

4 STEPS TO A HOLISTIC RISK MANAGEMENT FRAMEWORK

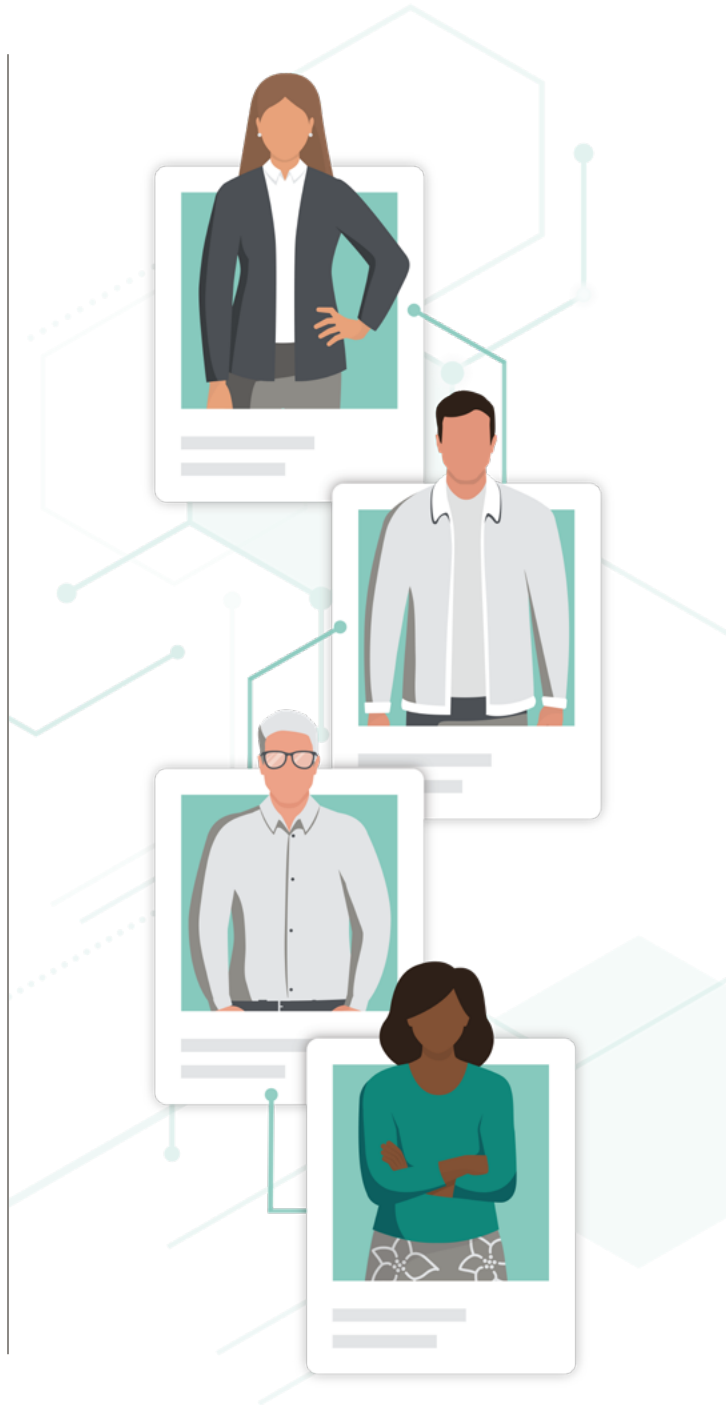
CHALLENGE

The Office of Finance has typically relied on tools such as spreadsheets and manual processes for financial reporting and risk management. These manual workflows create fragmented financial close operations and ERP (Enterprise Resource Planning) environments that compromise data supplying teams with little visibility and transparency into how these processes affect financial data. Finance teams cannot operate with these tools in a digital world with additional complicated risk factors.

SOLUTION

To help you jump-start the process with a clear path and guidelines, our tip sheet provides **4 steps** to a holistic risk management framework.

- 1** Assess Your Automation Needs
- 2** Build Your Risk Strategy
- 3** Achieve Standardization and Visibility
- 4** Prepare to be Audited



4 Steps to a Holistic Risk Management Framework

1 ASSESS YOUR AUTOMATION NEEDS

Before an organization decides to implement an automated process, they do not always have a risk evaluation framework in place, manual or otherwise. If an organization uses manual methods, they may rely heavily on spreadsheets, having limited control over data and analysis. Manual processes also restrict the finance team from detecting fraud internally or externally. Additionally, data visibility on a day-to-day basis is limited and does not allow resources to be allocated appropriately toward high-risk situations.

Financial automation works to effectively mitigate risk on a consistent and reliable basis. Teams can ensure issues are addressed faster by providing real-time alerts rather than handling problems reactively.

"We wanted to make our data gathering smarter to eliminate the opportunities for delay and bring it all together in a much more streamlined way. It was critical to us to deploy a financial close solution that would help standardize our data and ensure we are being as efficient and effective as possible in our closing process each month."

Dallas Cowboys

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2 BUILD YOUR RISK STRATEGY

Individualized manual methods create inconsistent processes for problem-solving. Executing a financial institution's risk management strategy through automation allows assessment capabilities to be fully actionable. The ability to set guidelines for tasks and materiality thresholds saves time and ensures a proactive risk management approach. One of the most visible benefits of automation is that reconciliations may now be completed throughout the month. Keeping track of multiple transactions is much easier without a month to forget.

Most importantly, finance teams need to lead the way in creating a risk management culture. This transformation will allow organizations to drive business strategy by providing valuable insights into mitigating risk through automation best. Combating risk involves being ready for that risk whenever it arises.

"With Trintech, we are able to categorize reconciliations by risk through 'critical risk-rating'. So, for some of the accounts that don't need to be looked at as frequently, we have taken those out of the high-volume periods such as quarter-end. We have even moved some accounts to be semi-annual. We have a lot of flexibility on how we look at the data within the solution and managing it."

LKQ Corporation

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3 ACHIEVE STANDARDIZATION AND VISIBILITY

After cementing a risk strategy, standardization and visibility will be the following two areas of weakness in the manual processes. One part of that process, variance analysis, is a frequent thorn in an accountant's side. The controller typically completes the variance analysis at the end of the period close, which consumes a disproportionate amount of time and effort. Only once the analysis is complete can issues be identified and corrected.

Implementing automation ensures that data and processes continuously mitigate risk in precise and repeatable methods throughout the Office of Finance. The variance analysis, with automation, can now become a routine process spread throughout the month. Ongoing variance analysis allows teams to have real-time visibility into your organization's risk and catch things before they become a more significant issue. Also, variance is often deemed "busy work," and completing the process manually leaves less time for strategic direction developments. Standardization of compliance, controls, and overall risk management represents an organization's commitment to high-quality work.

"Trintech delivers real-time reporting that highlights potential bottlenecks, offering a snapshot of our exposure to risk."

Western and Southern

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4 PREPARE TO BE AUDITED

As with risk management, audits are a natural counterpart to business. Institutions have been under increased scrutiny from regulatory authorities, and meeting those frequently changing compliance demands is increasingly difficult with only manual methods.

Automation does not change the requirements of an audit, but it does ease the burden off the finance team. With an automated risk management strategy in place, accountants can be alerted to issues before auditors come to call. And, if something does come up during an audit, the team can retrieve the appropriate historical data more quickly and provide it to the auditors. Automation is essential in meeting growing, and ever-changing compliance demands to keep processes well documented and audit ready. An automated risk management strategy ensures that all documentation is up to regulatory standards and easily accessible with complete visibility.



EXPLORE A BRIGHTER FUTURE FOR YOUR FINANCIAL CLOSE

Implementing a comprehensive risk management framework is no minor feat, but the benefits will be visible throughout the organization, not just in the Office of Finance. Improving your risk management capabilities will help meet executive expectations for business growth while passing that knowledge and best practices through the organization.

Finance professionals need to see issues and risks as they arise rather than later when that risk impacts the business so having increased collaboration and visibility can be the best way to identify and prevent risk. By investing in financial automation, organizations establish a risk management framework that enables finance to work more efficiently and proactively. Automation allows for increased visibility, transparency, standardization, and efficiency for cross-collaboration and real-time insights into potential risks before impacting the business.



"We've created a roadmap to really emphasize and drive continuous improvement and optimize things like account maintenance. And the goal: clearly, being to work smarter, not harder."

Boston Scientific

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