

Managing Your Financial Controls

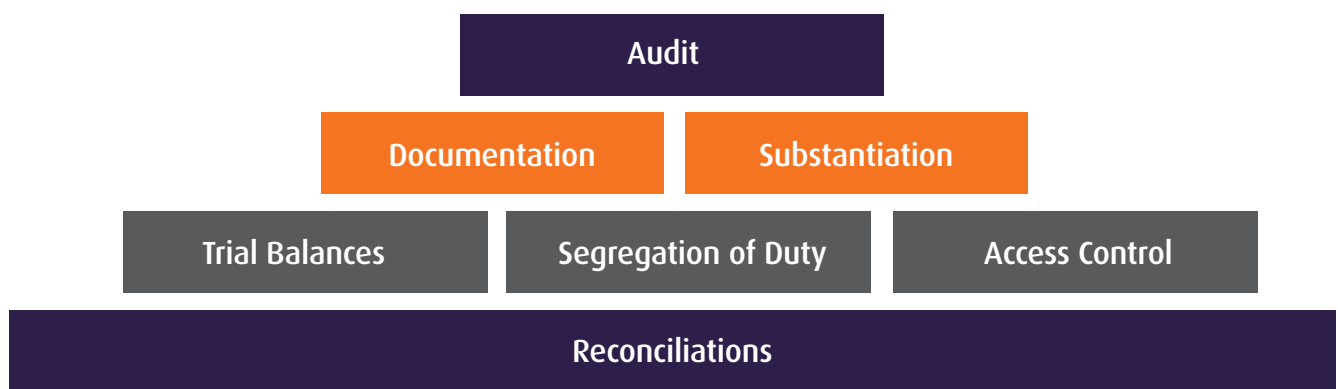


Executive Summary

Today, more than ever, Management Information (MI) is the key driving force for any successful business. This is especially true for Financial Control. Good MI relies on accurate, clean and granular data. AutoRek connects all of your data points and then validates and displays your key performance indicators on bespoke dashboards. This paper provides an oversight into how AutoRek can be of assistance to your firm with regards to Financial Control.

Financial Controls

A financial controller relies on the below foundation blocks to undertake financial management. Underlying these blocks is the need for accurate and timely data so that the right decisions can be made. While many rely on a portfolio of different systems and spreadsheets, the increase in business activity by banks in recent years requires a more robust and scalable approach. Most of the building blocks are managed in silos thereby creating inefficiencies and risk.



A recent survey of CFOs and financial controllers highlighted the need for more reliable data, standardised processes, period end lead time reduction and more timely Management Information.

AutoRek offers an automated solution to capture all data from these blocks in one place – a single repository. This provides a number of advantages including gaining efficiencies, mitigating risk and enhancing controls through reducing the reliance on manual processes and spreadsheets that often exist.

Building A Control Environment

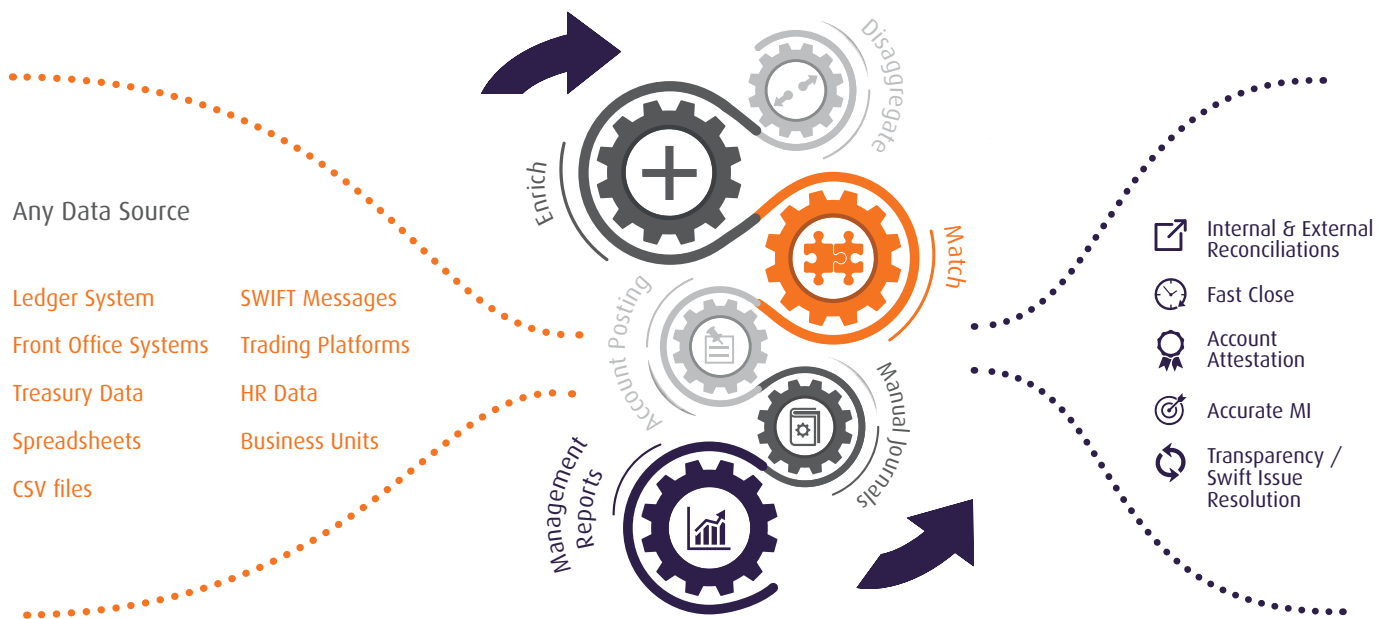
The financial control function manages varying moving parts, including corporate accounting, financial and regulatory reporting, budget and forecast preparation, and development of internal control policies and procedures. Additionally, finance transformation programmes are looking for ways to reduce the period end close cycle, ongoing regulatory requirements need to be addressed and an increasing demand for actionable MI is squeezing the financial control function's ability to manage day to day activities. Even in scenarios where financial operations have been outsourced, oversight is hard to achieve for managers, especially in instances where controls are either manual or spread across disparate systems and/or geographic locations. It is also worth remembering while process can be outsourced the risk cannot.

In order to build a robust control environment, the following key issues need to be considered:

- **Think strategically** – reduce reliance on manual processes and spreadsheets;
- **Use data wisely** – build a golden source of data in one place thereby reducing the cost and dependency of using multiple data feeds from different systems;
- **Mitigate risk during period end** – have oversight of status, and be able to identify and resolve issues quickly and effectively; and
- **Enhance control** – monitor the account attestation process using dashboards that give a single viewpoint across multiple geographies and/or business units.

The Risk Of Tactical Solutions

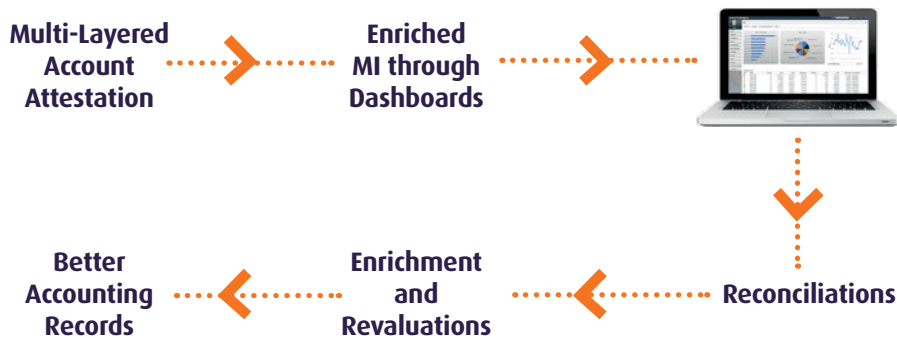
While manual processes and spreadsheets continue to be used, the reliance on such tactical solutions can lead to errors and are viewed by auditors as an operational risk. There is no doubt that using spreadsheets is often a quick fix to dealing with the problem of data consolidation for either reconciliation or reporting purposes. However, the task of collating and normalising the data can be tedious and often leads to manual errors such as incorrect formulas or forgetting to save the file. Financial control teams can find themselves working late hours to pinpoint and correct errors.



The introduction of automated processes can significantly reduce risk, provide scalability, remove the need for manual data mining and standardise processes. Furthermore, the efficiencies gained by implementing a software solution do not end with creating a robust control environment. Systems have the ability to analyse data, giving financial controllers valuable MI such as trending forecasts or budgets against actual or cost-income ratios.

Gaining Control

Given the many competing factors financial control teams need to manage, the challenge is to combat each issue head-on. The key to implementing a standardised and robust framework is to focus on the below key areas.



- Performing automated reconciliations at the most granular level;
- Enriching data and, where necessary, the revaluation of market value, FX exposure or interest calculations on a regular basis;
- Using sophisticated account rules that are capable of applying chart of accounts and posting manual journals or accruals automatically;
- Automating the account sign off process to include issue resolution and escalation workflows; and
- Production of data rich MI that can be relied on to drive business decisions.

AutoRek's capabilities encompass all of these functionalities to provide an automated and robust financial control framework.

Golden Data Source

The benefits of creating a golden source of data far outweigh the effort required to getting one in place. AutoRek can ingest data from any system in any format, and then use the data to its fullest effect. The more data that is stored in AutoRek, the easier it is to provide users with instant access to robust and comprehensive MI that has been reconciled and standardised in terms of format.

The result is that AutoRek can produce intelligent MI without need for manual calculation. This can lead to more accurate trending analysis including forecasting, calculating Net New Money (NNM) to determine accurate finders' fees; and providing performance graphs such as cost/income ratios or Return On Equity (ROE).

Control Your Period End Process

One of the key challenges is the question of reducing the effort month end, quarter end or year end takes. Every Finance Transformation programme introduces measures either through automation or process reengineering to reduce the number of days it takes to complete a period end. The range of accounts and the number of controllers involved in this process can be significant. Achieving period end deadlines is often fraught with accruals and journals being posted right up to the last minute.



A robust automated process can be undertaken as follows:

- Regular data loads into the system through the month and during period end;
- Application of pre-determined business rules;
- Reconciliation, account preparation and issue resolution;
- Evidencing of any discrepancies in a controlled environment through exception management;
- Ability to escalate issues in-system and assigning them through sophisticated workflows; and
- Account submission for approval with integrated workflow for sign off across business units and/or geographies.

AutoRek can be integrated to communicate automatically to your general ledger, so it has the ability to calculate journals or accrual postings wherever possible. This significantly reduces effort and shortens the time taken to prepare accounts ahead of sign off.

AutoRek's audit functionality automatically logs all activities in the system using date and time stamps as well as user details, providing a full and comprehensive audit trail.

Account Attestation

AutoRek provides workflow functionality that can route any account submitted for approval by the preparer to the right person in your organisation for sign off. The workflow capability is designed to take into account that many companies run complex organisational matrices that often span multiple geographies, business units, entities, desks or hierarchies. As such, the system is configurable to replicate your company's structure and hierarchies.

Account Submission



Preparer submits accounts for approval

Multi-Layered Approval Process



Automated workflows ideal for complex organisational matrix

Reporting



Report Generation Rules

Depending on risk rating, materiality limits and/or SLAs, once submitted, the account will be routed to the person responsible for signing it off. The submission, escalation and approval process happens in real-time and recipients of actions are alerted either in-system or via email.

AutoRek dashboards allow financial control managers to monitor the period end progress using Red/Amber/Green (RAG) status indicators including a completion tracker.



Control Across Geographies And Business Units

Business Process Outsourcing (BPO) has evolved beyond the offshoring of simple operations. Today, we outsource complex parts of the financial control procedures to BPO centres across the globe, reducing the number of in-house financial controllers to a small number of experts and managers.

Keeping track of the current status of various processes from afar – whether overseas or simply in another city – is challenging. Achieving the period end close deadlines under cross geographic time zones therefore becomes a risk that is not easily mitigated.

AutoRek addresses this problem head on. By creating multiple layers of personalised ownership, each individual involved in the financial control process is identified and measured by the system. Managers can therefore view the current status in their dashboards. Any accounts that have been neglected for too long are brought to managers' attention through escalation workflow, in real-time.

Perceived distances can be reduced by implementing accountability through automation.



Conclusion

Financial control has to deal with complex data environments, regulatory pressures and the ever present need to gain efficiencies. As businesses become more scalable, a tactical solution to collate or analyse vast sets of data is no longer sustainable. A robust process that can manage financial controls and track transactions and accounts through their lifecycle is needed. Managers need access to key information in real-time and have issues escalated to them as they happen.

Using AutoRek provides dashboards and workflows that do just that, from assigning individual responsibility to account attestation and regulatory reporting, AutoRek provides a robust automated financial control framework to fully support financial management.

Arrange an AutoRek Demonstration

To arrange a demonstration or a confidential discussion to explore our methodology and credentials, please contact us:

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