



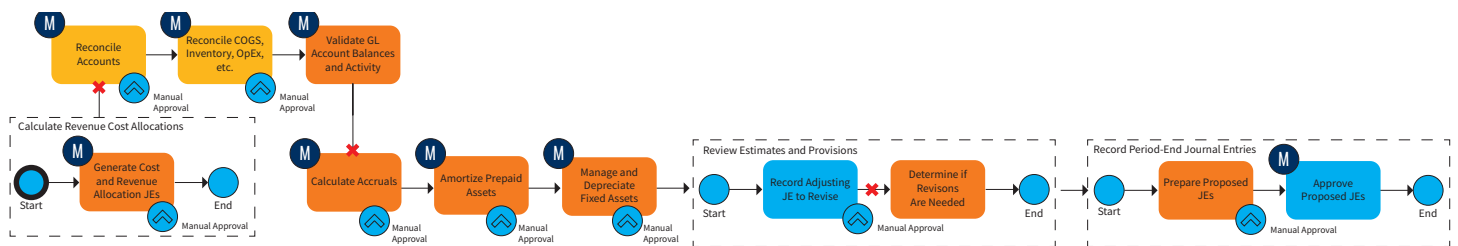
June 2020

How a digital financial close can boost efficiency, enable resiliency, and streamline month-end processes

For many companies, the month-end financial close process is manual and opaque. Spreadsheets are pushed among people and departments, often via email or other decentralized forms of communication, resulting in a lack of version control, consistency, and visibility. Unstructured, spreadsheet-based activities hinder the ability of finance and accounting employees to efficiently execute and manage their workloads. This is

further compounded in a remote workspace, with decreased visibility into workflows and increased inconsistency of activities. In addition, a lack of formal workflow structure and data integrity poses internal control risks and requires additional monitoring to effectively manage. With no effective means of monitoring financial close activity, bottlenecks cannot be relieved.

Exhibit 1: Example manual close process



A manual financial close process often requires excessive email-based or non-system-controlled approvals, spreadsheet-based reconciliations, and manual journal entry creations that slow Time-to-Close.

A holistic **digital financial close (DFC) system** can help address these issues, while also promoting efficiency, enabling resiliency, and delivering real-time savings within a traditional or remote work environment. Through the use of modern, cloud-based tools, organizations can structure financial close activities in a fully auditable environment that can provide robust reporting and opportunities for automation. Leveraging the principles of continuous improvement, this digital shift can be one step in developing a program built around a culture of operational excellence, which can move an organization to eliminate process chaos, improve the financial close, and ultimately create competitive advantage.

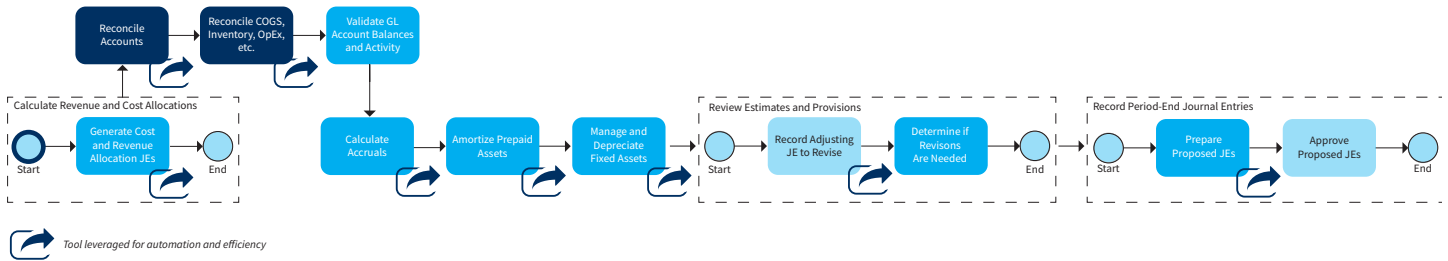
A DFC can:

- Move workflow management into a reportable, structured environment that can be accessed and monitored remotely
- Enable real-time visibility into constraints and barriers to a timely close, allowing solutions and any redistribution of work to be communicated within one remote platform
- Eliminate siloed close activities
- Automate low-risk account reconciliations
- Fully or partially automate subledger reconciliations
- Increase the accuracy and speed of high-risk, manual account reconciliations
- Enable consistency and standardization of tasks and reconciliations in a global environment

- Facilitate variance analysis through a shift to a “manage by exception” process
- Automate the booking of recurring journal entries, while providing governance over manual journal entry creation
- Automatically match large volumes of transactions through rules-based logic

- Streamline financial reporting through the automation of ERP and entity-level system-to-system reconciliations
- Report on important metrics such as activity completion, account reconciliation statuses, required adjustments, and automation rates

Exhibit 2: Example digital close process

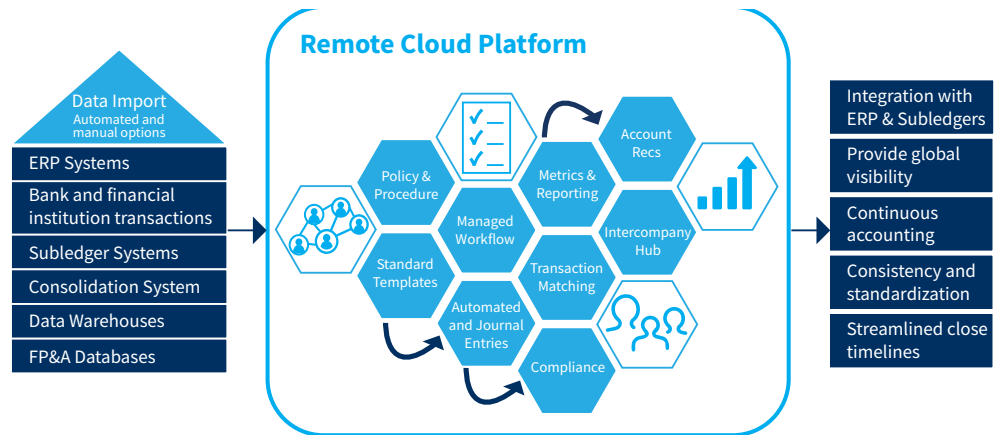


A DFC system provides structure, security, and automation to achieve time savings, visibility, and governance around the month-end close activities. Siloed activities between accounting and financial planning and analysis (FP&A) teams are removed within a DFC environment, allowing for efficiencies in Time-to-Report, budgeting, and forecasting activities.

A DFC system can automate a remote work environment within one platform, allowing the team to leverage the functionality of the tool to provide strong controls, visibility, managed workflows, and reconciliation efficiencies. DFC tools can also shorten the Time-to-Report by streamlining trial balance activities through automation algorithms or matching logic functions for recurring journal entries that require routine calculations like estimates, provisions, depreciation, and allowances.

Working with BlackLine, CohnReznick Advisory has developed a collaborative Process Discovery Assessment approach to help organizations begin the journey toward eliminating chaos such as the inefficiencies that may exist within your financial close process. Our proprietary approach leverages lean and business process management concepts to support strategic objectives, drive efficiencies, and, most importantly, produce high-impact, immediate, and measurable results. Together, we can help you address transformation challenges by equipping you with the insight and strategy to streamline processes, optimize your operations, and implement technologies that support business digitization and growth.

Exhibit 3: BlackLine Financial Close Process



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