Achieving an effective Finance function that safeguards assets and delivers value, while driving strategic objectives with compressed resources and timelines can be a significant challenge for today’s organisation.

The “Last Mile of Finance” is more involved and challenging than ever. Complex operating and reporting environments along with disparate processes and systems have become the norm, while converging standards are demanding greater accountability, transparency and control. At the same time, today’s finance function must be lean and controlled in order to drive value. Businesses are increasingly turning to ‘point technologies’ to assist with the necessary improvement changes.

Technology, to fill gaps not met effectively by core ERPs, can automate various elements of the close, including areas such as management of reconciliations, close process scheduling, journal entry control, variance analysis, and intercompany account-ing. Finance functions are starting to tackle financial close challenges by coupling this technology with improvements in process, close governance, and the talent model.

The last mile of finance
Refers to the activities and processes that result in the corporate books being closed and financials being published. This includes:

- Validation that balances are appropriately stated
- Gaining understanding of balances and changes through analytical procedures
- Consolidation of local books and records
- Processing of adjusting journal entries
- Preparing financial statements
- Translating to a different version of GAAP
- Gathering financial data and narratives for disclosures

In the last decade, companies have invested heavily in the front-end of a financial process, promoting efficient and effective transaction processing through unified policies, procedures and systems. In the past, this same focus has not been given to the last mile of finance resulting in manual and error-prone processes. Often more time is focused on the mechanics than understanding the numbers.

Today, there is more focus on balance sheet integrity in the last mile of finance. Through the catalyst of technology change, coupled with improved process, governance, and organisation, companies are finding that investments may yield the balance of both risk reduction and efficiency.

What’s driving risk in the last mile of finance?
Why is it so hard to close the books?
Typically, the key drivers include:

- Lack of visibility into the details of the accounting of geographical dispersed or autonomous divisions
- Inconsistent application of group accounting policies and corporate GAAP
- Increased regulatory and statutory requirements
- A manual close process. Accountants are engrossed in busy work, rather than leveraging their skills and experience to provide insight
- Vast volumes of data. Use of spreadsheets. Companies are often challenged to detect errors in these and govern a relevant review processes
- Increased stakeholder demands

In addition to these challenges, a risk-based approach is typically not being applied. Resources are not being allocated to the areas that pose greater risk of error to the company’s financial statements.
Best Practice Close Attributes

- **Risk-based**: Efficient allocation of resources is based on the risk of misstatement of the underlying balance.
- **Automated**: Technology is leveraged to allow full automation of elements of the close and to accelerate other dependencies such as data collection.
- **Transparent**: Dashboard reporting provides management with visibility into the status of the close while highlighting areas of potential error.
- **Consistent**: Accounting procedures are applied in a uniform manner, across divisions and locations.
- **Segregated**: There is a clear chain of command to allow effective review and oversight.
- **Auditable**: Results of the close to be audited by external and internal auditors in a highly effective manner.
- **Platform agnostic**: Data can be pulled from various systems in different formats.
- **Timely and efficient**: Results are published in a timely manner, with a low cost.

Why dedicate time to Close Automation?
By embracing Close Automation solutions, organisations can build and sustain more effective control, enhance risk management, improve process efficiency while releasing capacity to focus on strategic, value-add, finance transformation activity. While the technology is critical to establishing enforceable policy and procedures, it is only one part of the solution. For value to be properly generated, governance, process and talent should also be included in a reconciliation initiative.

What benefits can Close Automation applications deliver?
When re-engineering your close process, start with the end in mind. Consider the benefits that may be yielded from your program in relation to your people, processes, technology and governance.
How can we bring value to your organisation?

In partnership with cutting-edge finance technologies, the Deloitte Finance Applications service offering provides industry-leading, expert professional advice to fundamentally transform how finance delivers value to an organisation. We can help you define your Finance applications strategy and support you in embedding a Close Automation application to enable you to prioritise key tasks to achieve a faster, more reliable close.

Our scope of services is as follows:
- **Assessment and Advisory** - Define the business case, investment, scope of requirements and programme of activity to deliver tangible benefits and savings
- **Selection** - Define future state solution, conduct a vendor evaluation assessment and advise selection
- **Implementation** - Lead the programme management and solution delivery to achieve a successful implementation
- **Optimisation** - Drive automation across the finance function to enable more holistic oversight and governance, improve process quality and compliance and release resources to focus on more strategic, value-add finance activity

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