



Breaking the habit

By breaking down financial reporting into bite-size chunks, housing providers can simplify the process.



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In the face of austerity we are seeing more northern organisations finding innovative ways to drive efficiencies and improvement. Alongside other corporate services, finance functions, often historically regarded as a necessary overhead, are under increasing challenge to be responsive, strategic, and demonstrate value in delivery.

Finance teams are seeing gaps in capacity and specialist capabilities at a time when innovation in digital and new technology is driving instant information and real-time decision making. Such operational progress requires demand-driven, relevant and flexible commercial solutions. Utmost to this demand and expense is the year-end focus which sees a disproportionate amount of effort go into producing a document that, if not completed at an accelerated pace, can be out of date when finalised. Statutory financial statements are indeed a necessary tool for regulators, lenders and stakeholders alike, but must their production pre-occupy the finance team for, at times, more than a quarter of the year?

Periodic financial reporting, be that monthly

or quarterly, should make statutory annual reporting less of a project to be managed and more of a simplified process to be driven.

One example solution we're seeing from the private sector is an external team that works alongside existing finance departments through the year who are focused wholly on statutory annual financial reporting.

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They utilise client technology and their own digital tools to eradicate the year end spike and align periodic reporting to the annual output anytime from autumn. This isn't an outsource but a managed service that has the goal of producing year-end statements and the associated assurance necessary for audit, documenting for file the financial decisions as they are made and not as an afterthought.

Auditors will soon follow suit and their practices will change to perform checks and balances throughout the operational period rather than after the year end. ■

FOUR CRITICAL AREAS:

To stay one step ahead and free up your finance team there are four critical areas which form the footprint for the new normal:

- Transition to periodic reporting; successful prompt closers reposition some of the year-end heavy lifting to elsewhere during the financial year
- A more automated year end process; production of the financial statements will become an extension of the business of the year rather than an end in itself
- A strategic management approach; where the importance of accounts production through the year is owned by the executive team
- A service relationship with the auditor where the back-up information from accounts production is automatically assembled and presented as a matter of course.