



Life after the final consolidation—the 'Last Mile' of the Fast Close

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author of "Fast Close to the Max®."*

Historically the focus of Fast Close initiatives has been on the delivery of group statutory or management consolidations. Little attention has been given to the task of presenting financial information in internal Board Packs, published ‘glossy’ Annual Reports and Accounts, or in Adobe® PDF documents on the internet.

Over the years these tasks have grown more burdensome as the variety of disclosures, reports and formats has grown. Take for example, the repurposing of financial information for Interim Statements, Business Reviews and Statements of Corporate Social Responsibility (CSR). Unwittingly, the finance function has been absorbing responsibility for sophisticated document production as well as the delivery of financial statements. The result for the unwary is that many of the hard won time savings gained elsewhere in the Reporting Supply Chain are frittered away because the process surrounding the vital last step of report creation is overlooked.

Part of the difficulty is the number of players involved in the final throes of the group consolidation process. The finance department clearly has primary responsibility for marshalling the final numbers, but the presentation is altogether a different matter. Investor relations, external PR bodies, internal auditors, the company secretary, external auditors, the Board, CFO and even printers have a stake in the final look of a document.

The fact that statutory reporting these days has partly metamorphosed into a marketing exercise and a means of delivering a corporate message has added to the pressures.

Yet in systems terms, high quality document production sits uneasily with group reporting applications. The scope for error as structured and unstructured information is transcribed from reporting system to Microsoft® PowerPoint® or Microsoft Word or from the group system to a file format acceptable to external printers is significant. Furthermore, the risk of error is even greater these days as information is expected to be disseminated more widely and in a variety of different report formats and media for different stakeholders, for example, a CSR report produced on the web or an environmental report produced as an addendum to the Final Report and Accounts in hard copy.

A further strain is the need to maintain version control over documents as well as strict security and confidentiality over the information they contain; a position that is exacerbated by fractured systems, a convoluted process and the increasing number of people involved in the final stages of document production.

In the frenzy to prepare the final version of a published set of financial statements the group finance department has to ensure that late consolidation adjustments, or amendments from external auditors, are not only reflected appropriately in the group reporting system but also flow through to final documents (PDFs) on the web and final galley proofs (standard films produced by external printers) for manual checking. The amendments could be as simple as the correction of a typographical error or could involve the intricate adjustment of a detailed note buried deep within the statutory accounts. Failure to spot a mistake could be deeply embarrassing and damage the company's reputation. Furthermore, the late identification of an error has been known to force the destruction of thousands of copies of printed annual accounts at considerable cost, because they could not be issued to shareholders.

The problem with group consolidation systems is that historically the focus of information delivery has been driven in the first instance by the need to satisfy internal information needs rather than the rapidly growing demands of external stakeholders. As a result, information delivery tools integrated to group reporting systems are skewed towards rapid analysis and flexibility of reporting rather than the production of high quality output to the web or hard copy. Microsoft Excel® add-ins, for example, are typical of the tools employed to generate ‘quick and dirty’ reports destined purely for internal consumption.

So what can be done to improve the process? Fortunately, a number of new technology options are emerging in the area of document production. Vendors of consolidation systems are developing tools that allow production of documents, such as statutory filings (10 Q and 20 F) directly out of the consolidation system. Many of these tools allow the applications to be recast in different formats as well, for example, PDF, HTML and XBRL. In parallel other vendors are developing better links to PowerPoint which is the de facto standard for presentations and webcasts of results to boards of management, analysts, the media and shareholders.

However, technical change needs to be accompanied by organizational change and the group finance department of the future has to equip itself with the skills necessary to deliver highly polished presentations and documents. In-house design capability within the finance function seems inevitable in the face of the inexorable demand for an increasing variety of documents, presentations and formats.



About the author

Gary Simon, Group Publisher of *FSN* and Managing Editor of *FSN Newswire*, is a graduate of London University, a Chartered Accountant and a Fellow of the British Computer Society with more than 25 years experience of implementing management and financial reporting systems. Formerly a partner in Deloitte for more than 16 years, he has led some of the most complex financial reporting and information management assignments for global enterprises in the private and public sector. His latest book, “*Fast Close to the Max*” is now available from FSN Publishing Limited.

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