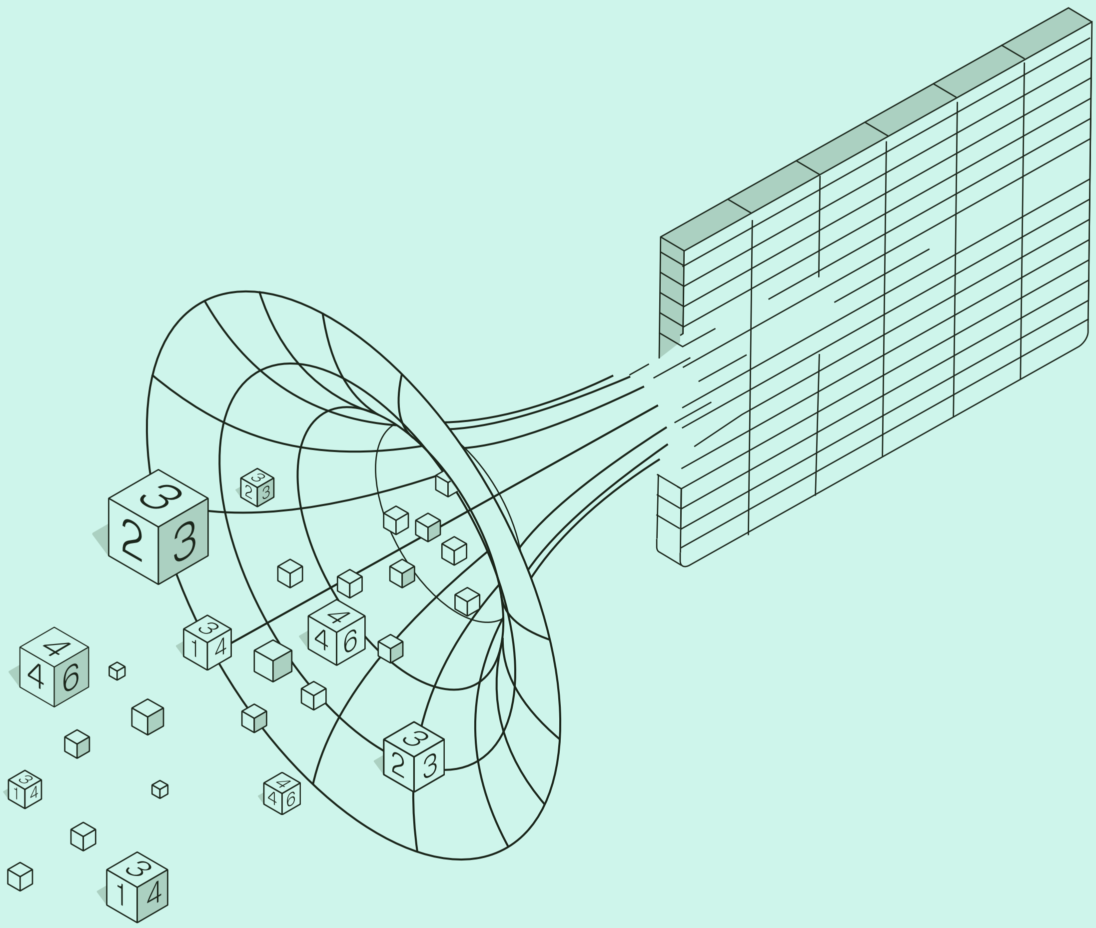
TRULLION

Accelerate the Year-End Close with Automation



Accounting as we know it is changing

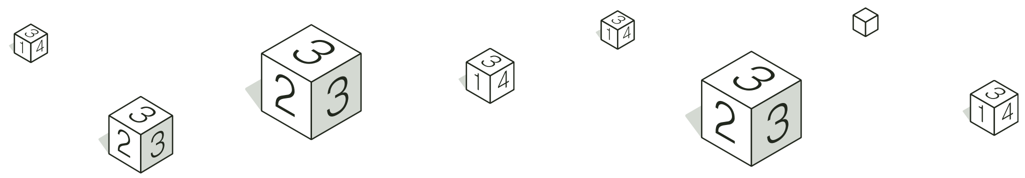
The most crucial point in a company's financial reporting period is the end of the period when year-end statements are prepared. Investors, analysts, and other stakeholders pore over these numbers, compare them to previous years, and make crucial decisions based on these reports.

Auditors require immediate access to these numbers. In fact, many auditors will tell you that often these numbers are not finalized when the audit starts – meaning that the books have to be finalized as soon as possible.

It is therefore period-end reporting, and specifically year-end reporting, where accountants and accounting teams are under pressure to perform.

Technology is changing the way we handle many of the preconceived notions of financial reporting. From real-time auditing to AI-powered automation, accounting as we know it is already looking different than what it did 20 years ago, and this is likely to change even more drastically in the next 20 years.

In this Guide, we take a look at how accounting is evolving, with a particular focus on how automation can be used to accelerate the year-end close.

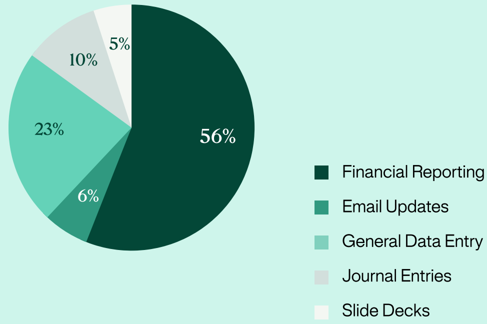


The current state of the year-end close

Financial bodies and the issuers of the rules governing the industry emphasize how reporting must faithfully represent what it purports to represent, be comparable, verifiable, timely, and understandable.

While all of these elements are of tremendous importance, it's the issue of timeliness that is most relevant to year-end reporting. Accounting teams have very limited time to close the books, pass the audit, and report results. This puts tremendous pressure on teams at this time, and of course, this has implications for the other requirements. The manual nature of these processes exacerbates the pressure and inefficiencies of the period-end close.

In a 2023 survey by Trullion, we found that when financial professionals from a range of industries were presented with the choice to automate only one part of their job, more than half chose to automate financial reporting.



Year-end close: the challenges

What are some of the main challenges faced by accounting teams when it comes to accelerating the year-end close? Let's explore some of these key challenges which will be instrumental in demonstrating how automation can accelerate it for your team.

Communication inefficiencies

Managing various email chains and communications can be difficult. The back-and-forth and the lack of clarity regarding the status of certain items and balances can be a bit much. With remote or hybrid work as the new normal, you're not just popping down the hall to ask Linda for a status update.

Human error

This Wall Street Journal report highlighted the cost of accounting errors, many of which are caused by human error. And we are just that – human. Anyone can make a mistake, especially if we're tired or under pressure; both typical feelings around the time of the year-end close.

Manual processes

There is something mind-numbingly frustrating about the amount of manual work that is still required to close the books, even in the 21st century. Whether it's shifting between Excel spreadsheets and actual Journal Entries, duplicating workbooks, or any other of the myriad of tasks required.

Missing documentation

You're probably familiar with auditors requesting source documentation for a specific transaction or balance. Sometimes the document is not readily available, or they're unable to find it without scrambling.

Disclosure

The numbers are one thing, but the vast majority of financial reporting is around disclosures. The requirements for this have got more involved and more complex – or certainly, more lengthy.

Regulation

According to the Accounting Today 2022 Year Ahead Survey, 51% of firms said their biggest challenge is keeping up with regulatory changes. On top of everything else, accounting teams need to ensure that their year-end numbers are compliant with the rules and regulations set forth by the relevant standards and regulatory bodies.

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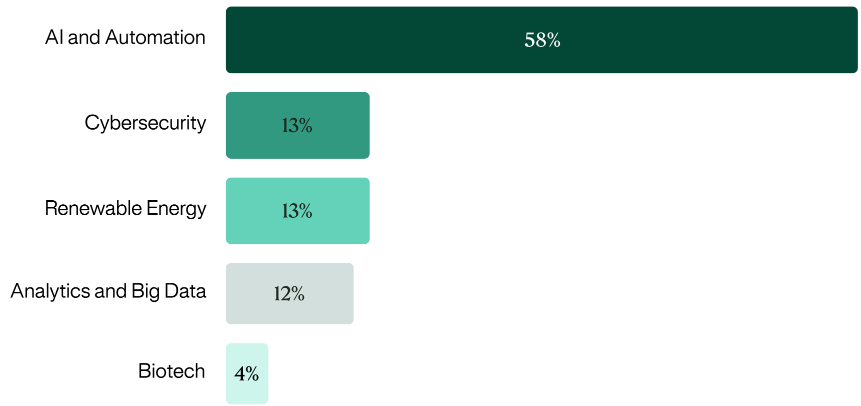
Automation: the solution to year-end challenges

Clearly, automation, together with artificial intelligence (AI), offers solutions to many, if not all of the challenges posed by the stress of the accounting year-end. In fact, 58% of financial professionals surveyed chose AI and Automation to have the biggest impact over other industry trends in the next 10 years.

Which industry trend will likely have the biggest impact over the next 10 years?

*Based on a 2023 Trullion survey of 100+ financial professionals



Here are just some of the ways in which automation can solve the biggest year-end challenges:

Real-time communication

AI and automation solutions reduce the back-and-forth of the essential communication required when it comes to the year-end close. Updates are automatically seen by all stakeholders, key partners can access financial information in real time, and any questions or comments can be made within files or documents even before the year-end process starts.

This has even led to the development of real-time auditing, where auditors can get the bulk of the year-end work completed before the pressure hits, and can check accounting policies, judgments, and estimations as and when required.

Eliminating human error

Automation can reduce human error by over 75%. For example, when updating contract data manually in Excel, the chances of mistyping, duplicating, or leaving out a number are extremely high, and increase as the number of entries required goes up.

Compare this to the situation where all contract data can be automatically imported into a system, and all amounts are updated automatically. You have just eliminated the possibility of human error in this process.

Source documentation as an integral part of the system

Automation and AI enable you to automatically import source documents – from paper to PDFs – and generate all the required entries automatically. This makes it absolutely seamless for auditors to see the trail and trace anything back to the source document.

Depressurizing disclosure

Imagine if disclosures could be automatically generated. Today, thanks to automation and AI, they can. Sophisticated AI-enhanced automated accounting solutions can “read” a source document using Optical Character Recognition (OCR), suggest Journal Entries, and disclosure requirements. Voilà.

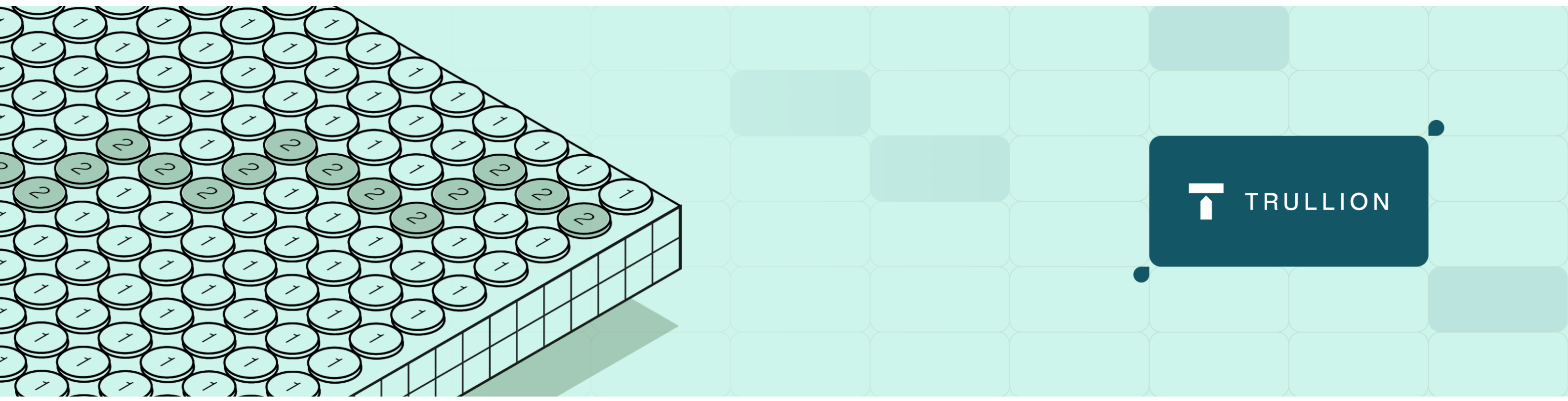
Ongoing compliance

Compliance is not just a headache: lack of compliance has very real consequences – for both the company and the individuals concerned. With regulations constantly changing, automation and AI, particularly from cloud-based, SaaS solutions, is able to ensure that calculations and results are constantly updated to the latest rules and regulations.

Accelerating the year-end close with automation

Automation has got incredible benefits, driving time to compliance up, while reducing inefficiency and risk. Implementation is easier than ever, especially when it comes to SaaS solutions, and the amount of human hours that can be freed up for more high-impact work is immense.

AI-powered accounting software, such as Trullion, can take you from manual to automatic and accelerate your year-end close.



About Trullion

Trullion is an AI-powered accounting platform that automates financial workflows for CFOs, Accountants, and Auditors to increase efficiency, prevent costly oversights, and drive collaboration. Our Platform unifies the unstructured and structured worlds of accounting, translating them into financial workflows and giving you back your time, with confidence.