FOR CFOS OF HIGH-VOLUME DIGITAL BUSINESSES

# Financial Truth.

Six levels. One standard. The playbook for CFOs who want control. Not just reports.

**Peter Engel · Founder & CEO, Actuals**

**60%**

of AI projects abandoned due to poor data foundations

GARTNER · FEB 2025

**6.4d**

median month-end close across 2,300 organisations

APQC OPEN STANDARDS BENCHMARKING

**$151M**

in erroneous entries undetected for nearly three years

MACY'S REGULATORY FILING · 2024

**Peter Engel**

FOUNDER & CEO, ACTUALS · FORMER AUDITOR, DELOITTE

I have one belief about finance that I keep coming back to, regardless of company, industry, or ERP system.

# Accounting systems assume truth. They do not create it.

Financial truth has an origin. It lives upstream of your ERP, upstream of your close, upstream of your audit. In the gap between what your order system says happened, what your PSP processed, and what your bank actually settled.

In fifteen years, first as an auditor and then building Actuals, I have seen six places where financial truth is either established or lost. Not one of them is the ERP. They are all upstream.

This playbook walks through all six. For each one I describe what breaks when it is missing, what most finance teams try, and what financial truth on that level actually looks like.

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Written for CFOs of digital businesses processing tens of thousands to millions of transactions per day. Marketplaces, food delivery, parking, subscriptions, SaaS.

FIVE SIGNALS THAT FINANCIAL TRUTH IS UNDER PRESSURE

These are the patterns I see in high-volume digital finance teams every week.

**01 Month-end close takes more than five working days**

The team works nights and weekends. Every month. The sprint never shortens despite hiring. That is not a people problem.

**02 The auditor keeps finding things no one can immediately explain**

Not errors in judgment. Positions with no clear origin. The trail from transaction to journal entry breaks somewhere in the middle.

**03 Every new PSP or market creates a new manual process**

Growth adds complexity faster than the finance function can absorb it. What should be a configuration change becomes a project.

**04 AI pilots work in demos but stall before production**

The tool is not the problem. The data the tool receives is. A model built on unreconciled exports does not become reliable because the interface is better.

**05 You present numbers to the board that you cannot fully trace**

You know they are probably right. But if a specific figure were challenged, you could not follow the path in real time. You would need to reconstruct it.

WHAT THESE FIVE SIGNALS HAVE IN COMMON

Every one is a symptom of the same gap. Financial truth is not being established upstream. The six levels in this playbook are the six places where that changes.

Want to know your score before finishing the playbook?

TAKE THE SCAN →

HOW THIS PLAYBOOK IS STRUCTURED

Each level is where financial truth is either established or lost. Each depends on the one before it.

| | |
| --- | --- |
| SOURCE | **Pre-ERP Validation**<br>Financial truth begins before data enters the ERP. If it is not validated upstream, the ERP records a version of events. Not the truth. |
| TRACE | **End-to-End Traceability**<br>Every transaction must be followable from source to journal. When identifiers shift across systems, the chain breaks silently. |
| PULSE | **Continuous Control**<br>Monthly visibility means monthly blindness. Financial truth is not a month-end event. Control requires a daily pulse on what has reconciled and what has not. |
| ROOT | **Automated Root Cause**<br>Knowing that a difference exists is not enough. Without automated root cause, the same errors return every cycle. Because no one fixed the source. |
| PROOF | **Audit Readiness**<br>Financial truth must be provable at any moment. Audit anxiety is a symptom of truth that was never maintained. |
| SCALE | **Scale Without Heroics**<br>When the first five levels are in place, growth stops being a threat. Finance accelerates the business instead of becoming its bottleneck. |

A NOTE ON STRUCTURE

Each chapter covers one level. CFO sections are strategic. "In practice" blocks are for controllers and finance managers. Forward this to your team.

SOURCE

PRE-ERP VALIDATION

01

# Where financial truth begins. Or doesn’t.

The ERP is not the origin of financial truth. It is the destination. Everything depends on what you send it. Most high-volume finance functions send it data they have not verified.

This chapter covers where truth is established, why the ERP implementation does not fix it, and what pre-ERP validation actually looks like.

**SOURCE** WHERE FINANCIAL TRUTH BREAKS FIRST

In a high-volume digital business, financial reality is created across multiple disconnected systems. The order management system records what should happen. The PSP records what the customer paid. The bank records what you actually received. The ERP records what you told it.

None of these agree by default. Without pre-ERP validation, every journal entry rests on an assumption.

| LAYER 1 | LAYER 2 | THE GAP | LAYER 3 | LAYER 4 |
|---|---|---|---|---|
| **Order system** | **PSPs** | **No validation** | **Settlement** | **ERP** |
| What should happen. | What the customer paid. Each with own logic and timing. | Financial truth breaks here. Relationships lost in transit. | What you actually received. Delayed, batched, partial. | What gets reported. Assumes correct inputs. |

IN PRACTICE, FOR THE CONTROLLER

Can you prove that the order in your OMS matches the payment in your PSP and the settlement in your bank, for any transaction, today, without preparation? If this requires pulling three exports manually, SOURCE is missing.

CLIENT CASE

**How Catawiki fixed broken Stripe reconciliation**

What happens when PSP data cannot be trusted — and how to restore it.

SOURCE

WHAT MOST TEAMS TRY. AND WHAT ACTUALLY WORKS.

WHAT MOST TEAMS TRY

### Implement the ERP and trust it

NetSuite, SAP, Dynamics. Real improvements in structure and reporting. But the ERP only receives data. It does not validate it. Six months after go-live, the reconciliation problem is still there. It just has a better interface.

Signal: ERP is live, close still takes two weeks, auditors still find unexplained positions.

WHAT FINANCIAL TRUTH LOOKS LIKE

### Validation before the ERP receives anything

A layer between your operational systems and the ERP that continuously matches orders, payments, and settlements before they become journal entries. The ERP receives what has been verified. Not what came through the pipe.

Result: close starts with confirmed data, not data to be confirmed.

## $151M

Macy’s disclosed $151 million in erroneous bookkeeping entries accumulating since Q4 2021. A single employee had concealed a mistake for nearly three years. Internal controls did not catch it. SOURCE was missing.

CFO DIVE · MACY’S REGULATORY FILING · NOV–DEC 2024

TRACE

END-TO-END TRACEABILITY

02

# The trail that disappears between systems.

SOURCE establishes that truth exists. TRACE ensures it can be followed. A transaction that cannot be traced is a number you cannot explain. A number you cannot explain is a liability, not an asset.

This chapter covers where the trail breaks, what custom builds miss, and what end-to-end traceability actually requires.

TRACE WHERE THE TRAIL GOES COLD

Traceability breaks where identifiers change between systems. An order ID in your OMS becomes a payment reference in your PSP, becomes a batch settlement in your bank file. Each translation is a potential break. At high volume, those breaks accumulate silently.

The close still happens. The reports still print. But when someone asks you to explain a specific number, you cannot follow the path. You reconstruct it. That is not traceability. That is archaeology.

WHAT MOST TEAMS TRY

### Build it internally

A custom integration layer. Works until a PSP is added, volume spikes, or the engineer who built it leaves. It becomes a dependency no one wants to own or change.

Signal: "Only a few people know how this works" is not a process. It is a continuity risk.

WHAT FINANCIAL TRUTH LOOKS LIKE

### A maintained chain from origin to journal

Every order, payment, refund, settlement, and chargeback has a traceable path from origin to journal entry. That path does not break when a new PSP is added or a market is entered.

Result: audit questions answered from evidence, not from memory.

## $7B

Symbotic, an AI-powered warehouse automation company processing millions of inventory transactions for Walmart, announced in November 2024 it could not file its annual report due to accounting errors. Material weaknesses in internal controls. Stock dropped 32% in a single day.

MARKETWATCH · SYMBOTIC REGULATORY FILING · NOVEMBER 2024

CLIENT CASE

**When volumes spiked a hundredfold — the spreadsheets broke first**

A gambling platform. 100x volume overnight. What TRACE actually means under pressure.

PULSE CONTINUOUS CONTROL

# 03

# Monthly is already too late.

SOURCE and TRACE establish that truth exists and can be followed. PULSE is about when you look at it. A finance function that checks its position once a month is flying blind for 29 days out of 30.

This chapter covers the close problem, AI in finance, and what continuous control actually requires.

PULSE THE CLOSE PROBLEM

APQC benchmarked 2,300 organisations. Median close: 6.4 calendar days. Bottom quarter: 10 or more. In a high-volume digital business, those days are spent finding out what happened. Not confirming what is already known.

WHAT MOST TEAMS TRY

### More people, better spreadsheets

Manual workarounds start breaking well before 100,000 transactions per month. By the time you reach that volume, the cracks are already structural. Adding people does not fix a data sequencing problem.

Signal: finance team works nights and weekends every close. Sprint never shortens despite hiring.

WHAT FINANCIAL TRUTH LOOKS LIKE

### Continuous reconciliation. Daily visibility.

Mismatches between PSPs, order system, bank, and ERP are identified and resolved as they happen. By month-end, nothing is outstanding. The close is a confirmation, not an investigation.

APQC top 25% close in 4.8 days or fewer. The gap is not talent. It is infrastructure.

## 6.4 days

Median month-end close across 2,300 organisations. Top 25% close in 4.8 days.
The difference is not the size of the team.

APQC OPEN STANDARDS BENCHMARKING · GENERAL ACCOUNTING

PULSE WHY AI FAILS WITHOUT THIS LEVEL

Almost every finance team is experimenting with AI right now. The experiments mostly work in isolation, on a clean file. The problem comes when teams try to move from experimenting to relying on it. AI does not say it is not sure. It gives you a complete, plausible answer. If PULSE is missing, the AI fills gaps with something that looks right but is not.

## 60%

Gartner predicts that through 2026, organisations will abandon 60% of AI projects unsupported by AI-ready data. 63% either do not have, or are not sure they have, the right data management practices for AI.

GARTNER · LACK OF AI-READY DATA PUTS AI PROJECTS AT RISK · FEBRUARY 2025 · GARTNER.COM/NEWSROOM

## Nearly ⅔

McKinsey's 2025 survey found that nearly two-thirds of organisations have not begun scaling AI across the enterprise. Teams must rewire core processes, talent, and technology. Not just add new tools on top of old ways of working.

MCKINSEY · HOW FINANCE TEAMS ARE PUTTING AI TO WORK TODAY · 2025 · MCKINSEY.COM

The 60% abandonment rate is not a failure of ambition. It is a failure of sequence. SOURCE, TRACE, and PULSE must be in place before the AI tool is opened.

READ — PETER ENGEL

**AI in finance fails on data, not models**
The full argument. Why the export problem, the data lake illusion, and the confidence problem are all the same root cause.

ROOT

AUTOMATED ROOT CAUSE

04

# Why the same errors keep returning.

PULSE tells you that a difference exists. ROOT tells you why. Without it, finance teams spend every cycle resolving the same discrepancies. The symptom is treated. The source is not.

This chapter covers the loop that keeps finance in firefighting mode and what breaks it.

ROOT THE FIREFIGHTING LOOP

A settlement does not match. Is it a timing difference? A currency conversion error? A fee structure that changed? A duplicate entry? Without automated root cause, finding out requires a person every time. The consequence: a team that is permanently reactive. Every close, the same investigation.

WHAT MOST TEAMS TRY

### Add headcount to investigate

More controllers. A dedicated reconciliation team. This resolves the discrepancy but not the source. Next month, the same discrepancy reappears, resolved again by the same people using the same effort.

Signal: "Only a few people know how this works" is not a process. It is one resignation away from a crisis.

WHAT FINANCIAL TRUTH LOOKS LIKE

### The system identifies the why

When a difference is flagged, the system identifies its cause. The team does not investigate the discrepancy. They decide what to do about its cause. Once. Not every month.

Result: finance moves from firefighting to improving. The cycle gets better, not just resolved.

> **"Teams must rewire core processes, talent, and technology. Not just add new tools on top of old ways of working."**
>
> McKinsey · The State of AI in 2025 · November 2025

PROOF

AUDIT READINESS

05

# From anxiety to evidence.

The first four levels establish financial truth. PROOF makes it provable at any moment. Not just once a year under pressure. Audit anxiety is a symptom of truth that was never maintained continuously.

PROOF WHAT AUDIT READINESS REALLY REQUIRES

Most finance teams experience audit as an event. A period of intense preparation and hoping the auditor asks about something that can be explained. That experience is a direct consequence of SOURCE through ROOT not being maintained year-round.

WHAT MOST TEAMS TRY

### Audit prep as a sprint

Weeks of evidence assembly. Pulling exports. Reconciling differences that were not resolved during the year. Hoping the auditor does not ask about the suspense account accumulating since March.

"Hopefully they won't ask about this" is audit anxiety, not audit readiness.

WHAT FINANCIAL TRUTH LOOKS LIKE

### Audit readiness as a permanent state

Every transaction has a traceable path. Every reconciliation is current. Every difference is resolved or documented. The audit is not a test. It is a confirmation that the numbers always were right.

Result: audit duration shortens. Findings drop. Board confidence rises.

> **"We now track all transactions from initiation to our general ledger. A paradigm shift to be in control."**
>
> CFO · Recharge.com

CLIENT CASE

**How Recharge.com brought trust back to accounting**

160 markets. €500M in sales. Millions of transactions. How Recharge built PROOF at scale.

SCALE

SCALE WITHOUT HEROICS

06

# When infrastructure replaces effort.

The first five levels establish financial truth. SCALE is what happens when that truth holds as the business grows, without the finance team growing proportionally to hold it together.

This is the level where finance stops being the bottleneck and starts being the accelerant.

**SCALE** WHAT THE FINANCE FUNCTION LOOKS LIKE WITH ALL SIX LEVELS IN PLACE

Without the first five levels, every increase in transaction volume creates more manual work, more risk, and more pressure. The business scales. Finance struggles to keep up. "We will hire more finance staff" becomes the default answer to a structural problem.

With all six levels in place, volume growth is absorbed by infrastructure. A new PSP, a new market, a doubling of transaction volume: these become configuration changes, not crises.

CLOSE

### Days, not weeks

Reconciliation is continuous. Evidence is maintained. The close is a confirmation of what is already known.

AUDIT

### Evidence, not reconstruction

Every number has a traceable path. Audit is a retrieval exercise. The team answers from evidence. Not from memory.

AI

### Trustworthy output

SOURCE, TRACE, and PULSE give AI a live, reconciled dataset. The output becomes something you can act on.

> **"Financial truth is not a destination. It is the standard you maintain every day."**
>
> Peter Engel · Founder & CEO, Actuals

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DIAGNOSTIC WHERE DOES YOUR FINANCIAL TRUTH STAND?

?

# Six levels. Six honest questions.

One question per level. Answer honestly. Not aspirationally. The score tells you exactly which levels are in place and which are missing.

Click to mark what you can genuinely confirm right now. Not what you are working toward.

FINANCIAL TRUTH DIAGNOSTIC · ONE QUESTION PER LEVEL · CLICK TO CONFIRM

**SOURCE** Can you confirm that every transaction in your ERP has been validated before it arrived there?
Not assumed correct. Validated against origin in your order system, PSP, and settlement data.

**TRACE** Can you trace any single transaction from order to journal entry, right now, without preparation?
Not by pulling three exports. On demand, for any transaction.

**PULSE** Are mismatches between your systems identified automatically, daily, not at month-end?
Continuous detection. Not reactive discovery six weeks after the fact.

**ROOT** When a discrepancy is flagged, does the system tell you why, automatically?
Not "there is a difference." The cause, where it originates.

**PROOF** If your auditor asked for evidence on any transaction today, could you provide it without preparation?
Maintained continuously. Available at any moment.

**SCALE** When you add a new PSP or enter a new market, does your infrastructure absorb it without breaking?
New complexity handled by the system. Not by a new spreadsheet or workaround.

0/6

Click above to mark what you can genuinely confirm right now.

YOUR NEXT STEP

The diagnostic gives you a directional answer. The free scan goes deeper. It benchmarks each level against other high-volume digital finance teams and shows you precisely where to focus first.

15 minutes. Instant results. No sales call.

**TAKE THE FREE SCAN →**

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| 6 | 15m | 0 |
| --- | --- | --- |
| Levels benchmarked against peers in high-volume digital finance | To complete. Results immediately. No waiting required. | Sales calls. The scan is a tool, not a lead form in disguise. |

**Peter Engel**
FOUNDER & CEO, ACTUALS · FORMER AUDITOR, DELOITTE

I started this playbook with a belief. Accounting systems assume truth. They do not create it.

If you have read this far, you now know where truth is created. In six places, upstream of everything you report. SOURCE, TRACE, PULSE, ROOT, PROOF, SCALE.

The diagnostic tells you which of those six your finance function has built. The missing ones are not failures. They are the work. Clear, specific, sequenced work that every high-volume CFO can prioritise.

Financial truth is not a destination. It is the standard you maintain every day.

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The free scan at highvolumeaccounting.actuals.io benchmarks your six levels against other high-volume finance teams. 15 minutes. No sales call.

WHAT TO DO NEXT

# Find out where your financial truth stands.

The free scan benchmarks your six levels against other high-volume digital finance teams. Instant results. No sales call.

TAKE THE FREE SCAN →

READ PETER'S AI ARTICLE