ORACLE

Finance Starter Kit:
Accelerate an Automated Financial Close

Best practices and first steps
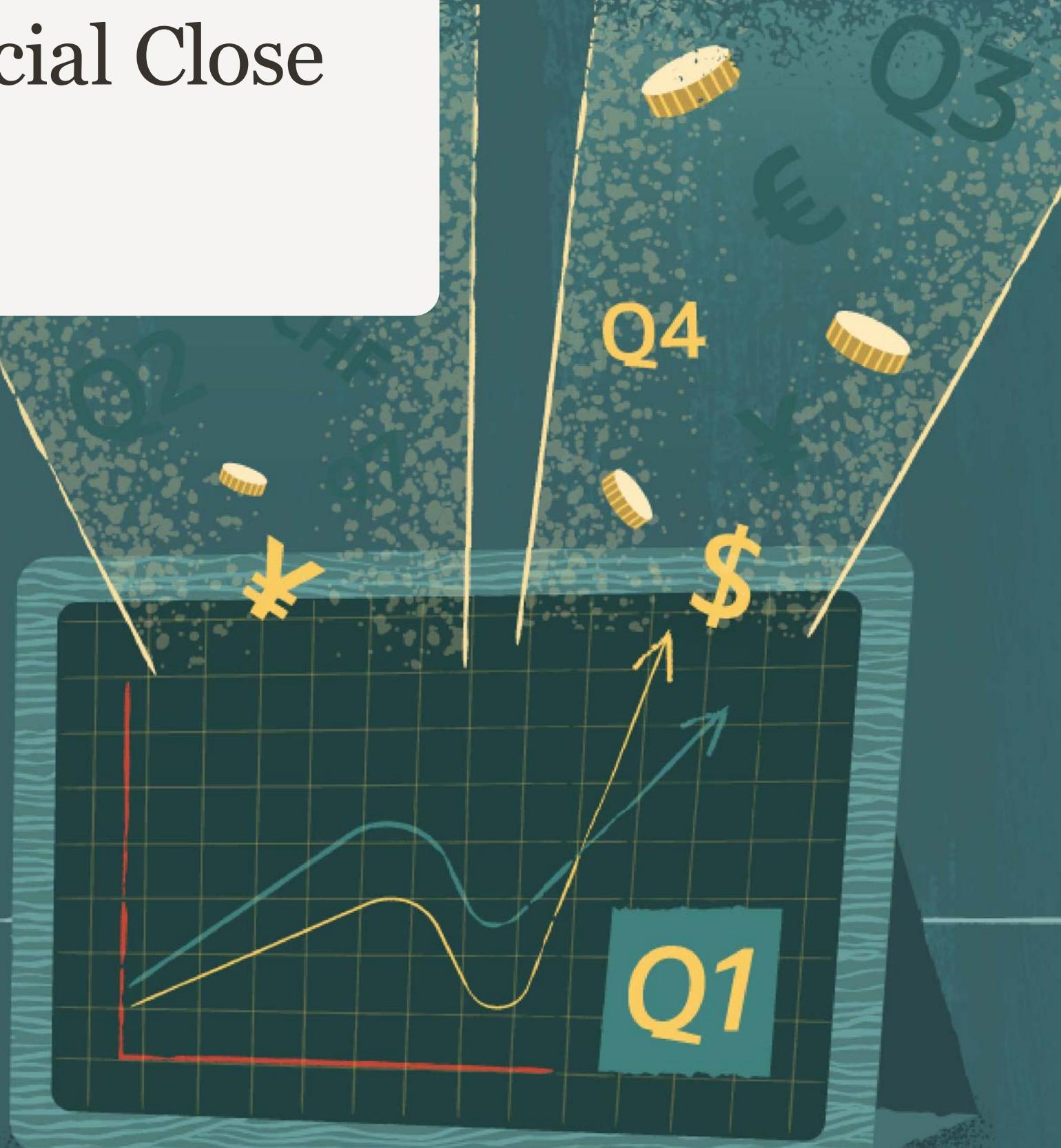
Automating an extended financial close

How do institutions assess their current financial state, in real-time, and quickly take any necessary action? These are challenges that finance teams constantly face–especially now, as they navigate the current environment.

More than ever, higher education is focused on preparing for whatever comes next. Even without a pandemic, schools should always be looking for these opportunities—to embrace a digital transformation and thrive at every level.

As institutions contemplate their digital transformation—from streamlining business processes, to taking advantage of new technologies such as AI or machine leraning—they can't afford to be slowed down by manual processes and inaccuracies. An automated close that connects stakeholders and systems is critical for getting timely, accurate information into the hands of decision-makers.

Five best practices for an automated financial close

1. Address the extended financial close process

It's important to address the "extended" financial close, which can encompass the subledger close, identifying irregularities and errors, account reconciliation, tax provision, and submitting filings to the appropriate regulatory body. It's impossible to improve and automate the financial close process without taking into account its entirety and without having a clear understanding of the dependencies and task durations.

2. Focus on key improvements to streamline and connect

Once the entire close process is understood and documented, finance can focus on the areas that can be simplified, standardized, and connected. Consider areas where there are repetitive or lengthy tasks that can be found all across the extended close—these areas tend to involve interdepartmental eliminations, and account reconciliation. Also hone in on areas with extremely manual or error-prone tasks such as importing or exporting data into applications via spreadsheets, which could be improved with integration or enterprise master data management solutions.

Finally, look for areas where there are delays and understand why they are happening. Are there constant system errors due to improperly mapped transactions? Are there task dependencies that rely on one person or where dependencies are not clearly managed?

Five best practices for an automated financial close

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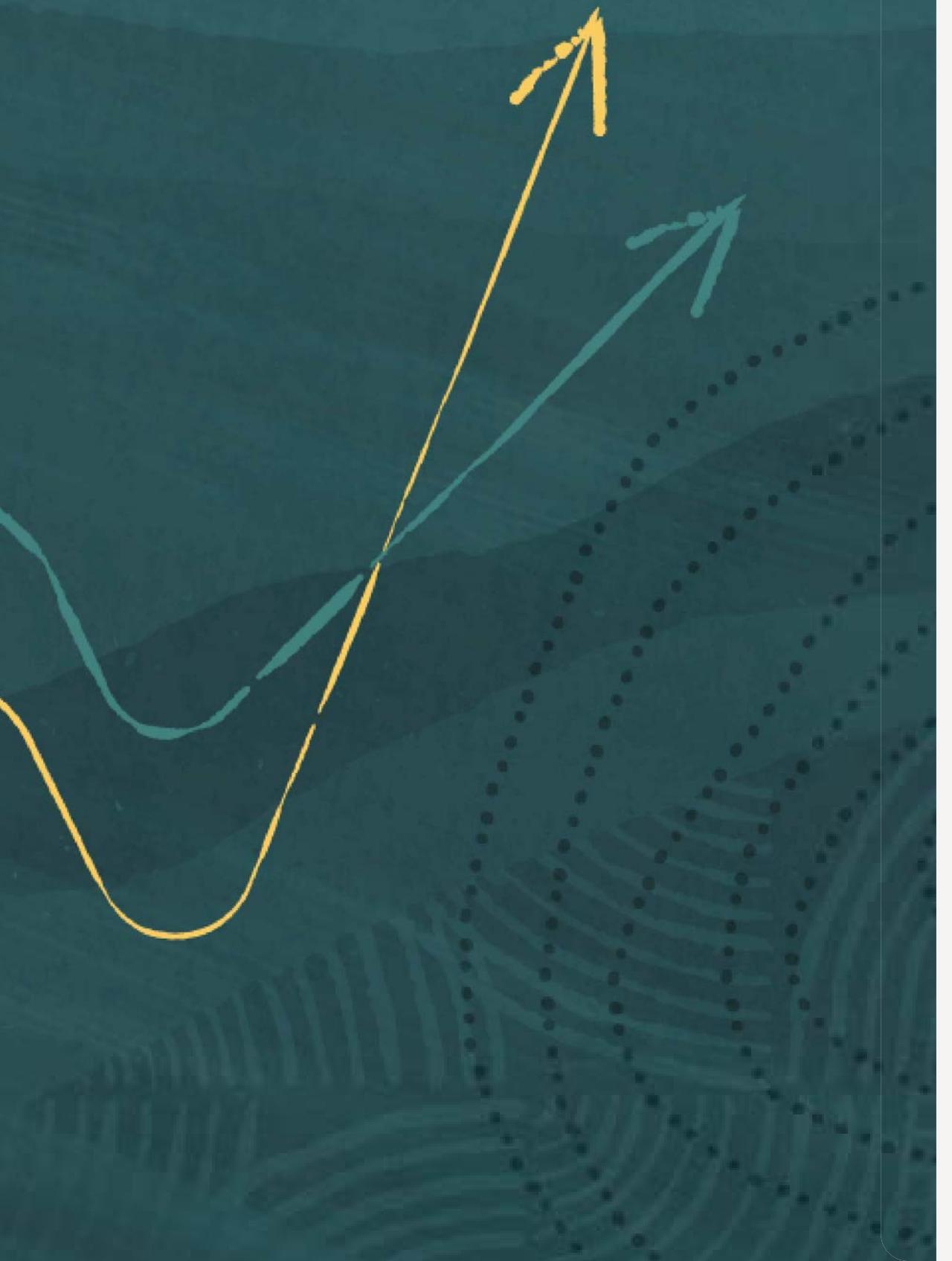
3 **Create a shared, detailed close schedule that you can monitor and learn from**

Sharing and tracking the documented close process and its tasks anytime, anywhere is critical. Thus, this should not be tracked through task lists in spreadsheets, which often aren't shared across departments. Visible dashboards, often delivered as part of cloud solutions, help enable collaboration and indicate responsibilities and timeframes for a process where so many people and teams are involved. When it comes to a critical process such as the financial close, whether tasks are being completed or are on track should not be left to guesswork. Having visibility and predictability is crucial to decision-makers. Finally, the extended financial close is a repeatable process in which there are tremendous opportunities to learn and improve, perhaps with changes in process or training.

4 **Use Intelligent Process Automation (IPA) and machine learning to improve the extended close**

IPA can significantly improve many tasks in accounting and finance that are currently manual, such as account reconciliations, financial close process management, and statutory reporting. IPA is considered to be the next evolution in robotic process automation (RPA): it layers in artificial intelligence; can observe and analyze data, its history, and its context; and can identify new patterns or recommend new rules, or suggest how existing rules can be reconfigured to be more efficient.

With IPA, finance teams can automate a large subset of account reconciliations so that the teams won't even need to touch them. IPA can also help automate much of the close orchestration and track the status of task completion across multiple systems, automatically kick off close processes as soon as dependent tasks are completed, and update the close calendar so you can stay apprised of where you are in the financial close process. Ultimately, these IPA improvements should free up users to focus more on value-added work and less on routine processing and analysis.

Five best practices for an automated financial close

5   **Provide timely, self-service reporting**

Providing timely and accurate information to decision-makers is really the ultimate objective. Therefore, it is a best practice to deliver flash and automated reporting while also providing a self-service system where users have secure, remote, 24/7 access to the latest financial information, removing the dependency on finance for generating reports and analysis. Decision-makers will appreciate modern reporting such as interactive dashboards to get information ad-hoc. Finally, take a collaborative approach with reporting so that contributors have access to content based on their role, can provide commentary, and can see the progress of financial and management report packages. This will ensure you are providing clear, accurate, and detailed information to stakeholders—and will get you to the last mile of the financial close faster.
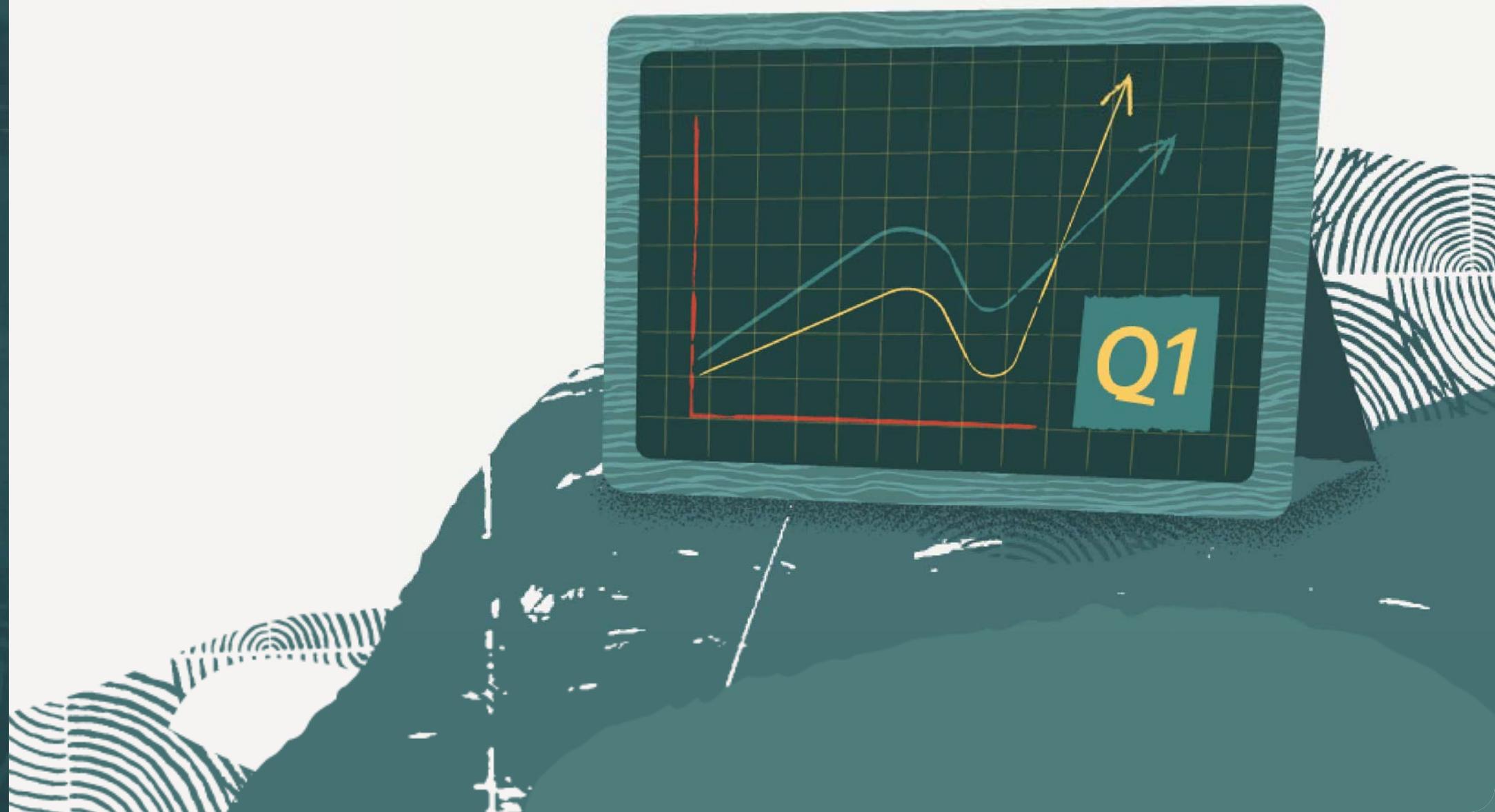
Steps to get started

1. **Look** to where manual processes can be eliminated.

2. **Determine** whether or not systems support an extended, connected close.

3. **Evaluate** automated technologies and cloud solutions that offer standardized, best practices.

4. **Outline** a plan for continual monitoring and frequent adjustments. Don't just set it and forget it.

Quick reminders

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✓ Address the comprehensive close process and do not forget important groups such as Tax, which plays an important part in an automated close and rarely gets the tools and attention needed to connect to the close process effectively.

✓ Pay attention to major time sucks or extremely manual processes, as these areas will benefit the most from IPA and machine learning technologies.

✓ Track the close process, and do not underestimate the value of transparency and collaboration provided by cloud solutions.

✓ Monitor constantly to find areas for improvement.

Looking forward

An automated and connected financial close will enable finance teams to respond to changes and address stakeholder demands for faster, more accurate, and more transparent reporting. Institutions with an automated close instill confidence in their staff and stakeholders. Ultimately, a streamlined process can help schools focus their time on strategic analysis to save cost and free up time to focus on strategic activities.

Oracle can help provide a path to automating the financial close. We are currently making great progress toward our own goal of a one-day monthly financial close cycle.

Visit our site to learn more about achieving an automated financial close and other big moves finance should make now, or take a quick product tour.

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