights into finance function's organization and performance, particularly throughout the close process. With this understanding, we can help you with insights that will optimize the efficiency and effectiveness of the financial statement close process and meet the needs of the business.

Our commitment to you as your auditor is that we will continue to build on our understanding of your organization and your business and reinforce the trust you have placed in us. We are ready to provide you with insights and best practices that will help you with your financial statement close process that helps address your specific issues.

**EY | Assurance | Tax | Transactions | Advisory**

### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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