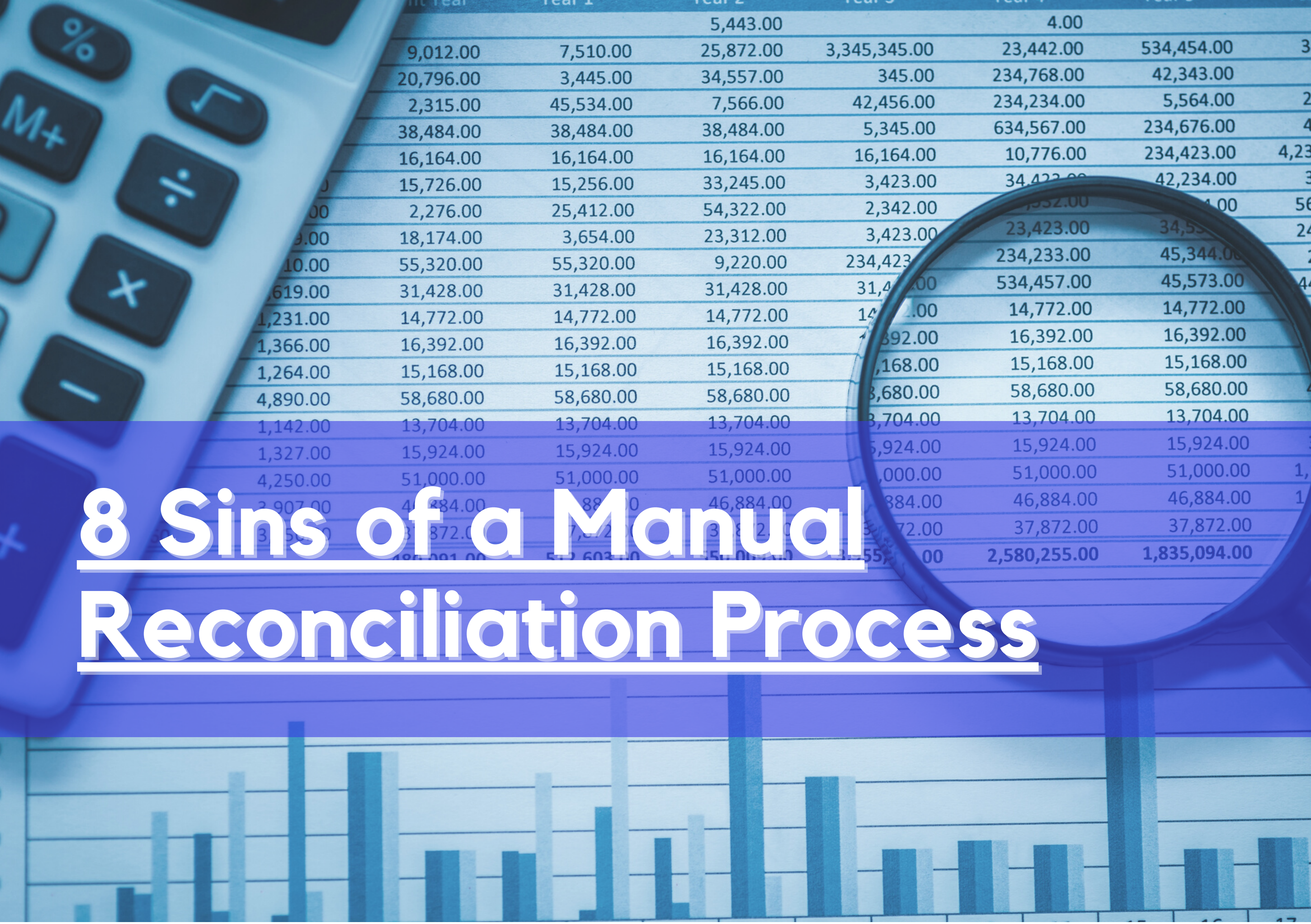
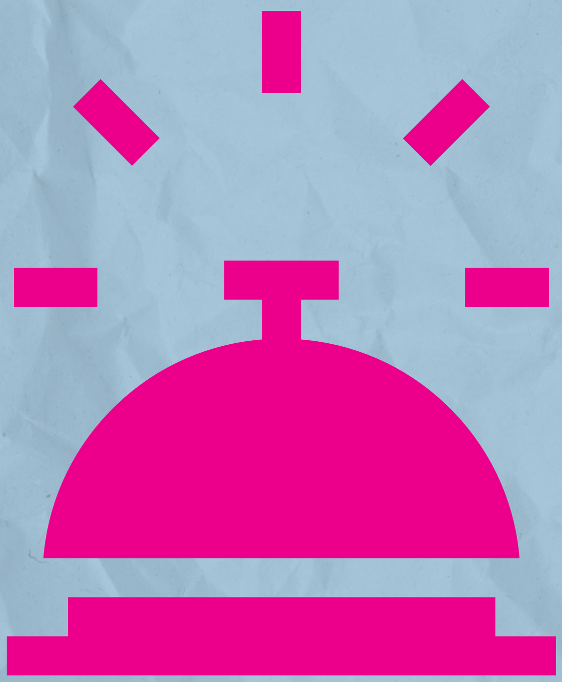


8 Sins of a Manual Reconciliation Process

SKYSTEM Crystal Clear Close

Here is a dirty secret:



Most organizations are committing one or more of the following reconciliation sins each month. See if any of these ring a bell for you. If so, perhaps it's time to consider automation

Rollover Spreadsheets → Update Checklists → Sign and Print

If the process above pretty much sums up your reconciliation process each month, then you'll want to keep reading.

The reality is that business operations are getting increasingly complex, shareholders are demanding more, and your auditors are breathing down your neck like never before.

The reconciliation activity is your last line of defense against financial fraud and errors. And insisting on a manual process to handle month-end reconciliations is a risky endeavor that places undue burden on your Accounting Team.

Is it time to ditch the spreadsheets and paper stacks? Here are eight problems you face with your current reconciliation process that may indicate the need to consider automation.

Sin 1: Too Much Style

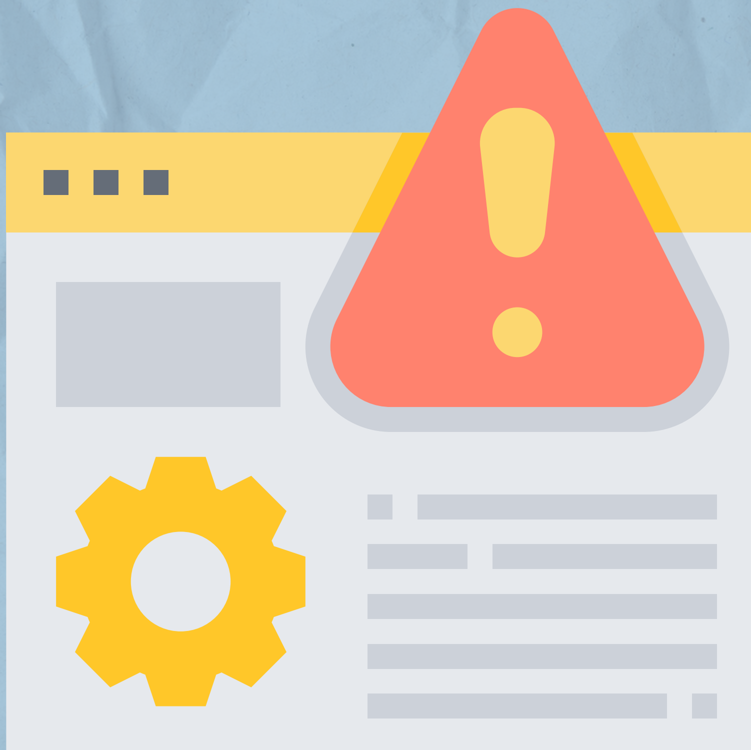
Taylor Swift reportedly cannot wear the same outfit twice. Does that sound like some of your reconciliations, where each cover sheet seems to have its own style and format,and no two reconciliations look the same?

Great for fashion. Bad for reconciliations.

Non-standardized documentation creates room for errors and can even bury “red flag” items. A common example would be the“reconciliation” where the general ledger's transactional activity is simply replicated on a spreadsheet.

Errors and potential reconciling items cannot be uncovered, and the purpose of the reconciliations is defeated.

Sin 2: You Make Mistakes



Sheryl Crow wrote a song called "My Favorite Mistake." Here are a few of our favorite mistakes when it comes to reconciliations done manually on spreadsheets:

- Forgetting to reconcile new accounts
- Data entry and transposition errors
- Forgetting to transfer over prior period open items
- Keeping stale reconciling items on the books instead of writing them off during reconciliation
- Incorrect or incomplete formulas
- Broken links, or links that point to internal files that are no longer there
- Hidden rows and columns. Buried notes and comments
- Version control mishaps

Sin 3: You're No Super Sleuth

OK. So, Sherlock Holmes probably never investigated this case, but perhaps you have. How many times have you issued a review note, and then off goes the Post-It note, never to be heard from again until you have to track it down?

Review notes love to sneak off. What's the point of taking the time to write them up if half of them aren't cleared timely?

And then there's this: Recent PCAOB guidance has prompted auditors to require even more evidence of review. Those comments you made on paper, in emails, and as squiggles on spreadsheets must all be hunted down to prove that reconciliations were reviewed diligently.

Sin 4: You Can't Show Proof

Speaking of auditors, they always seem to be requesting old invoices and back-ups that need to be pulled from shared drives, binders on someone’s desk, or worse, an offsite storage facility (gasp).

Wouldn’t it be nice if everything that an auditor needed to inspect is kept together all in one place, without having to scan every darn thing?

And when you’re reviewing reconciliations, wouldn’t it be great if all support and back up documentation were at your fingertips, without sacrificing your staff’s speed and efficiency during the close?

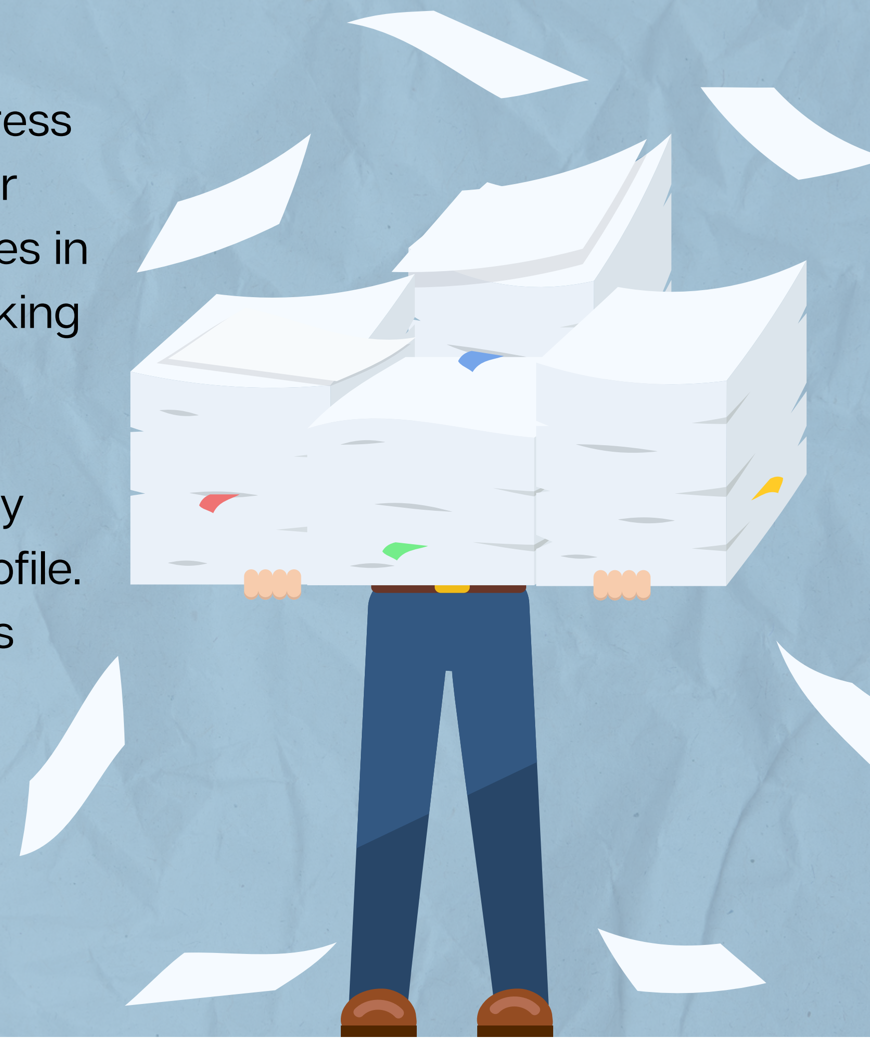
Sin 5: Administrative Overhead

The work environment today is deadline driven and impatient.

In keeping each other abreast of reconciliation progress throughout the month, you might be putting together status updates, signing off on checklists, updating files in shared drives, and maybe even printing out and making a binder.

These are all very important activities, but not exactly the kind of work that is showcased on a LinkedIn profile. Less brain power focused on status reporting means more brain power available for decision--making.

Jamming the printer or reviewing the financials
Which is the more value-added activity?



Sin 6: You're Burning Time

Is there anything more frustrating than reconciling an account, just to discover later that the general ledger balance was outdated?

Guidance on reconciliation best practices will say that reconciliations should be done while closing the books, not after the books are closed, so that material errors are caught before financials are finalized.

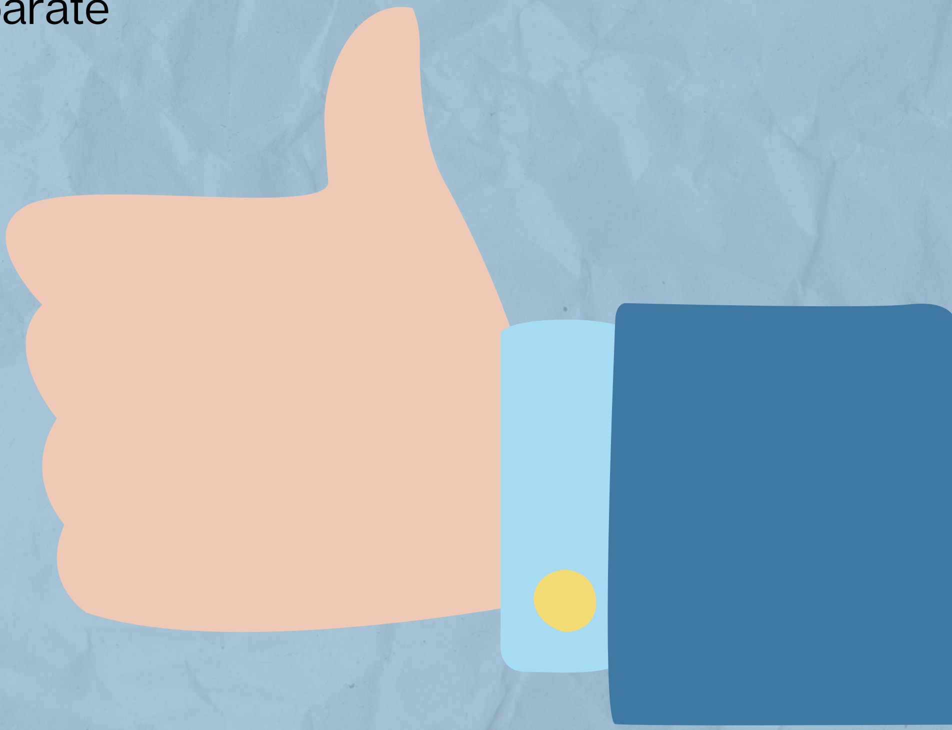
This sounds great in theory, except how are you supposed to reconcile hundreds of accounts and then constantly check for updated balances so that reconciliations can be updated and re-processed for review and sign-off?

Sin 7: You're a Nice Person

Your accounting folks worked hard to reconcile the balance sheet. Unfortunately, it's extremely difficult to convert that hard work and all that data into insight. Unexplained variances, aged reconciling items, aggregate exceptions and write-offs are all crucial information for executives during and after the close.

But because reconciliation data is kept on disparate spreadsheets and must be compiled by hand, analytics cannot be produced easily without burdening the staff.

Your staff is busy and you're a nice boss, so you get by without high level insight.



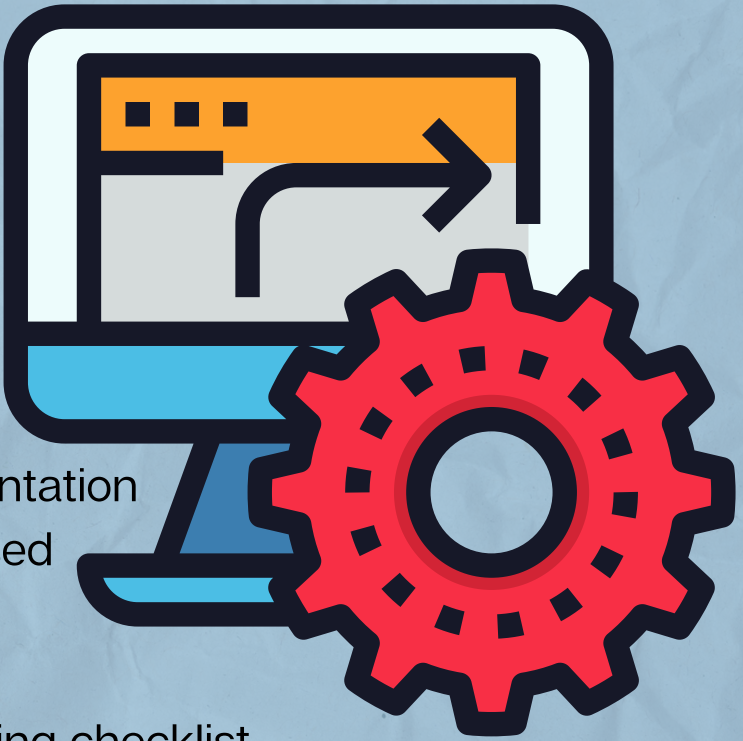
Sin 8: You're Consuming Resources

Beauty routines for celebrities can cost more than $100,000 a year. Kim Kardashian certainly doesn't just wake up beautiful and ready for her close up.

Similarly, getting a passing grade on your compliance program doesn't just happen on its own. For any manual process to work well, it requires disciplined staff to execute and nurture the process every day.

It's hard work. And the burden of staying compliant with regulatory bodies can be consuming. Providing supporting documentation, establishing a paper trail, updating policies and narratives, enforcing proper segregation of duties, and executing controls (all while trying to finish your day-to-day work) is no walk in the park.

Have You Considered Automation?



While it’s no silver bullet, automating the reconciliation process will certainly help reduce, and in many cases eliminate, the problems, inconveniences and workarounds that exist today during the Close.

For companies that are looking for an affordable option to streamline the close and automate the reconciliation process without incurring lots of implementation costs and getting overrun by consultants, our web--based solution – ART – fits the bill.

And guess what? We’ll also help you automate the closing checklist, set up workflow, institute electronic sign--off and help with balance sheet review, all with little disruption to the business

Book your demo today and enjoy an enhanced reconciliation process starting next month.

Contact Us to Schedule a Demo

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