



## **Ensuring Orderly Period-End Closing Procedures**

Arthur F. Rothberg, Managing Director, CFO Edge, LLC

For the purposes of maintaining control over internal accounts and safeguarding long-term accounting consistency, it is integral to create efficient period-end closing procedures. Though these systems can be complex, a well-planned set of internal controls can make the period-end close process more manageable as well as ensure a desirable outcome.

Ultimately, the success or failure of a financial closing process is determined by your company's capacity for open communication. By communicating clearly throughout your organization, and conveying a structured, comprehensive process, it becomes possible to consistently achieve optimum results.

### **Open Communication**

While many believe it is only necessary to include those such as accountants and bookkeepers in the details of the closing process, it can actually be very useful to maintain communication with other employees as well.

Generally, all employees should be kept well informed of any on-going processes or expectations related to closing procedures. Such information can be dispersed through a number of different mediums.

In particular, a calendar of events related to the period-end closing process can be useful. A comprehensive calendar can avoid any conflicts or disruptions from other departments. The rest of the company can thus schedule any vacations, maintenance upgrades, or other potentially disruptive events around the scheduled financial closing proceedings, thereby ensuring that all operations run smoothly.

It is also crucial to maintain open streams of communication for feedback and information sharing throughout the period-end closing process. This can be done through emails, news bulletins, or phone calls. However, it is integral that any, even potentially, affected employees are included in these communications. Such methods provide a platform for feedback on progress, as well as allowing any issues to be aired and handled. These communications ought to occur at regular intervals throughout the closing process, ideally every day or so, so as to catch any potential problems before they become serious.

### **A Clear Plan of Action**

Perhaps most important to the conduction of an effective period-end closing process is the implementation of a clear, thoroughly organized plan-of-action. This plan should be efficient, flexible, and responsive to change. The closing system ought to be established so that it can respond to any structural changes, issues, or risks that may arise. To this end, communication remains exceptionally important. Through inter-departmental communication it becomes possible to establish such a plan-of-action, which will take into account the needs and best practices of every division.

Likewise, it is necessary to use such knowledge to establish a set of internal controls. In fact, inter-office communication can serve as a control itself, as it is an excellent means of detecting erroneous or illicit

operations before they become problematic. It also ensures that such controls remain responsive to the needs of every department affected by closing procedures.

Similarly, while verbal communication is important, it is also useful to maintain a well-organized written record of any processes. Such documentation includes not only financial records, but also detailed reports on the progress of the closing procedures. Comprehensive records of closing system processes serve as an internal control mechanism, as well as a model for future closing efforts.

### **In Summary**

Communication is the key component in the maintenance of efficient period-end closing processes. Maintenance of open avenues of communication throughout the company holds a number of benefits:

- Communication between not only those employees directly involved in the company's financial matters, but also those peripherally effected, enables continued accuracy and decreases the chances of unwanted surprises.
- Maintaining a clear plan of action – created through cooperation and inter-office communication – means that processes will run more smoothly and ensures consistency with past and future closing procedures.
- Besides communicating verbally with company employees, it is also important to maintain written documentation throughout the closing process. Such reports are integral to keeping processes consistent, as well as planning for future closing procedures.

It can often be difficult to coordinate period-end closing processes internally. Los Angeles CEOs and CFOs may find it useful to consult with an outsourced CFO services provider who can keep employees well-informed and coordinate period-end closing processes for minimal conflict.

### **References and Further Reading**

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