

# Bangkok SC

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## 1. Objective and Scope

The purpose of this document is to explain how to perform the internal controls for Accounts Receivable process.

The Internal Controls mentioned in this OP aims to ensure:

- Compliance with AR procedures
- Application of Process Expert's instructions and guidelines
- Assure the mitigation of financial risk in key tasks

This operating procedure (OP) applies to all EMEA companies and customer payments for invoices factored to Solvay SA. The only exception are related to controls "Review of receivables not assigned to 0231" and "Monthly review receivables in local system" in which we analyze all Regions (EMEA, NAFTA and ASIA) in the first one and EMEA and Asia in the second one.

## 2. Definitions

- SBS: In the current document, "Solvay Business Services" will be replaced by its abbreviation "SBS".
- OTC AR: Order to cash Accounts Receivable
- OTC CM: Order to cash Credit Management
- OP: Operating procedure
- 0231: PI system for Worldwide Accounts Receivable and Payable
- CM: Credit Manager
- DO: Doubtful invoice
- EMEA: Europe, Middle East and Africa
- PE: Process Expert

## 3. INTERNAL CONTROLS

### 3.1 Daily review of Unallocated payments

The control of the Unallocated cash is done in order to ensure that no payment received is open on the sub-account without having been correctly addressed and escalated asking more details.

Use FL3N transaction in PI1 system to check the unallocated payments as below:

? Unknown Attachment

Select only the document type "TI" (transfers IN) and then search by "unallocated" in the text field. Then, go to Freshdesk tool and check if the case was correctly created and sent to the correct entity (Credit Manager, cash collector or to banks).

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For PF1 and WP1, the payments are posted on customer accounts by RtR (automatic postings during the bank statements upload). Therefore RtR should forward a case to OTC in case of unallocated payment in which they are sure it is customer related. Regarding Poland (receivables not assigned to Solvay SA), as the cash allocation is all manual, a ticket in Freshdesk should be created to justify a possible unallocated.



- Exclude the payments that are related with Abbott (which should be rejected) and documents which are related with technical issues

On a daily basis the following file is updated:

[https://docs.google.com/a/solvay.com/spreadsheets/d/1EpMHi4vG9yZUU2P9x7Val9GMiR\\_aN50ytj87XDGiUAE/edit?usp=sharing](https://docs.google.com/a/solvay.com/spreadsheets/d/1EpMHi4vG9yZUU2P9x7Val9GMiR_aN50ytj87XDGiUAE/edit?usp=sharing)

## Scope

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## ERP

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## References

### Content by label

There is no content with the specified labels

## Attachments

### Warning

- All cases should be justified with the reason and mention to whom it was escalated as below
- The image with the unallocated payments should be copied from the file and added to the daily email

Example:

 Unknown Attachment

### 3.1.1 Escalation procedure

For unallocated cases for more than three months and if no answer received or if is not enough to allocate the payment, the team member doing the controls should send an email to Accounts Receivables Process Expert, explaining the reason why it is being escalated (mention if no answer received, doubts, proposal). In case it is interco related or any technical constraint, a reminder should be sent to the company related or to IS.

## 3.2 Weekly review of Unmatched payments

The objective of this control is to assure that all non-matched payments equal or above 50.000,00 EUR have been analyzed and escalated. Therefore a list with all those items has to be justified by the AR specialist and should be sent to Service Center Manager, AR Process Expert and to Cash Collector Team Leader (which should deploy to the cash collector).

In PL1:

Open FBL5N transaction and chose the following variant:

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 Unknown Attachment

Execute

 Unknown Attachment

The following screen appears

PF1 and WP1

Example:

This extraction should also be done for Poland and Reverse Factoring customers. Therefore, enter in FBL5N and choose the following variant (Cc 0005 for PF1 and Cc ZFR3, 8090, 6068, 7531 and 6268 for WP1).

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For each of the unmatched amounts, the AR Specialist should update the file below and describe the reason of non-allocation and mention to whom it was escalated:

<https://docs.google.com/spreadsheets/d/1jz3SPuieMVSzZppGdeZEHPC4JpeEdvGibjYNP-cGKk/edit#gid=1052285975>



- The image with the unmatched payments should be copied from the file and added to the daily email

## 3.3 Review of receivables not assigned to Factoring company

The principle is to have all customers/receivables from a company with convention with Solvay SA/Solvay SFA assigned to the Factoring company (Cc 0231 /4044). Therefore, the objective of this control is to show evidence that customers not assigned have a valid reason in the "Long text" field for not assigning its receivables.

This control should be done **quarterly** (every three months, on the second week of the month) in the two local systems assigning to Solvay SA/Solvay SFA: PF1 and WP1.



- Since it is a quarterly control and to assure that there are no failures, a calendar event for OtC AR team must be created on the day of the next report.

Open **Z3F\_FA\_MD\_REPORT** transaction in local systems and choose the following variants in all systems:

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Execute

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The following result is showed:

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We can see a line per customer and in the "Long text" field it should be inserted the reason of not assignment to 0231. The valid and justified reasons are:

- Public institutions
- Legal purposes
- Phisicall persons

This result should be extracted to excel as below:

? Unknown Attachment

Click on

? Unknown Attachment

? Unknown Attachment

Execute

Save the file in your desktop

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Finally, add this excel file to the email with the remaining controls.

Example of the file:

[MD Report control.xls](#)

### 3.4 Records of doubtful receivables and losses based only on a supporting document communicated by CM

For bad debt customers, we should provide the request in which OTC AR received the request to post a customer into doubtful status only if requested by Audit company. In this case, we should search in Freshdesk the request case and send it to the requester.

## 4. Reporting controls

The email should be send to the following addresses:

<b>Process Expert Accounts Receivables</b>	<a href="mailto:Claudrik.darnet@solway.com">Claudrik.darnet@solway.com</a>
<b>OTC BO Manager</b>	<a href="mailto:diogo.paiva@solway.com">diogo.paiva@solway.com</a>
<b>Accounts Receivable team leaders:</b>	<a href="mailto:Paula.simoese@solway.com">Paula.simoese@solway.com</a> ; <a href="mailto:Rafael.Lindoso@solway.com">Rafael.Lindoso@solway.com</a> and <a href="mailto:amporn.sae-tae@solway.com">amporn.sae-tae@solway.com</a>
<b>Cash Collection team leader:</b>	<a href="mailto:ana.cabecas@solway.com">ana.cabecas@solway.com</a> , who will deploy to Cash Collections team
<b>Accounts Receivables team mailbox</b>	<a href="mailto:solvay.ar@solway.com">solvay.ar@solway.com</a>