7 PITFALLS DURING MONTH-END CLOSE

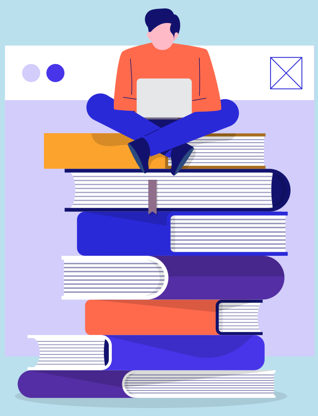
(AND WHAT YOU CAN DO TO PREVENT THEM)

1) NEGLECTING THE BALANCE SHEET

An up-to-date balance sheet is key for assessing the health of your business. Accurate financial data allows stakeholders to make better decisions to increase profitability and avoid risk. Make sure you are reconciling your accounts monthly and not relying on roll-forwards.

2) NOT ENOUGH FOCUS ON FRAUD RISK

Fraud is on the rise. According to the KPMG Fraud Outlook, the majority of companies in North America report losses from fraud, compliance breaches or cyber attacks. Combat fraud by cleaning up your COA, restricting the timing of transactions and enforcing a strict segregation of duties.

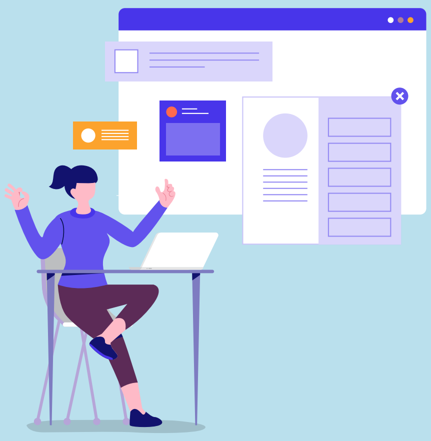


3) NOT FOLLOWING THE CLOSE CHECKLIST

Checklists were invented by the airline industry to ensure the safety of all crew and passengers. While less of a life-or-death scenario, the close checklist is important to ensure all tasks are done. To sidestep any confusion, a good checklist should include clear ownership and deadlines.

4) NOT VALIDATING BALANCE SHEET ACCOUNTS PROPERLY

Balance sheet reconciliations are often done improperly due to lack of time and training. This results in accountants mistakenly completing “roll forwards” or “general ledger replications” which cannot extract the full power of doing true reconciliations.



5) IGNORING FLUX ANALYSIS

It's all to easy to forget to incorporate flux analysis as it's not a key control and there never seems to be enough time. This is a shame since it's incredibly helpful for interpreting the business. If bandwidth is an issue for the accounting team, there are tools that can automate flux analysis.

6) VERSION AND ACCESS CONTROL

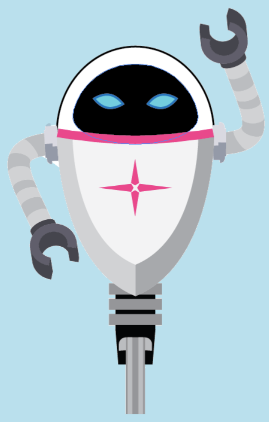
Organization and communication are incredibly important for a smooth close. Take the time to implement administrative protocols when tackling month-end work. A little headache upfront can save a massive one later on.

7) LACK OF CROSS-TRAINING

Although accounting has one of the lowest turnover rates for any profession, it's still important to be prepared for anything. Cross-training and rotating duties protects the team from being left in a lurch at closing time.

ABOUT SKYSTEM LLC

SkyStem is the maker of ART, a powerful month-end close solution that helps CFOs and Controllers shorten the close by automating balance sheet reconciliations, managing month-end tasks, performing flux analysis and providing insightful reporting. Schedule a demo today and eliminate 90% of manual month-end work in just 30 days.



SKYSTEM Crystal Clear Close

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