



Empowering the Virtual Accounting Function

Ground rules for building a resilient, collaborative, work-from-anywhere accounting organization



Running Virtually: Empowering The Remote Accounting Team
Managing The Audit, Virtually
REMOTEC: Mitigating WFH Security Risks
Shifting To Continuous Accounting To Encourage Business Partnering
10 Practical Tips To Virtualize Finance & Accounting

**Digital Finance
Transformation**
PLAYBOOK



Introduction

The economic and business ramifications of the global pandemic are changing Finance and Accounting in ways that will far outlast the pandemic itself. Companies that innovate and rethink business as usual will emerge from the crisis better positioned than others that simply preserve the status quo.

Accounting must now provide financial information faster—to the CFO, the executive team, and business leaders—to drive forecasts and decisions, as business conditions change almost daily. Waiting weeks to close the books or being heads down in manual transactional accounting was always problematic. Now it is untenable.

All of these challenges are coming to the forefront as finance and accounting teams are working from

home, often struggling with manual accounting, spreadsheets, desktop tools, and paper-based processes that were hard enough to manage in the office.

Manual accounting can be a profound drag on remote staff productivity and engagement, and even create a security risk for those who have not modernized their processes and technology.

The shift to remote work had been gradual before the current crisis. No longer. The current crisis has highlighted the need to enable workforce flexibility and business continuity.

The effects will undoubtedly affect how we work in the future. For example, a March 2020 Gartner survey found that nearly **three in four CFOs plan to move some employees who previously worked onsite to work from home (WFH) permanently.**¹

74%

74% of CFOs intend to shift some employees to remote work permanently

25%

25% say that 1 out of 10 employees will remain remote workers

20%

20% of CFOs plan to reduce investments in on-premise technology, and another 15% are planning to do so in the future

Gartner March 2020

“Managing uncertainty

starts with eliminating the use of manual tools like spreadsheets, Word docs, and binders to manage much of the close. These tools prohibit access to real-time data.

CFOs must integrate more automation into every process. Reducing repetitive, tedious, manual tasks not only increases efficiency and accuracy but enables accountants to become less reactive and more visionary.”

Mark Partin, CFO, BlackLine

[Link to article](#)

For finance and accounting leaders, the goal is twofold:



In the near term, examine existing processes and technology and remove barriers that may stand in the way of predictably, efficiently, and securely closing the books from anywhere.



Next, scrutinize period-end processes to identify ways that Accounting can deliver better quality financial information throughout the period, and shorten the traditionally lengthy financial close blackout that hurts Accounting's ability to support the business.

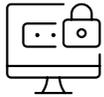


With insights from BlackLine's community of over 270,000 finance and accounting professionals, this guide provides practical advice for how to adjust accounting operations to work smarter and with more flexibility.

You will learn:



New ways to empower a remote accounting team to close the books



Strategies to mitigate cybersecurity risks while Accounting is working from home



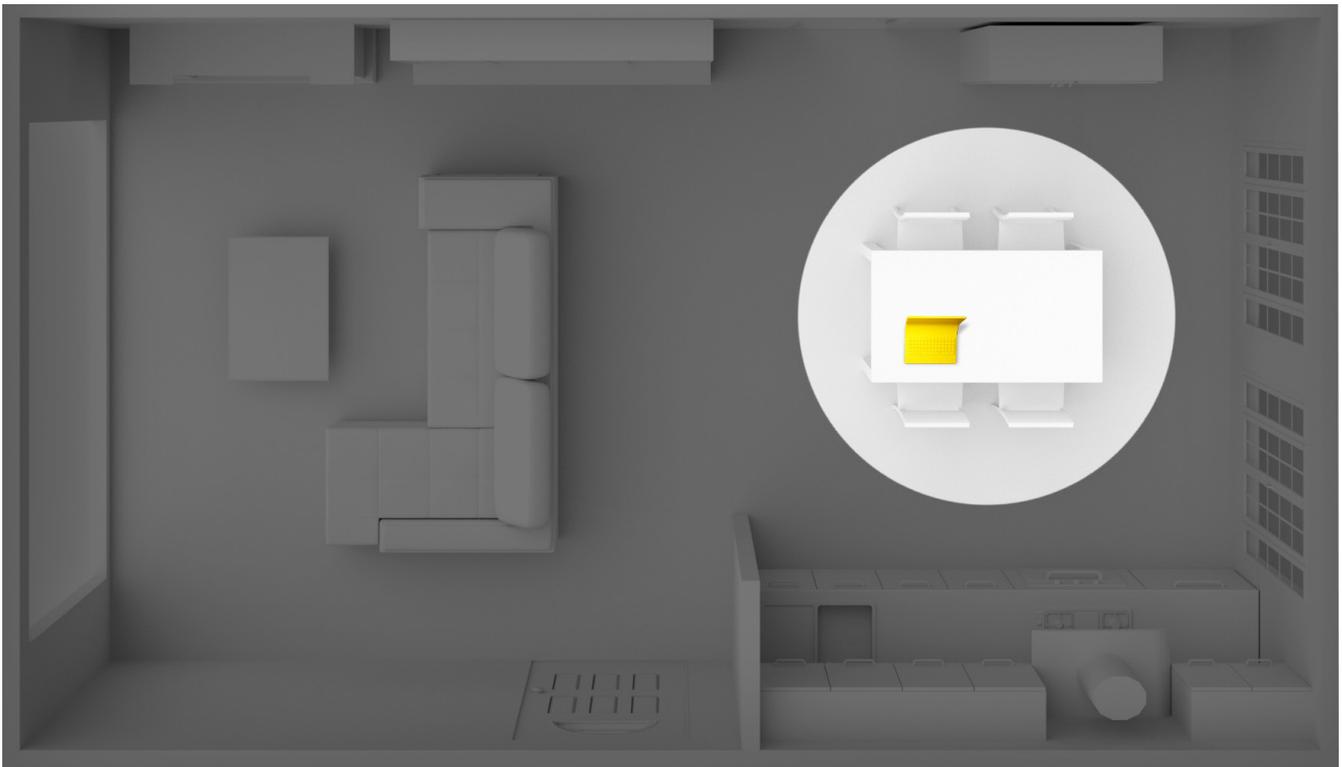
The best ways to manage an audit, virtually



How to be a better business partner by shifting to Continuous Accounting



10 practical tips to achieve an efficient and confident virtual close



1. Running Virtually:

Empowering The Remote Accounting Team

A recent poll by Gartner found that 91% of HR leaders have implemented work from home policies because of current events.ⁱⁱ However, the biggest challenges facing teams are the technology infrastructure to support them and adapting existing processes to be WFH-compatible.

Document All Data: Role-By-Role, Task-By-Task

One of the biggest challenges to working from home is access to data. For example, if performing detailed reconciliations for credit cards, intercompany transactions, invoices, and purchase orders repeatedly requires manually downloading large data extracts from the ERP, this can be problematic, especially if there are dependencies on IT or other personnel to get it done. Or, if data is buried on individuals' laptops and is hard to securely share, that can also create a barrier.

Similarly, processes like journal entries, or locating supporting documentation that necessitate access to paper binders, can also be a roadblock.

“We’re being forced into the world’s largest work from home experiment, and so far, it hasn’t been easy for a lot of organizations to implement.”

Saikat Chatterjee, Senior Director, Advisory at Gartner

Identify Tools That May Throttle WFH Productivity

Many legacy ERP user interfaces or tools that were developed in-house were never designed to run efficiently over the internet, whether it is running a transactional report, performing an accrual, or managing intercompany accounting. The user experience may be slow, patchy, or in some cases, unusable.

In other instances, in-house tools may be dependent on a corporate VPN that is suddenly overloaded by a massive spike in traffic.

These bottlenecks can drain productivity from accounting staff like reviewers and preparers—turning something that would typically take minutes into an hours-long battle to complete.



Take Action:

- ✓ Examine each line on your close checklist
- ✓ Ensure that period-end data requirements do not create a heavy WFH burden
- ✓ Minimize desktop/laptop data silos
- ✓ Look to securely centralize accounting data, reconciliations, transactional details, and supporting documentation in the cloud
- ✓ Identify the tools and systems used by staff
- ✓ Learn if there are any performance and productivity risks when they are used from home
- ✓ Understand if there is a heavy reliance on IT infrastructure that may be strained and develop contingencies

Evaluate cloud applications for processes like reconciliations—solutions that are already proven to scale with any volume of remote workers. They have less demand on in-house infrastructure, and typically already provide SSL, multi-factor authentication, encryption, and robust security measures as standard. Plus, they are generally 100% web-based to maximize remote productivity.

“Our in-house system couldn’t cope with daily reconciliations, and reporting was clunky and time-consuming. It also had very slow response times. Our managers would take work home and sit there, press the button, watch TV, then press the next button. That’s how slow the system was.”

Andy Young, Head of Finance, LVE

[Link to article](#)





Streamline Period-End Processes That Are Meeting Heavy

“Operating many applications in the cloud can enable the organization to flexibly scale capabilities, which may help your company adapt more easily to the need to “virtualize” in response to the pandemic and current situation.”

WSJ CFO Journal

[Link to article](#)

Web conferences and Slack have replaced in-person meetings. But solely depending on them for collaboration puts even more pressure on manually tracking everything in an Excel checklist. It becomes too hard to continually manage updates, track reviews and approvals, follow up on dependencies, and ensure there is a centralized and documented audit trail.



Take Action:

- ✓ Move from spreadsheets to a browser-based checklist and close process management tool, ideally delivered in the cloud—this will allow every stakeholder to securely access and update the checklist from anywhere, in real-time
- ✓ Use a centralized hub for the whole team to collaborate on checklists, tasks, dependencies, reviews, supporting documentation, and other close activities to keep everything moving
- ✓ Enable accountants to smoothly move from tracking work to doing the work—such as performing reconciliations, posting journal entries, and other activities
- ✓ Ensure your solution can be tailored to the individual needs of countries and business units

What to Look for in an Online Close Process Management Tool:

- ✓ Accounting checklists
- ✓ Period-end tasks
- ✓ Dependencies
- ✓ Status, reviews, and approvals
- ✓ PBC lists
- ✓ Compliance controls
- ✓ Comments and audit trail
- ✓ Close calendars
- ✓ Recurring tasks and entries
- ✓ Store supporting documentation
- ✓ Task dashboards and reporting
- ✓ BUs and subsidiaries

Reduce Reliance on Critical Staff & “Tribal Knowledge”

Some organizations still find that the knowledge on how to sequence, perform, review, or approve critical financial close tasks is often owned by a few employees. Or perhaps it’s not documented at all and instead reliant on “tribal knowledge.” This makes it hard to ramp up new owners, and spreadsheet-based checklists make it difficult to assign new task owners on the fly when the need arises.

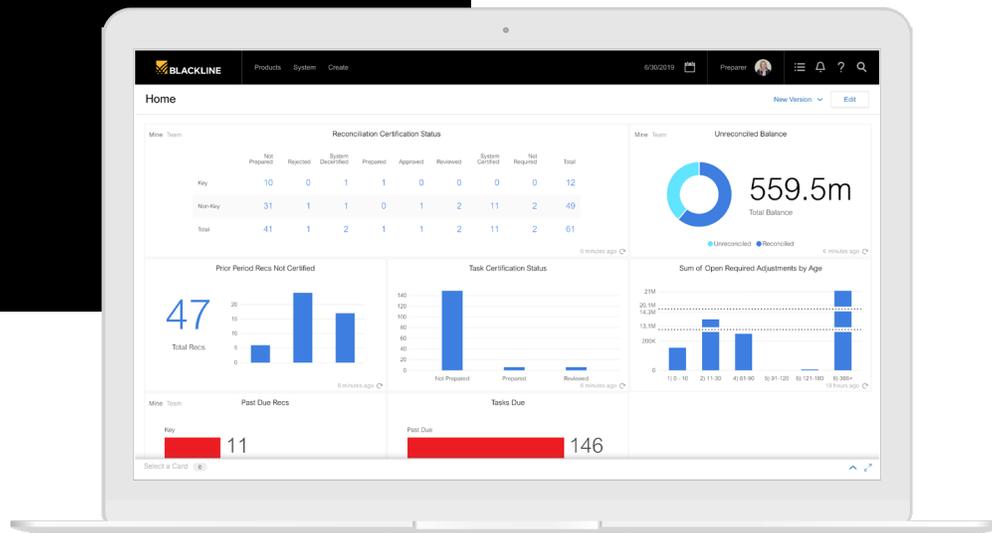


Take Action:

- ✓ Evaluate each close task, how well it is documented, who is tasked with it, and who can act as a proxy in case of an absence
- ✓ Ideally, shift SOX/internal controls information, all undocumented knowledge, and best practices into a shared, centralized, and accessible repository that can ensure smooth reassignment of tasks in case of absence
- ✓ Technology aside, setting up virtual team sessions like lunches and happy hours throughout the month can help boost morale
- ✓ Celebrating period-end milestones and ensuring employee recognition online is also equally important

Disengaged staff are typically 34% less productive.

Gallup/LinkedIn



Real-time dashboards and reporting can help drive accounting engagement.

Get Ahead of Managing Engagement

Technology that enables accounting work to be performed remotely is essential. But it’s just as crucial to ensure everyone is engaged and focused when WFH.

Distractions and anxiety can raise the risk of disengagement. This can have a substantial impact, with a survey by Gallup/LinkedIn finding that disengaged staff are, on average, about 34% less productive—which can translate to a massive hit on accounting performance.ⁱⁱⁱ

However, monitoring and reporting which accounting tasks are taking longer than usual and where the bottlenecks are, such as specific reviews and approvals, can be challenging when using spreadsheet checklists. Modern close process management solutions provide built-in, real-time reporting, analytics, and alerts on overdue tasks for timeliness, aging items, unreconciled items and balances, and past due tasks. This ensures that your accounting teams stay engaged and receive continuous feedback.



2. Managing The Audit, Virtually

Audits are painful at the best of times. They can be even more challenging when everyone is remote, managing PBC requests and status using spreadsheets, chasing down supporting documentation, and trying to provide requested documents or evidence.

73%

say they still use desktop tools like Excel and Word as key components of their SOX/IC process.^{iv}

34%

have incomplete visibility and reporting on issues, remediation processes, and owners/entities.^v

27%

struggle with a lack of centralization that extends audit cycles and costs.^{vi}

Gartner March 2020



“Audits are a non-event for us now. Auditors can pull the information. It’s a huge time saving for us, and they really appreciate not waiting on us. Internal auditors have access any time they want. External auditors are given access for a limited period.”

Jeannette Nimmo, GL Global Process Owner, Hyatt
[Link to article](#)



Take Action:

Shift to auditor self-service

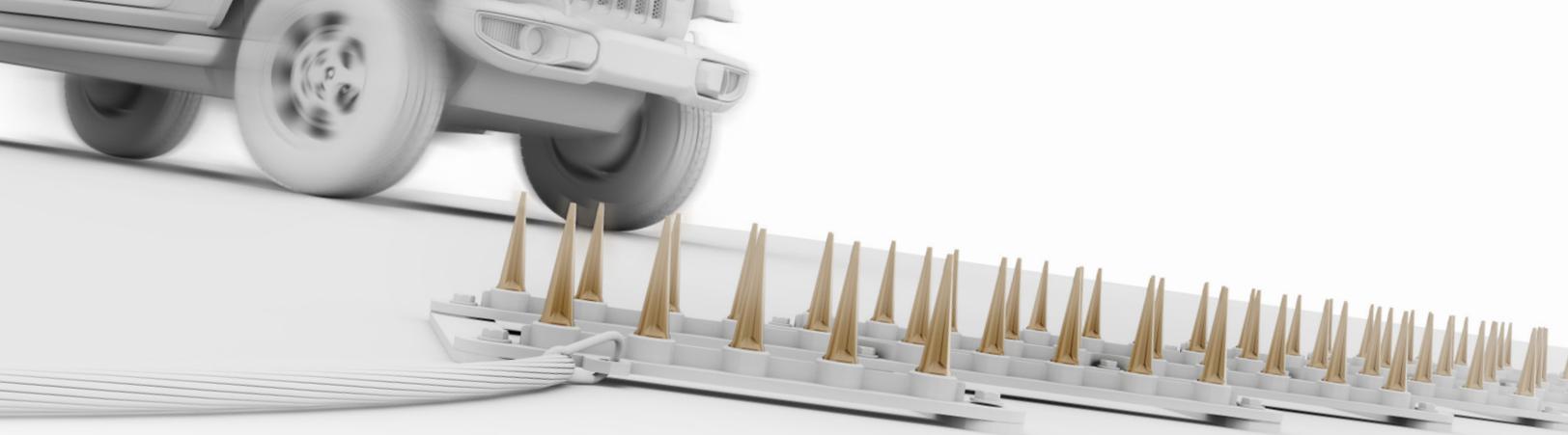
The cloud can provide secure access to centralized, real-time information from anywhere that enables secure, consistent, role-based auditor self-service, reducing both audit costs and effort. Control owners and Internal Audit can start to operate together. At the same time, external auditors can remain independent of the function. Everyone can work from a common, unified, and up-to-date environment that is accessible from anywhere.

Streamline PBC reviews and approvals

Workflow and task management tools can ensure consistent and repeatable processes and provide a robust backbone for PBC review and approvals, something that cannot be achieved via emails and spreadsheets. Once auditors execute a control, they can immediately receive an alert and see that the control was completed and signed off, and that appropriate evidence was attached.

Securely share reports on-demand

Web-based reporting and analytics can improve audit staffing and data security by providing secure, role-based access to the right reports—removing the need to distribute information to teams and locations manually or to overshare spreadsheet workbooks.



3. REMOTESEC: Mitigating WFH Security Risks

Ready for a new term? RemoteSec has now come to the fore, because while working from home is not new, for most accountants working from home full-time creates unforeseen risks.

While the current crisis will pass, increased time working remote is here to stay. [Upwork Global](#) predicts that by 2028, nearly three-quarters of all departments will rely on remote workers. [OpenVPN](#) found that 73% of VP and C-Suite IT leaders believe that remote employees pose a higher security risk than those onsite.

Employees work differently when they are WFH, such as how they handle data and communications. For example, a [widely cited study](#) by Cisco found that nearly half of remote workers moved files like spreadsheets and Word documents between work and personal computers while working from home.

The same survey found that 13% used personal email to send business emails to coworkers or customers if their work email was inaccessible or unresponsive.

With spreadsheets, Word documents, and transactional details managed on home laptops and desktops, accounting staff can be more vulnerable to misplacing files or risking exposing data in the case of device theft. Email-heavy period-end processes can also be susceptible to Business Email Compromise (BEC) attacks.



Take Action:

All IT departments typically have policies and infrastructure in place around WFH. However, Accounting must go the extra mile:

- ✓ Identify spreadsheet-loaded processes where accounting teams are frequently managing data onto their laptops or emailing files to coworkers
- ✓ Reduce spreadsheet sprawl by moving the data to a single secure online location where Accounting can review, approve, and report on it
- ✓ Set up secure integrations between your ERP and other subledger systems and a financial close management system, rather than relying on ad hoc spreadsheet extracts run by accounting staff
- ✓ Reduce email communication around period-end, and cut the risks created by files being sent over email by instead using a solution to centrally handle all collaboration, communication, and storing all supporting documentation



4. Shifting To Continuous Accounting to Encourage Business Partnering

Unprecedented economic uncertainty is placing incredible pressure on understanding the impact on financial statements—as early as possible. The effect on financial statements is far-reaching, and in some cases hard to predict, including on receivables, cash flow, asset valuations, inventories, debt, tax, foreign exchange, payroll, and revenue recognition.

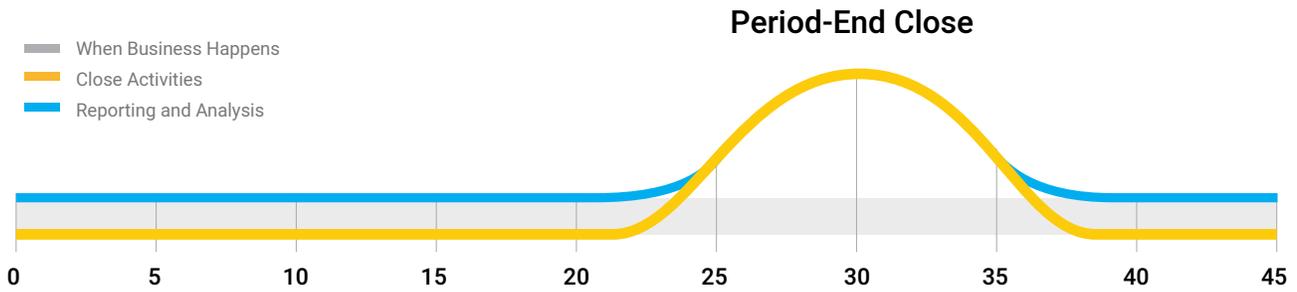
Accounting is on the hook to identify the impact on the balance sheet and advise if early disclosure is required. Waiting weeks for a clearer financial picture is simply not an option.

FP&A teams require rapid access to data to adjust their rolling forecasts and models. CEOs, business unit heads, and department leaders are looking to Finance and Accounting to understand P&L impact so they can adapt operations as soon as possible to minimize the damage.

“We had a lot of silos to organize, and started talking about technology solutions that could bring us the visibility we needed, number one, and then ultimately get us to automation.”

Jeannette Nimmo, GL Global Process Owner, Hyatt

[Link to article](#)



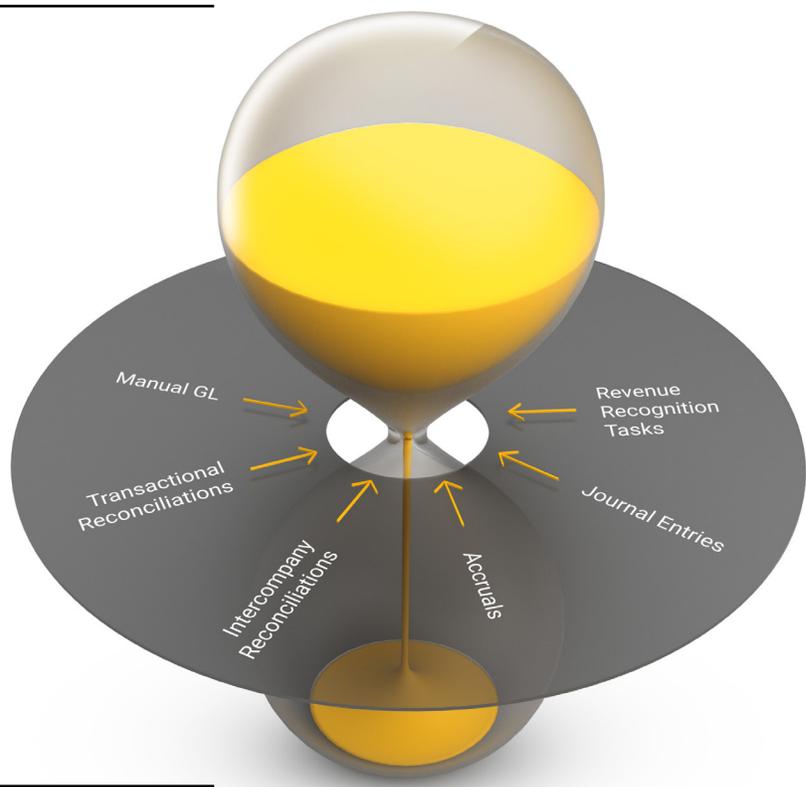
Traditional Record-to-Report processes limit timely reporting and analysis and extend the period end.

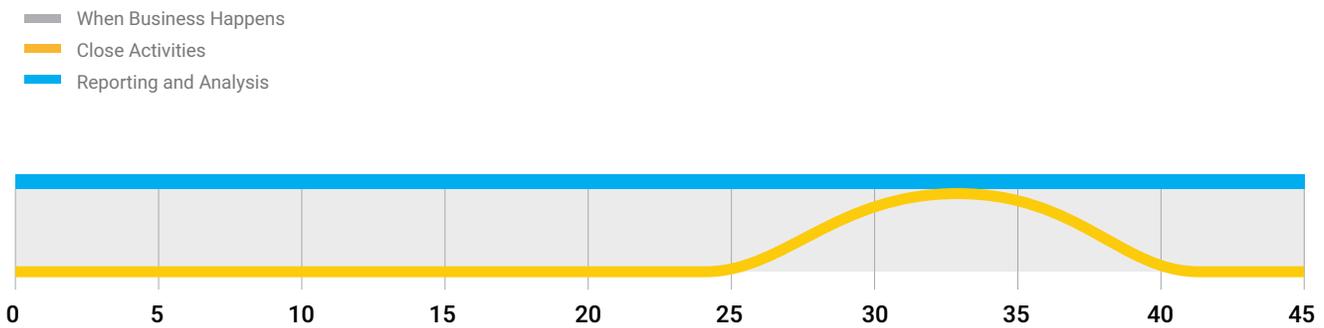
Defining Continuous Accounting

The goal of Continuous Accounting is to perform as much accounting work as possible throughout the accounting period, so a more accurate view of financial statements can be generated at any point in time, and ultimately, so the books can be closed faster.

Manual accounting has remained the primary inhibitor

Massive amounts of manual GL and transactional reconciliations, intercompany reconciliations, accruals, journal entries, revenue recognition tasks, and other accounting items are still pushed to period-end, in a back-end loaded record-to-report process.





Continuous Accounting enables more work to be completed throughout the period for a more accurate real-time financial picture and a faster close.

Automating Month-End Processes as They Happen

Automation can enable a substantial amount of work to be performed throughout the accounting cycle—continuously, robotically, and systematically—with variances and exceptions flagged in real-time for human intervention.

It can dramatically reduce the amount of period-end accounting work in areas like reconciliations by up to 90%. This means not only shortening the close, but having a more accurate picture of the financials throughout the period.

Many accounting leaders often don't have a clear perspective on where to start the journey. Yet, account and transactional reconciliations in areas like bank, credit card, receivables, payables, subscriptions, AP/PO, and intercompany are often ripe for real-time automation.

Automating business rules can standardize how accounting tasks are repeatedly performed rather than relying on often manual accounting.

Technology can also continuously monitor account balances, exceptions, thresholds, variances, open items, and other areas to flag issues in real time and maximize time to investigate discrepancies.

eBay cut their time to close from **10 days to just 3** by reducing manual accounting.

10 Practical Tips to Virtualize Finance & Accounting

- Document all close activities in the cloud** 1 Cut out the tracking spreadsheets. Document and centralize all close tasks in a web-based, real-time tracking platform so everyone is always on the same page.
- Enable online collaboration** 2 Assign ownership and timelines of key tasks online, and manage audit PBCs for collaboration. Use automated routing, review, and approval processes to minimize cycle times.
- Drive accountability through visibility** 3 Use up-to-date dashboards and reports to track status of work by owner and due date, and proactively identify bottlenecks.
- Ensure continuity and control** 4 Incorporate policies and procedures, workflow, and segregation of duties into everyday tasks to ensure resilience against unplanned absences.
- Centralize data and supporting details** 5 Centralize financial close data, supporting documentation, and comments for an always available single source of truth.
- Auto-flag and route issues for resolution** 6 Automatically send and track approvals based on thresholds, exceptions, or any other dependency.
- Shift to auditor self-service** 7 Enable auditors to log in and access reconciliations, tasks, and supporting detail from anywhere.
- Proactively monitor throughout the period** 8 Review dashboards and KPIs routinely to identify trends, variances, and exceptions and stay focused on priorities.
- Automate for accounting efficiency** 9 Save time on repetitive tasks by using automation that certifies more than half of your accounts every month.
- Execute accounting continuously** 10 Rethink your close calendar by closing select accounts prior to period-end in order to cut time-to-close and get to a clear financial picture sooner.

Summary

The amount of change hitting enterprises and accounting departments at once is dizzying—from fluid business conditions that demand near real-time data, to disruptions to how everyone traditionally works. For Accounting, the biggest obstacle to adapt remains manual accounting, which crushes efficiency and collaboration, and creates roadblocks to workforce flexibility.

Accounting organizations that successfully transform how they work will be more productive, resilient, and better positioned to engage, retain, and attract talent in the future. And there has never been a better time for Accounting to step up, be more strategic, and lead with data.

Every organization must determine where they are on the path to modernizing their accounting processes by implementing the right automation and enabling remote workers, so that they can succeed throughout and beyond this period of uncertainty.

About BlackLine

BlackLine is helping more than 270,000 accounting and finance leaders shift from manual to automated so their processes, teams, and companies can run better and faster—and they can do it all securely, from anywhere.

The secret is the BlackLine Accounting Cloud. A single cloud solution that enables Accounting to centralize, automate, and orchestrate stubborn manual processes like reconciliations, journal entries, period-end task management, and much more, all from a web browser.

Modernizing accounting so that it is automated, virtual, and real-time has never been more within reach. To learn more, visit blackline.com/virtual-close.

ⁱGartner CFO Survey Reveals 74% Intend to Shift Some Employees to Remote Work Permanently. April 3, 2020, Gartner

ⁱⁱCoronavirus in Mind: Make Remote Work Successful! 5 March 2020, Gartner

ⁱⁱⁱ<https://learning.linkedin.com/blog/en...>

^{iv}2019 State of the SOX/Internal Controls Market Survey, SOX & Internal Controls Professionals Group

^vWebinar Audience Poll, Utilizing Technology to Improve the Control Environment, April 2018, BlackLine/Clearsulting

^{vi}Ibid