Deloitte.

FinRisk Analyser

Risk Analytics – Managed Services

Risk Advisory

Overview

Introduction

Finance is an ever-evolving function. As the operating environment becomes more complex and dependent on data from multiple systems, the function poses risks from multiple fronts. In such a dynamic business landscape, traditional methods of reviewing underlying transactions for financial closure and overseeing activities for quality control and reconciliation seem inadequate on multiple fronts. These methods are error prone, slow, difficult to deliver, and resource intensive.

To establish an effective and robust control mechanism, finance as a function must embrace cutting-edge analytical technologies. Going forward, it will become imperative for organizations to analyze the financial entries captured in the system to understand accounting behavior and emerging trends.

Deloitte Risk Analytics Solution

We help design, implement and embed technology to enable our clients in identifying, assessing and prioritizing risks to seek-in actions more quickly. As they do so, they seek-in a faster and more reliable analysis of the GL movements, integrating financial data from multiple source systems and presenting it to users over the web via interactive reporting dashboards.

Monitoring and controlling the behaviour of financial entries regularly not only helps the business have a smooth financial close but also highlights the potential control failures and frauds at the transaction level, helping the clients mitigate these risks in advance and formulating controls to minimize uncertainty at financial close.

FinRisk Analyser

Ad-hoc to Technology-Driven
Companies spend hundreds of man-hours in completing reconciliations; however, they are unable to access key information without adding hundreds of more hours without technology. Organizations spend huge amounts on the best ERP systems to record and track transactional data, but rely on manual processes to make sure that the information is valid, correct, and appropriate.

FinRisk Analyser

FRA is a proprietary tool by Deloitte which leverages technology to enhance the financial review process by providing a 360 degree view of its financial health.

Current Challenges

- High volume of manual entries.

- Limited view available with Financial Controller at the transaction level

- High volumes of complex issues present in reconciling certain GL codes are too often dealt with via informal, often spreadsheet-based, finance reconciliation activities.

- Establishing clear ownership and accountability for closing each individual GL account.

- 'Fire fighting' approach, hence little investment in proactive root cause analysis and fixed activities.

- Increasing compliance, regulatory and external reporting expectations are putting pressure on resources dealing with 'traditional finance' activities.

- Key stakeholders now have a reduced tolerance for reporting errors or restatements.

Deloitte Risk Analytics Solution

The FinRisk Analyser is a highly customisable tool that facilitates a comprehensive analysis of accounting entries passed in the book-keeping system and examines unusual transactions (Manual entries, Dormant users, GL Accounts anomalies, etc.) using Trial Balance (TB) and Journal Entry (JE) Data.

We are able to achieve this by integrating financial data from multiple source systems and present it to users, over the web via interactive reporting dashboards. This empowers the stakeholders to make accurate and timely decisions.
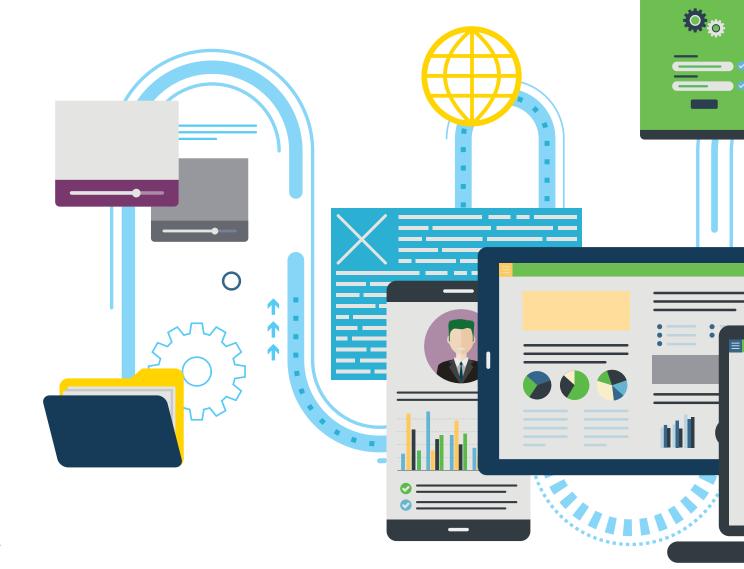
Potential Benefits

- Enhanced visibility on factors affecting the Financial book closing
  - Unusually High/Low Amounts
  - Unrelated Accounts posting
  - Large Credits to Income Statement
  - Large Debit to Revenue
  - Back/Pre-Dated Entries
  - Entries with Potential Keywords

- Highlight Data Integrity Problems
  - Duplicate Entries
  - Debit/Credit Amount Not Reconciling at Document Level
  - Incomplete Records (Missing Entries)
  - Debit/Credit Amount Not Reconciling at GL Account Level

- Get a complete turn-key solution in place rapidly
  - Customize and deploy in 4 – 6 weeks
  - Integrate and organize data across systems
  - Leverage prebuilt analytics scripts and integration technology
  - Software-as-a-Service (SaaS) delivery Model
  - Bird eye view of the entire financials with the ability to roll down to a particular entry
  - Trends across various GLs

Reporting Dashboard

Facilitates trends, correlations and drill-down on interactive mode.

Dashboard Overview

Descriptive trend-based analytical insights into the Debit/Credit movement of the journal entries in a given period (month-on-month) for all the account headers, such as expenses, cash, assets, payroll, etc., allowing the users to drill down to the specific transactions occurring in that account. Any exceptions or outliers in the movement of these balances are highlighted.

It allows the user to make multiple selections to compare various accounts, providing insights into the data that empowers the controllers to make decisions that enable a smooth financial closure. FRA presents the information in an analytical format, in time series to identify relevant patterns and areas of control failure based on Trial Balance (TB) and Journal Entries (JEs).

Controllers can identify potential risks in conflicting functions such as recording payments, posting journal entries, processing vendor invoices, recording AP payments, recording acquisition of fixed assets, etc. User activity analysis provides the auditor with details on users and transactions that may have access to conflicting business functions (risks). It gives the auditor the flexibility to select user-wise transaction information of business functions.

As the management begins to better understand the role that balance sheet account reviews play in detecting and preventing errors in financial statements, deficiencies and material weaknesses, they begin to see the need to improve timeliness and overall quality of review processes.

Outliers

The outliers views clearly identifies and articulates the deviating financial entries. These outliers can be easily reviewed and closed to smoothen the process of book closure

The user can review all the pre/post dated entries, high value provisions, unusually high postings to a particular JV, activity in a dormant GL,and JVs posted with limited information, for better assurance on the process.

Transaction Scrutiny

Transaction Scrutiny provides details of selected transactions and enables the controllers to select dynamic input parameters for further review and finding out the root cause of any misappropriation in the balance.

The transactions could be pre-dated or post-dated to a financial period. This may be interpreted as a misstatement or a restatement, increasing the chances of error during financial closing.

There is an intangible value attached to improving the last mile of the finance function. The benefit of preserving shareholder value by reducing the negative financial impact of misstatements and restatements enables a CFO to sign off the balance sheet with more confidence.

The intangible benefits may be difficult to measure, however, they drive better numbers, efficient decision-making and a motivated financial accounting team.

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