⬆ Redwood

Financial Close Management

Control your close across your entire R2R process

The majority of organizations still continue to deploy significant numbers of staff across their global business services (GBS) and shared service center (SSC) teams to manage the financial close process. The financial close is repetitive but complex, often spans multiple geographies and departments and requires multiple levels of approvals and controls. A close can have hundreds of separate processes, with multiple sub-processes per entity.
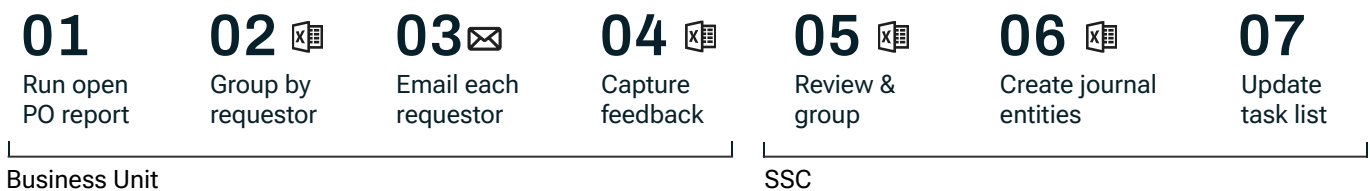
Example: Run Open PO Accrual Process

The following example shows the level of complexity and controls:
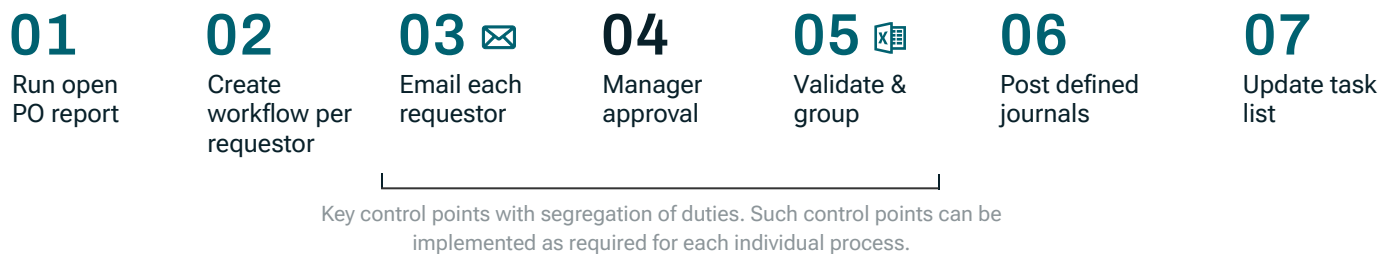
■ **Manual Tasks**
■ **Automated Tasks**

Manual Process

01	02	03 ✉	04	05	06	07
Run open PO report	Group by requestor	Email each requestor	Capture feedback	Review & group	Create journal entities	Update task list

Business Unit   SSC

Automated Process — - 90% automation achieved. Now the whole process is automated including the business unit.

01	02	03 ✉	04	05	06	07
Run open PO report	Create workflow per requestor	Email each requestor	Manager approval	Validate & group	Post defined journals	Update task list

Key control points with segregation of duties. Such control points can be implemented as required for each individual process.

Consider that this process started in the retained organization with an email to hundreds of cost center managers across the business. Responses and adjusted numbers must be chased and sent to the shared services department for processing.

This is laborious enough but now imagine that hundreds of such processes, with dependencies and variations all need to be completed within a given timeframe and all with a perfect audit trail.

Redwood can automate all these activities as well as all other close items, allowing the business complete control on the whole close process at all times.

Robotics - Required process components

- **Desktop Automation**

- **ERP integration;** e.g. AP, Oracle®, PeopleSoft, Jd Edwards etc...

- **Cloud-based integration;** e.g. Salesforce®, Workday, ServiceNow etc...

- **External websites;** e.g. www.supplierblacklist.com, www.barclays.com etc...

- **Orchestration,** SLA & Workflow

- **Pre-configured components;** e.g. Excel, email, SAP®, UI, Oracle, SOAP, browser

- **Global management & roll out;** e.g. Scalability, staged deployment, built in lifecycle management

The account to report process

Here are typical activities and resources assigned to various stages of the A2R process in a multi-billion dollar corporation.

Audit/ Reporting

- Audit Trail

- Process Documentation

- Process Analytics

- Consolidation System Extract

- Financial Reporting Extract

- Profitability Reporting

- Projects

- Services

Financial Close Tasks

GR/IR, AP, AR, Sales-Revenue-Bank, Fixed Assets, Projects, Intangibles & Goodwill, Intercompany, Deferred Revenue, Expense Analysis, Research & Development, Accruals, Allocations, Pre-Paids, Provisions, Payroll-Stock Compensation

G/L Processing

Open New Period, Close Current Period, Cost Allocations, Run Depreciation, Work In Progress (WIP), GR/IR Accruals and Clearing, AR close to GL, AP close to GL, FX Valuation, Revaluations and Costing, Interest Rates, Recurring Journals, Adjustments Journals, Entity Close

Reconciliations

Sales to AR, PO to AP, Cash and Bank, Fixed Assets, Balance Sheet reconciliation (BSR), Defined BSR templates, Flexible reconciliation Rules, Inventory and Materials, Intercompany, Intracompany, Fixed Assets to GL, Payroll to GL, Other Sub Ledgers Profit Center to GL, FI to CO, GL to Consolidation

Consolidation

Extract to Consolidation System, Verification, Perform Consolidation

Disclosure

Task Management

To keep track of the global close process at any given period, an organization needs the ability to define all close tasks, dependencies, predecessors and successors as well as manual alerts and completion feedback.

Redwood's automated task management solution provides a configurable, web-based control center where all accounting and finance tasks can be managed.

Task management uses a hierarchical task list, role-based workflow and real-time dashboards to allow process owners to track and control a variety of task types, including month-end close checklists, tax

filings and more. When linked to Redwood finance automation for close management all these tasks are picked up by pre-defined automated processes and executed automatically. A Kanban-style dashboard provides all process owners the ability to monitor their related processes as they progress from planned, to review and finally to completed.

The inbox presents users with required actions, information and evidence to allow them to take necessary actions without any need to do additional investigation.
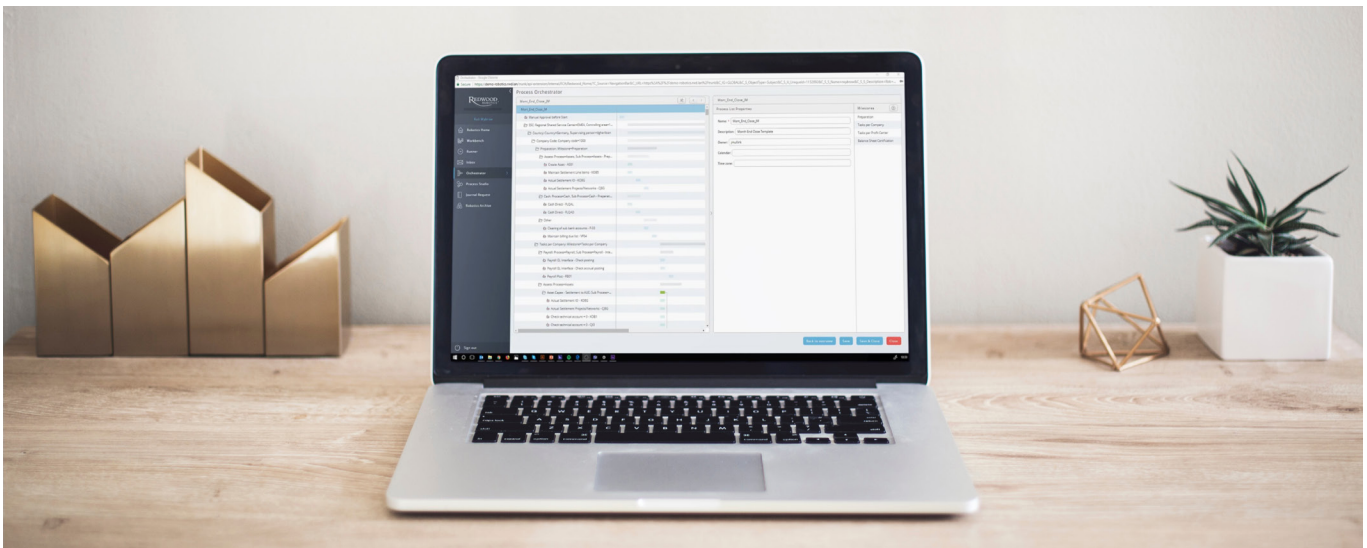
Close Management

Redwood can pick up and execute each system-related task. The solution automatically detects any failures and errors and routes them to the correct business unit to be resolved. It keeps track of all related dependencies and informs the relevant process owners of errors. Process owners are provided with clear dashboards, relevant KPIs and a full audit trail.

- Run allocation

- Run depreciation

- Run customized transactions

- Run forex revaluation

- Run allocation routines

Balance Sheet Reconciliation

Finance automation can perform all the preparation and place the correct group of accounts information in the right template. The solution automatically routes to the defined reviewers and approvers and documents the evidence for later review and audit. More importantly, there is no need to extract all the information to find the right evidence as all reconciliation can be performed directly in the underlying application and only the required line item details are presented in the templates. These templates can be refreshed in near real time without the need for full extract. They also:

- Define account risk levels

- Define account groups to be reconciled

- Create preparer, reviewer and approver profiles with appropriate security

- Complete all preparation work and automatically route to the next action items

- Generate rules and templates

- Auto certify based on the above rules

- Take actions such as 'set next review date' and 'activate correction journals' directly from the line item on the template

Redwood's finance automation solutions for reconciliation can remove more than 90% of the preparer's activities, releasing time for reviewers and approvers to focus on exceptions and any high-risk items.

Provisions and Accurals

Redwood's finance automation solutions can also replicate and perform retained organization activities, including: HR leave accrual, obsolete stock provisions, payroll stock compensation, doubtful debt provisions, pre-payments accrual and intercompany accruals.

Consider the example (on the right-hand side of this page) of a typical accrual and provision process that normally involves accessing different applications and departments for the relevant information. Many resources are needed to reconcile and re-format the data and search for anything that may be missing. In addition, relevant approvals must be sought and then the journals prepared sent to the business unit responsible for posting into ERP.

This HR leave accrual example can be automated completely.
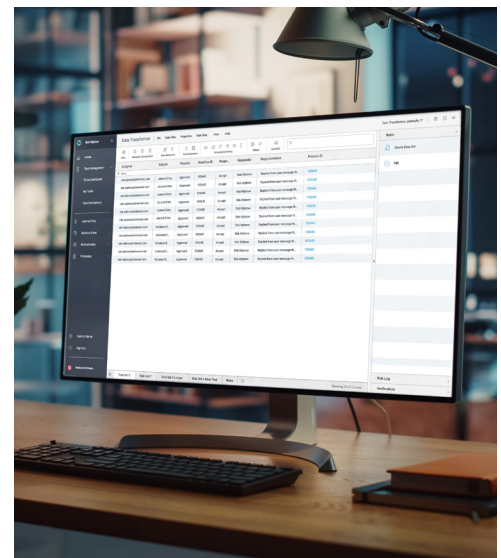
Intercompany Reconciliation

Auto reconcile counter party line items at transaction level, clear the matched items in the underlying application:

- Route unreconciled items to the person responsible for clearing.

- Create accruals for the unreconciled items.

- Create the opposite AP or AR transactions with required approvals, threshold or by specific rules.

Intercompany Hub

Automatically identify intercompany related orders and invoices, pick up POs or invoices from one company and create sales orders or invoices directly into the counter party's books or as a parked item.

Reconcile the posted items at document currency (or by specific rules) and in case of foreign currency items automatically post the P&L on exchange where needed. Automatically clear these transactions within the underlying application. Transfer the remaining differences such as 'goods in transit' or 'cash in transit' onto group consolidation with commentary where required.

Journal Entry Management

- Build easy to use journal templates.

- Define location for placement of journals, such as task list, existing SSC framework, files, SharePoint, web portal etc...

- Automation picks up templates, validates metadata directly with the underlying ERP and returns errors directly to the owner for correction.

- Rules can be set to reject the whole journal or incorrect line item only.

- Where the underlying ERP contains limits on the number of lines it can automatically split the incoming journals and keep track of the split items.

- Posting evidence can be sent to the owners automatically.

- The process owner's graphical dashboard allows them to keep track of all necessary KPIs in real time.

HR Leave Accrual Example

01
Extract salary information from payroll.

02
Reconcile with HR information to calculate holiday entitlement and required accrual.

03
Summarize data to protect privacy.

04
Create provision journal.

05
Mail to shared service/finance personnel for approval.

06
Post journal.

07
Collect posting evidence.

08
Update close task list and create audit trail in an easy-to-investigate format.

See what Redwood cloud-based automation can do for your finance processes

Get a Demo

Redwood