CFO EYES

Month-End Close Playbook

A 5-day structured close, day-by-day

This playbook accompanies the Month-End Close Checklist workbook. It explains the philosophy, sequencing and roles behind a five-day close, how to use the checklist, what to expect on each day, and how to drive continuous improvement using the close KPIs.

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1. Why a structured close matters

The month-end close is the heartbeat of the finance function. Done well, it produces reliable numbers fast enough to drive decisions while the period is still relevant. Done badly, it consumes the team for two weeks, produces results no one trusts, and leaves no time for analysis or business partnering.

A structured close achieves three things: **speed** (numbers within 5 working days), **quality** (every balance sheet account reconciled and signed off), and **repeatability** (the same outcome every month, regardless of who is on holiday).

The CFO Eyes Month-End Close pack is built around a single principle: *finish the close in five working days, every time*. Everything in the checklist, the reconciliation matrix, the issue log and the KPI sheet exists to make that target achievable and measurable.

2. The 5-day close at a glance

Day 1 — Pre-close. Cut-off, sub-ledger freeze, accrual prep, FX rates locked.

Day 2 — Postings. Payroll, depreciation, accruals, intercompany, FX revaluation, provisions.

Day 3 — Reconciliations. Bank, AR, AP, inventory, fixed assets, payroll, VAT, intercompany.

Day 4 — Review and sign-off. P&L; review, variance analysis, balance sheet sign-off, period locked.

Day 5 — Reporting. Management pack, board report, cash flow forecast, lessons learned.

Each day has roughly ten tasks in the workbook. Tasks are tagged with RACI roles so ownership is unambiguous. Status is tracked per task with conditional formatting so the close lead can see at a glance what is not yet done.

3. Roles and RACI

We use a simple RACI model. One **Accountable** owner per task, one or more **Responsible** doers, and any number of **Consulted** and **Informed** parties.

Role	Definition	Typical owner
R — Responsible	Performs the task	Controller, AP/AR Lead, FP&A
A — Accountable	Approves and signs off	CFO or Financial Controller
C — Consulted	Provides input before completion	Tax advisor, Sub controllers
I — Informed	Kept aware of the outcome	CEO, Mgmt team, Sales, HR

4. Day 1 — Pre-close

Day 1 is about preparation and cut-off. The goal is to make sure no transactions slip into the wrong period and that the team has everything ready for the heavy posting day.

Cut-off discipline. Communicate the cut-off date to sales and operations early. Freeze the AR sub-ledger so no new invoices are raised in the closing month, and freeze the AP sub-ledger after the last supplier invoice has been booked.

Accrual list. Maintain a running list of accruals (services delivered but not invoiced, bonuses, vacation, utilities). Review it on Day 1 so postings are ready for Day 2.

FX rates. Lock period-end and average rates for the close. Source them from a single agreed provider (typically the central bank) and keep an audit trail.

5. Day 2 — Postings

Day 2 is the heaviest day for the controller. All standard journals are posted: payroll, depreciation and amortisation, prepayments and deferrals, accruals, bonus and commission accruals, intercompany invoices and recharges, FX revaluation, inventory provisions and bad debt provisions.

Tip. Standardise these journals as templates in your ERP or in a spreadsheet with a fixed posting format. The same person should not be inventing the wheel every month.

Provisions. Tax provisions (corporate tax, VAT) often require input from a tax advisor. Schedule that conversation in the previous week so it does not become a Day 2 blocker.

6. Day 3 — Reconciliations

Day 3 is the quality day. Every balance sheet account is reconciled to its supporting evidence: bank statements, sub-ledgers, fixed asset register, payroll system, VAT control, loan and lease schedules, intercompany matching and equity reserves.

Use the **BS Reconciliations** sheet in the workbook. Each account has a row, the GL balance, the supporting figure, an automatic difference and a sign-off status. Differences highlight in red — they must be zero before Day 4 sign-off.

Intercompany balances should be matched and netted with the counterparty. Differences above an agreed threshold are escalated and resolved before period lock.

7. Day 4 — Review and sign-off

Day 4 is when finance becomes business partner. The FP&A; lead runs the P&L; review by department against budget and prior month, prepares a gross margin bridge and an OpEx variance analysis (typically anything above ±5%).

The controller reviews the balance sheet with the CFO, prepares the cash flow statement, calculates working capital metrics (DSO, DIO, DPO) and signs off all balance sheet reconciliations. Suspense and clearing accounts must be zero.

Lock the period in the ERP. Once everything is signed off, lock the period. No post-close adjustments without CFO approval and a logged justification — those count against the post-close adjustments KPI.

8. Day 5 — Reporting

Day 5 turns the closed numbers into decisions. The FP&A; lead generates the management pack (P&L;, BS, cash flow, KPIs) and updates the board report with commentary on the month, year-to-date performance and forward-looking risks and opportunities.

The cash flow forecast is rolled forward, the management pack is distributed, group reporting is sent to the parent, and statutory filings (VAT, tax) are completed.

Lessons learned. Hold a 30-minute retrospective with the finance team. What blocked us? What can we automate? What template needs updating? Log improvements in the Issue Log and update the Close KPIs sheet so trends become visible over time.

9. Balance sheet reconciliation discipline

A clean P&L; sits on top of a clean balance sheet. The single biggest reason closes go wrong is unreconciled balance sheet accounts: small differences accumulate, suspense accounts grow, and eventually you cannot trust the numbers.

The discipline is simple but uncompromising: **every balance sheet account, every month, signed off by name**. The BS Reconciliations sheet is the evidence. Auditors love it. More importantly, it forces real ownership.

If you cannot fully reconcile an account in the current cycle, log it in the Issue Log with an owner and a target close month. Do not let it disappear into the next reconciliation.

10. Close KPIs and continuous improvement

Track seven KPIs every month in the Close KPIs sheet:

1. Days to close. Working days from period end to pack distributed. Target ≤ 5.

2. On-time tasks %. % of checklist tasks completed on the planned day. Target ≥ 95%.

3. Post-close adjustments. Number of journals booked after sign-off. Target 0.

4. BS reconciliation coverage. % of BS accounts with signed reconciliation. Target 100%.

5. Suspense balance. Balance in suspense or clearing accounts at close. Target 0.

6. Issues opened in cycle. New issues logged this close. Target trending down.

7. Audit adjustments YTD. Auditor-proposed adjustments year-to-date. Target 0.

Review trends quarterly with the CFO. Pick one KPI per quarter to improve, agree the intervention, and measure the result. This is how a five-day close becomes a four-day close.

11. Common pitfalls and how to avoid them

Pitfall: Cut-off slips. Sales raise invoices after the cut-off; AP books invoices in the wrong period. *Fix:* communicate the cut-off in writing one week before, and freeze sub-ledgers in the ERP — not just by email.

Pitfall: Heroic close. One person knows where every reconciliation lives. *Fix:* RACI per task, templates in a shared folder, and a written close calendar so anyone in the team can run the close.

Pitfall: Suspense balance creeping up. *Fix:* zero suspense at close, every month, with no exceptions. If you cannot resolve it, write off and log the cause.

Pitfall: Reporting on Day 7. The numbers are stale before they reach management. *Fix:* protect Day 4 and Day 5 from new posting work — Day 1–3 is for getting transactions in.

12. FAQ

Can we run a 3-day close? Yes, eventually. Most teams that target three days got there from five over 12–18 months, by automating standard journals, pre-closing the sub-ledgers two days early, and shifting reconciliations into the last week of the month.

What if our ERP cannot lock the period? Use a manual posting freeze announced by email and tracked in the workbook. Audit any post-lock journals as exceptions.

How do we handle multiple entities? Run the same checklist per entity, with the Group Controller as Accountable for intercompany matching. Use the Issue Log to track cross-entity items.

Can we customise the workbook? Yes. Add or remove tasks per day, adjust the BS Reconciliations account list, and translate labels. Keep the structure (5 days, RACI, status) — that is what makes it work.