

# Quality Close

## Business performance services to facilitate a quick and quality close

KPMG's Advisory practice can help to assess and restructure a company's resources to help ensure that a close in accordance with the various reporting requirements can easily be repeated at any time. Consequently, with a system supporting clear reporting requirements an enterprise is in a better position with regard to producing data and figures.

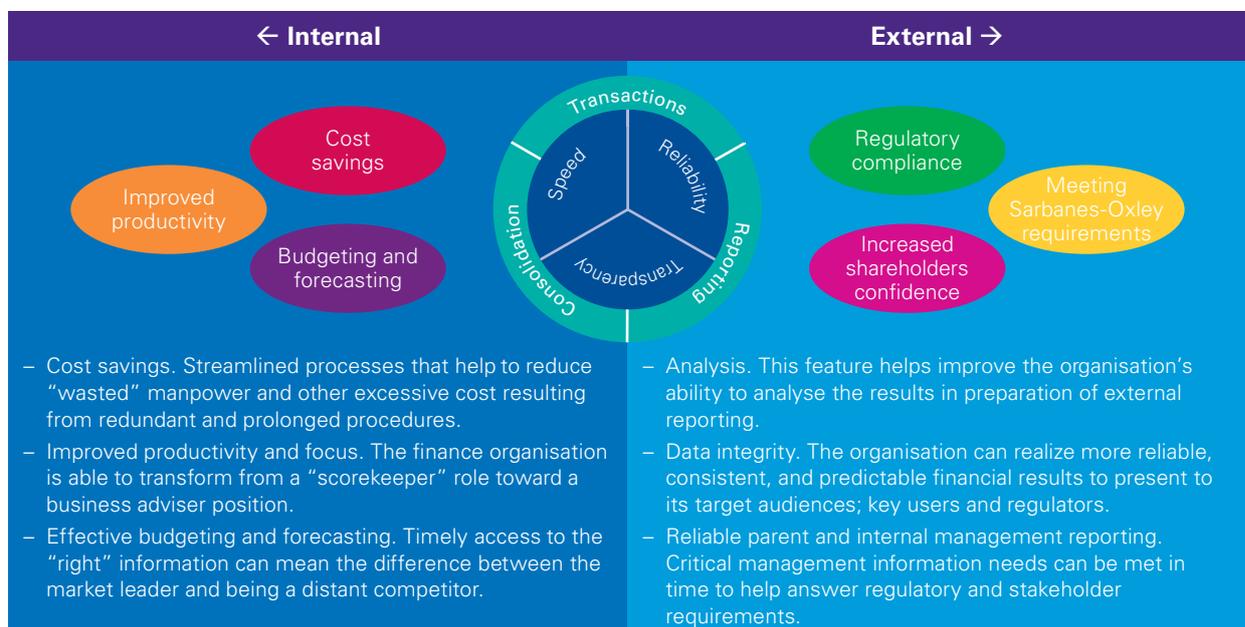
### Growing requirements

Companies have to comply with various provisions when preparing their statements (e.g. Hungarian Accounting Act, International Financial Reporting Standards (IFRS), US GAAP, etc.), yet they also have to provide reliable information for management to back up decision-making.

Existing accounting systems are not always capable of fulfilling the new provisions and business requirements. This is why processes become inefficient and are prone to frequent errors. Keeping to deadlines stipulated by management, owners or authorities can represent an additional problem.

To help ensure compliance with the requirements at a higher level, companies review their financial closing processes, simplifying them and speeding them up. This implies the complete restructuring of the system for preparing financial statements and affects the structure and processes of the finance department.

- Cost efficiency: the restructured processes help to reduce "wasted" work and other excessive costs caused by superfluous and protracted processes
- Greater efficiency and purposefulness: the financial department grows from merely "recording data" to performing business advisory tasks
- Efficient planning and financial forecasting: market leaders and mere competitors are distinguished by their timely access to relevant information
- Analysis: assistance in analysing results when preparing reports for external parties
- Data integrity: more reliable, consistent and predictable financial information for users and authorities
- Reliable parent company and internal management reports: satisfying critical management information needs in time helps to respond to the expectations of authorities and owners



## Quality Close service

The purpose of our Quality Close service is to design a quick, accurate and repeatable close process with the help of restructured processes, integrated technology and efficiently re-grouping resources, thus facilitating a proper balance between speed, reliability and financial transparency.

In addition to controlling costs, added value can also frequently be measured in a reduction of the number of days used to close the books, as well as in greater reliability both with regard to data integrity and the entire closing procedure.

KPMG's Quality Close service supports the financial departments of businesses with assets and methods that facilitate a smooth close and the creation of a financial department providing greater added value; we also promote efficient use of integrated IT systems with a view to guaranteeing a swift and high-quality financial close.

### Our approach

KPMG's Quality Close service is carried out by professionals who have substantial financial, auditing and closing experience in respect of both processes and systems. During our work we help assess the current status of the closing procedure, plan and implement a targeted closing procedure, and evaluate the impacts of changes.

Our approach consists of the following three steps:

**1. Assessment** – we help to review, analyse and document the current closing procedure to identify areas for improvement. During this assessment we draw on our international experience to identify the possible obstacles preventing a quality close, such as:

- numerous, differing systems with complicated interfaces
- poorly structured general ledger statement, or too many departments and ledger accounts
- manual consolidation carried out in a fragmented IT environment
- missing or invalid policies and procedures
- key data which, for lack of a system, are recorded in Excel spreadsheets
- lack of trust in reliability of data, problems with integrity of base data

- competent staff with differing levels of accounting and financial know-how
- corporate structure with complex external and internal relations and complicated reconciliation processes
- significant manual intervention required during monthly close, i.e. data has to be recorded several times.

We focus on areas for improvement that contribute to achieving the desired results. To this end and in view of the options available, we undertake the following actions:

- holding strategic meetings with the competent staff at the company
- consulting with competent staff at business units and other areas involved
- reviewing the organisational structure of the finance and accounting department, defining scopes of work and authority
- identifying the opportunities for improvement in transforming the organisational structure
- mapping out processes and data flow
- preparing a comprehensive analysis of the financial close, consolidation and the current reporting procedure
- compiling a comprehensive evaluation of the efficiency of technology currently deployed
- identifying areas for improvement in processes and systems
- documenting existing accounting and business systems
- identifying the potential for improvement in technical/technological applications, which can contribute to a quality close.

**2. Planning** – we work together with companies to design a quality close, using the areas for improvement previously identified

**3. Roll-out** – we help in creating an implementation plan that clearly lays out the critical points, the development evaluation criteria, and the staff responsible for implementation – all of which can contribute to lowering the number of days needed for the close

## Contact:

We would be delighted to provide more information on our Quality Close service, either in a presentation or in person. Please feel free to contact our Accounting Advisory team with any enquiries:

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