

10 Best Practices to Improve Your Month-End Close

1. Increase Mid-Month Activities/Daily/Weekly

- Reconcile LHFS
- Reconcile WH & Escrow – weekly
- Reconcile cash
- Reconcile CC

2. Understand the Activities

- Typically, financial activities are either transactional or rules-based
- Understanding the kinds of transactions you are dealing with can help you understand whether to automate them

3. Standardize Your Documentation

- Standardize repeat reconciliations, allocation, JE
- Payroll – mapping GL Mapping from your payroll
- LOS reports – first payments, commission loan level reports

4. Build Bridges Outside the Accounting Department

- Vendor invoices – reach out get invoices
- Closing department – PA

5. Cross-train Key Tasks

- Allows close activities to continue even when a team member is out of the office
- Cross-training also fosters a more collaborative and flexible working environment

6. Embrace Automation

- Automation is your best friend
- The more you can automate, the faster your closing will become

7. Improve Processes

- Process improvement takes time and is a continuous practice
- Making changes piece by piece may not produce dramatic improvements overnight, but it will allow you to evaluate each step and course-correct when needed, which will likely yield greater benefits in the long run.
- For example, start out by updating close-related tasks such as journal entries and then move onto more complex procedures. Track how long each task requires and record any shifts as you go.

8. Prepare a Detail Close Schedule

- Assign the appropriate person to complete the task
- Create a deadline for each task

9. Set Realistic Expectations

- Don't allow you and your team to become overwhelmed
- If your closing is now the 20th, jumping to the 5th may not be realistic.
- Baby step it

10. Make it a Team Effort

- Empower your employees to take ownership and make suggestions
- Push team members to take a personal stake in improving close procedures that is reflective of their role in the organization
- Empower your employees to optimize their workflows in a way that works best for them