Facing many challenges, finance departments have been forced to rewrite the year-end playbook on the go, but lessons on priorities, clarity and effective communication can now be applied in the future, says BlackLine’s Andy Bottrill

A few months ago, the majority of office doors in the UK closed, with very little notice, during the busiest time of the year for finance professionals: the year-end close. It is challenging to efficiently close the books during a normal month, but this left many finance departments in wholly new and unfamiliar waters.

With the pandemic continuing to impact the current environment, the challenges facing finance have multiplied: a distributed remote workforce, strained technology resources, children and loved ones who need help and care, and concerns about personal and financial well-being were and still are looming large in everyone’s minds.

Government efforts to contain the spread of the novel coronavirus have been unprecedented, and CFOs, financial controllers and their teams have been busy trying to rewrite the typical close playbook on the fly. Meanwhile, previously minor annoyances in your processes may have morphed into significant hurdles as stress levels increase.

Although lockdown restrictions in the UK are easing and many businesses are reopening, it is clear that the pandemic is far from over. Local, regional or national restrictions could be reintroduced at any time, which could impact some or all of your finance team.

So, with that in mind, here are the 10 lessons we have learnt on how to set priorities, drive clarity and communicate effectively during the virtual close. These strategies can help you and your teams close efficiently, while positioning yourselves to emerge stronger once the worst has passed – perhaps with some ideas about how to thrive in the future.

1. Review manual controls and controls that require two-person coordination.

This should be done before the close to determine whether remote working demands have changed (and be sure they are properly documented to support eventual audits).

2. Identify where vital knowledge is concentrated in the minds of too few people

Should one team member become unavailable, for whatever reason, it is important to ensure that others have access to the knowledge and information they need to pick up work as needed.

3. Collaborate within your technology solutions, to the extent possible with your setup

Emails can become overwhelming and can be easily missed; furthermore, those communications cannot be tied to action. Using a task management solution to assign a task to a team member, for example, can be a good way of keeping track of everyone’s progress.

4. Communicate with management early on about how reviews and reporting should be handled
For example, determine how trial balance and preliminary P&L reviews will be conducted remotely with leaders so expectations can be managed. Ensure a plan is in place for report distribution and reviews related to the close. Management reporting recipients should be briefed before any changes are made.

5. Scrutinise how the team’s overall activities relate to broader milestones in the close

Working backwards from key deadlines like closing sub-ledgers and the general ledger can help teams to organise their own deadlines. It is crucial to consider all of the dependencies like entity-level processes that are dependent on local steps.

6. Assess the risks associated with close activities

This includes processes like reconciliations, journal entries and other tasks like controls. Working together with internal and external auditors and understanding how your controls are structured will help identify high-risk items as priorities.

7. Appoint someone to monitor the close checklist

When teams are dispersed, working on individual tasks, it is easy to get distracted and miss deadlines. Appointing an individual to monitor the close checklist as a secondary control will ensure steps are not missed.

8. Review the virtual close plan with auditors to solicit input and suggestions

Determine whether anything extra can be done to support the audit process.

9. Give your team flexibility and time to adjust

Bear in mind that for any colleagues who continue to be impacted by lockdown restrictions, working environments are very much intertwined with our personal lives. Hitting deadlines is incredibly important but be conscious that some team members may need more flexibility than usual. For example, if someone is juggling childcare and home schooling with work commitments, they may need to split their time differently over the course of the day.

10. Make use of new online resources

The pandemic has inspired a number of businesses to provide additional support for their customers – make use of those services and advice now. It could help your team to develop a better way of working not only in the short term, but also for the future.

By now you will have completed more than one virtual close, so you should be better equipped to address any remaining challenges head on. But with teams likely to continue working remotely for months to come, now is the perfect time to trial new ways of working, streamline processes and improve the way teams collaborate and communicate.

This can feel overwhelming – finance departments across the board are not only trying to navigate the ‘new normal’, but also what the ‘next normal’ will look like. The good news is that we are all in the same boat, which means by now there is a wealth of information and advice out there for anyone who needs it.

**About the author**

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