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Strengthen and Streamline Your Month-End Close

Automation, internal controls, and value-added analysis

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Learning Objectives

At the end of this session, you will be able to:

- Recognize the key components to a strong month-end close process
- Identify ways to introduce or enhance technology used in your process for greater efficiency
- Determine how you might use the time saved in an efficient process to introduce analysis, forecasting, and more

Agenda

1. Month-end Close: What to Reconcile When & Use of Estimates

2. Technology Options to Consider
   - Accounts Payable & Credit Cards
   - System Integration
   - Report Access

3. What to do with the “extra time” – Value-added analysis

Month-End Close

- **Definition:** The month-end close is the collection of financial accounting information, review, and reconciliation of records each month. This is a reporting requirement for some companies, and **helps businesses keep accurate records throughout the year.** The most important closing period comes at the end of the financial year.

Month-End Close

Month-End Close

- **Raise of hands**
- On what day are your financials closed each month?
  - 5 days after month end
  - 10 days after month end
  - 15 days after month end
  - We are lucky to close at all the following month

Month-End Close

- **Raise of hands**
- How often do you reconcile balance sheet accounts?
    - Monthly
    - Quarterly
    - Yearly
    - Depends

Month-End Close

- Why reconcile balance sheet accounts monthly?
- Ability to identify miscoded transactions
- Collection issues on receivables
- Fraud noted when doing a bank reconciliation
- Incorrect deposits made for benefits (ex: 403(b)/401(k))
- Missed payment on loans
- Over/underspending on grants
- Double recording of revenue (AR + deposit for same funds)

Month-End Close: Use of Estimates

What are some common areas to use estimates or delayed periods for month-end close?

- Investment mark-to-market
- Accruals for recurring expenses (utilities, etc.)
- Credit cards (sometimes !?!)
- Others?

Small Group Discussion

What are your organization’s biggest pain points in achieving a timely month-end close?

Technology & Automation

Technology & Automation

1. A/P and Payroll
2. System Integration
3. Report Access

1. A/P and Credit Cards

- #1 thing we hear holding up month-end close in nonprofits?
  - Accounts payable (coding, approvals)
  - Credit cards (receipts, coding, approvals)

Particularly important (and cumbersome) with cost reimbursement grants

- Ideas to add automation and remove this month-end delay?
  - Online bill pay platforms
  - Expense management platforms
  - Accountability mechanisms

2. System Integration

Small Group Discussion

- How many of you have systems integrated with your general ledger?
- Which ones? How well do they work?
- Where have you found a “solid upload/download” works better?

2. System Integration

- Time-saving system integrations we like:
  - Bill pay (integrates to book journal entries)
  - Month-end close software (integrates to pull balances; house reconciliations)
  - Payroll with allocations (some full integrations; others better upload/download)
  - Bank feeds
  - Fundraising systems (similar to payroll; sometimes full integrations are great; other times an efficient upload/download makes more sense)
  - Financial report generation (makes your reports look amazing)

3. Report Access

- By granting more people in your organization read-only access to (appropriate) financial information, you can empower them to:
  - Review financial information throughout the month and spot errors/coding changes mid-month vs. at month-end
  - Allow budget owners to see budget v. actual (particularly on the expense side)
  - Gain a better understanding of the financials of the organization

Value-Added Analysis

What to do with all that extra time?

Raise of hands…

When your books are closed, what are you able to do on a recurring basis each month today?

Review results and bring questions/ observations to the team to discuss.

Financials produced are standard packet (SOA, SOFP)

Option 1+

Analysis of key highlights at a summary and/or line-item level

Dashboard or graphic representation of the financials

Option 2+

Updated forecast showing where the organization is likely to end the year

Interactive tools to allow budget owners and/or governance to analyze performance to-date

Interactive Visual Tool

Demo of CLA QBO BI Dashboard Tool

SmartMission_Demo - Power BI

Questions? Thank you!

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