

# ARA - Analyze and Reconcile Accounts

## Table of contents

- [Table of contents](#)
- [1. Objective and Scope](#)
- [2. Scope and periodicity](#)
- [3. Definitions](#)
- [4. ARA Reconciliation & Justification](#)
  - [4.1 Reconciliation](#)
    - [4.1.1 Reconciliation of the account with categorization](#)
    - [4.1.2 Reconciliation of the account without categorization](#)
      - [4.1.2.1 Reconciliation with Actions](#)
      - [4.1.2.2 Reconciliation by manually inserting the value](#)
- [5. Appendix](#)

## 1. Objective and Scope

The purpose of this document is to describe how to Analyze and Reconcile Accounts to ensure the accuracy of the financial statements and allow the group to publish the reports with confidence.

The objective is to have a quality analysis and reconciliation of Balance sheet and some P&L accounts.

## 2. Scope and periodicity

Following the logic of End to End processes the accounts related with CCT have been identified in the [AR A Masterdata](#) (click to access).

This Operating Procedure (OP) is applied to those accounts, for the [ARA List of entities](#) (click to access).

## 3. Definitions

- SBS: In the current document, "Solvay Business Services" will be replaced by its abbreviation "SBS".
- SAP: Solvay ERP
- CCT SL AR: Customer Credit & Trade Service Line Accounts Receivable
- OP: Operating procedure
- OtC OPD Matrix: Order to Cash Organizational Process Design matrix

## 4. ARA Reconciliation & Justification

Following the need to have the Accounts analyzed and reconciled, a SAP integrated Solution was developed in order to help justify and clear the open items. This tool is called Runbook True Reconciliation.

It can be accessed using transaction **/NBSAR/MENU**

(In PI1, PF1 and WP1):

### Scope

---



? Unknown Attachment

? Unknown Attachment

### ERP

---

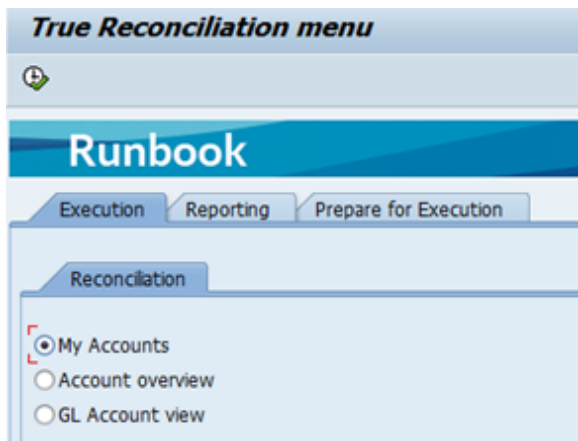


### References

---

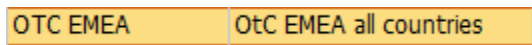
### Attachments

---



Each process will have accounts assigned based on the End to End processes and geographical zone defined by the Super Users and Coordinators.

Select "My accounts" and select the following variant in order to start the reconciliation:



Or

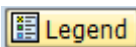
Insert manually the companies codes which you are responsible for



**My Accounts**

Period	Resp. Grp.	Top Area	Description	Acc. Item	Account Item Description	GL Desc.	Exec.	Rating	Note	Attachm.	Action	Purpo.	Status
2016-03	SC_OTC_K	GROUP	IT05835	Solvia Specialty Polymers	A400-100	AR Trade receivable	Trade receivabl	gr					Reconciler
2016-03	SC_OTC_K	GROUP	IT05835	Solvia Specialty Polymers	A400-100	AR Trade receivable	Trade receivabl	gr					Reviewer
2016-03	SC_OTC_K	GROUP	IT05835	Solvia Specialty Polymers	A400-100	AR Trade receivable	Trade receivabl	gr					Reconciler
2016-03	SC_OTC_K	GROUP	IT05835	Solvia Specialty Polymers	A400-100	AR Trade receivable	Trade receivabl	gr					Closed
2016-03	SC_OTC_K	GROUP	IT05835	Solvia Specialty Polymers	A400-100	AR Trade receivable	Trade receivabl	gr					Released
2016-03	SC_OTC_K	GROUP	IT05835	Solvia Specialty Polymers	A400-101	AR Doubtful trade receivables	Doubtful trade	gr					Released
2016-03	SC_OTC_K	GROUP	IT05835	Solvia Specialty Polymers	A400-101	AR Doubtful trade receivables	Doubtful trade	gr					Released
2016-03	SC_OTC_K	GROUP	IT05835	Solvia Specialty Polymers	A400-101	AR Doubtful trade receivables	Doubtful trade	gr					Released
2016-03	SC_OTC_K	GROUP	IT05835	Solvia Specialty Polymers	A400-101	AR Doubtful trade receivables	Doubtful trade	gr					Released

In the list of accounts you have a classic SAP report with functions: Extract, Layout, Sort, Filter, Sum, etc. You can also massively Certify an account, refresh and reload the balance.



There is a Legend to help understand each icon:

**Acc. Rec. Overview & Template Icons**

- The Acc. Rec. Period is not released
- The process status is Closed
- Execute Acc. Rec. Template
- Display Acc. Rec. Template
- No execution role
- Ready to recall
- Missing Proc. Status in Role Set
- Account Item locked in Master Data
- No user defined for next process status
- Success criteria
- Purpose of Account
- Log
- Attachments
- Reload GL Balance
- Tracker
- Action List
- MD Source Info
- Action
- Note

**Attachments**

- Word document
- Excel document
- Power Point document
- HTML document
- Attachment
- Web site
- Note
- Spool
- Other documents
- Created in current period
- Carried forward

**Rating**

- Failed
- Rec. with actions or risk ass. items
- Reconciled

**Account balance tracker**

- Extra value at risk exists
- No extra value at risk exists

**Acc. Rec. Master Data Icons**

- Acc. Rec. Hierarchy for Areas and Account Items
- Acc. Item Hier. assignment in the Area Hier.
- Area
- Acc. Rec. Responsibility Group
- Acc. Rec. User Role
- Account Item
- Texts (Purpose of account)
- Account Item - Instruction link: show url
- On click: hide subscreens in lower screen area

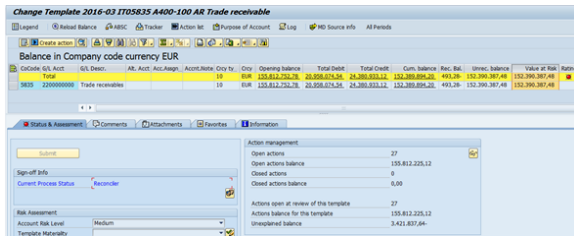
**Area Status**

- Active
- Inactive
- Area toggle: Activate/Inactivate

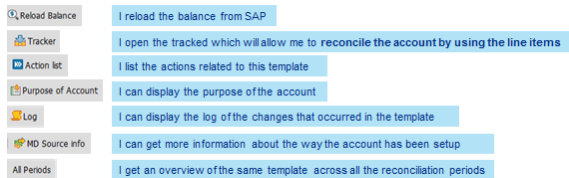
**Navigation**

- List view for data type
- Create data
- Undo create action

When you see an account into your "My accounts view" with status Reconciler this means that you belong to the responsibility group of this account. When there is an account under your responsibility you have to press the icon to access the Reconciliation template:

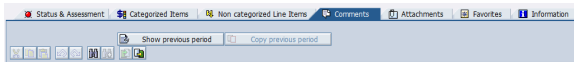


These are the possible actions within a template:



Furthermore, there are 7 tabs in the template:

**Status and Assessment:**



**Action/Certify Button:** To go forward in the workflow, Submit, recall, validate, etc.

**Reconciliation indicator:** – No full reconciliation; – "Forced reconciliation";

– Complete reconciliation;

**Risk assessment:** this panel contains the risk evaluation and the possible usage of a reason code.

**Action monitoring:** how many action items have been created for this template, what is the amount coverage, etc.

**Workflow overview:** who are the members of the responsibility group, who has logged.

**Categorized Items:** Displays items that have already been justified through pre-defined rules (such as aging) or other possible actions.

**Non categorized Line Items:** Display items yet to be reconciled/justified.

**Comments:** You can enter any comments that help to reconcile or understand the account reconciliation.

**Attachment:** You can attach any kind of documents that help to reconcile the account.

**Favorites:** It displays transactions that may be used to assist in the analysis and reconciliation.

**Information:** Here you will find some key information about the account template such as EtE Process, Responsibility group, G/L Account, etc.

## 4.1 Reconciliation

### Clearings & Reminders

Regarding Rebates account item ((PF1 2351000000/WP1 41100500), AR team should try to clear the items that match zero by ordering items by agreement number. Afterwards, the file should be extracted and shared with the Customer Service representative.

For some of the accounts there are automatic rules (see the [OTC OPD Matrix](#)), which will justify immediately the open items, and they will be included in the reconciled balance.

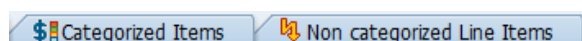
There are many ways to reconcile the accounts, the account items Master data are built based on the business requirements from the operating procedure, but it is still possible to combine several reconciliation methods to reach the final reconciliation. Here you have some of the possibilities:

- **Manually** The account is not managed by line items, and/or the reconciliation source is outside of the ERP. Then it is possible to enter manually the reconciled value.
- **Categorization** Categorization is enabled for the account; this means that the reconciliation can be done by selecting the appropriated line items and adding them to the respective group. Moreover additional functions are available within this mode:
  - **Manual selection:** individual items to be "reconciled" can be selected and will be accounted for their total value as reconciled value.
    - **Note (ii):** each line item can be definitively assigned to the reconciliation but it is also possible to set a due date (snooze date & reason).
    - **Automatic selection:** in case the rule engine has been activated, line items are automatically reconciled following pre-defined criteria's.
  - **Manual tracker:** it is also possible to manually create reconciliation item groups
  - **Reason code:** In some particular cases, it is possible to accept the non reconciled amount and reconcile the account with those accepted gaps. To do so it is necessary to use a reason code (+ a materiality code).

Following the rules defined in the [OIC OPD Matrix](#) , the reconciler should enter the Reconciliation template to justify the remaining items that were not reconciled automatically. For CCT AR most of the account items are being reconciled by categorizing the items, however in some cases it can also be done by using actions.

### 4.1.1 Reconciliation of the account with categorization

Once inside the Reconciliation template you can find two tabs - :



In the **Categorized Items** tab you will find items that have been automatically justified by the pre-defined rules, or items that you have categorized manually.

In the **Non categorized Line Items** are the items that are still to be justified.

If it is not possible to clear the items from the account, the reconciler should escalate the situation according to the rules defined in the [OIC OPD Matrix](#) .

Afterwards use the "Comments" and "Snooze date" to justify the open items:

DocType	Year	Comment 1	Comment 2	Comment 3	Snooze date	Customer/Vendor	Type	DocumentNo	Item	Amount	EC1	Posting Date	Doc. Date	Net due date	Age	Days	AgeDays
0306	2016	Case 1	Reason 2	Sent to CR	02.06.2016	27497	CI	1000014964	1	27.314,82		29.04.2016	29.04.2016	29.05.2016	2	900059	
0306	2016	Case 2	Reason 2	Sent to C	02.06.2016	27497	CI	1000014963	1	6.304,66		29.04.2016	29.04.2016	29.05.2016	2	900059	

- **Comment 1** – Ticket Number;
- **Comment 2** – Explanation;
- **Comment 3** – Escalated to;
- **Snooze date** – 2<sup>nd</sup> day of the month subsequent to the one being justified;

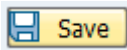
Once the fields are populated, select the lines and press the **Categorize** button.

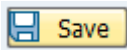
Select the **Category: Analysis**

And **Subcategory: Snoozed**

Change Tracker: 2016-05 PT00306 A400-100 AR Trade receivable

Category	ANALYSIS Item to be analyzed (snooze date)
Sub-Category	SNOOZED Items to be analyzed (snooze date mandatory)



Press button  at the bottom.

The items will be transferred to the Categorized items.

It will either create a new line or add them if it had already been created.

IS	Acc	Item	Area	Year	Period	CoCode	BSU	Descr.	G/L	Account	Category	Category Description	Sub-Ca.	Sub-category description	Manual	Qty type	Qty T.	Cum. balance
	A400-100	PT00306	2016	5	0306			2200000000		INTERCO	INTERCO	Interco items	IC	Interco items (trading partner)	<input type="checkbox"/>	10	EUR	2.617.185,05
	A400-100	PT00306	2016	5	0306			2200000000		UNDERAGED	UNDERAGED	Items with normal maturity	UD	Items with less than 180d over due date	<input type="checkbox"/>	10	EUR	209.513,09
	A400-100	PT00306	2016	5	0306			2200000000		ANALYSIS	ANALYSIS	Items to be analyzed (inc. SMOO)	AN	Items to be analyzed (inclose date man.)	<input type="checkbox"/>	10	EUR	33.419,48

To finish the reconciliation, a resume should be added to the "Comments" tab to provide information to the reviewer and Account owner e.g.:

**Change Tracker: 2016-05 PT00306 A400-100**

Legend | Reload Balance | ABSC | Action list

Balance | Status & Assessment | Comments

Show previous

INTERCO = 2.617.185,05 EUR  
 UNDERAGED - Items not yet due = 209.513,09 EUR  
 ANALYSIS - Items escalated to CM Ccl CSR = 33.419,48 EUR  
 Total Balance = 2.860.117,62 EUR

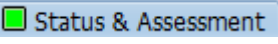

When all the items are categorized the value at risk will be Zero and the rating green:

**Display Template 2016-03 IT05835 A400-100 AR Trade receivable**

Legend | Tracker | Action list | Purpose of Account | Log | MD Source info | All Periods

Balance in Company code currency EUR

CoCode	Special	G/L	G/L Descr.	A	A	A	Crqy	Op	T	Total	Cum. balance	Rec. Bal.	Unrechbal	VBR	Variance	Rating
			Total	10	EUR	155	2	80,6		169.511.221,64	169.511.221,64	0,00	0,00	13.698.468,86		Green
S835	2200000000		Trade receivables	10	EUR	155	2	80,6		169.511.221,64	169.511.221,64	0,00	0,00	13.698.468,86		Green

Go to  **Status & Assessment** tab and press the  **Certify** button to submit it to the Reviewer.

### 4.1.2 Reconciliation of the account without categorization

In some account items (e.g. doubtful accounts) it is not possible to categorize the items. Thus it is necessary to use actions, or to insert the justified value manually to reconcile.

#### 4.1.2.1 Reconciliation with Actions

Inside the Account item template press "Create Action":

**Change Template 2016-05 PT00306 A400-100 AR Trade receivable**

Legend | Reload Balance | ABSC | Tracker | Action list | Purpose of Account | Log | MD Source info | All Periods

Create action

Balance in Company code currency EUR

IS	CoCode	Special	G/L	G/L Descr.	AB	Acct	Acc.Assignm	Acct.Note	Crqy	Op	Open	Balance	Total Debit	Total Credit	Cum. balance	Rec. Bal.	Unrechbal.	VBR
			Total	10	EUR	4.329.055,08						781.855,82	2.431.833,05	2.869.265,90	2.860.117,62	50.498,72	50.498,72	
	0306	2200000000		Trade receivables	2111000000	10	EUR	4.329.055,08				781.855,82	2.431.833,05	2.869.265,90	2.860.117,62	50.498,72	50.498,72	

The following screen will show:

**Action Items for Template 2016-05 PT00306 A400-100 2200000000**

Toggle list | Action Statistics

Template: A400-100 | Solway Portugal - ... | PT00306 | AR Trade receiva... | 2016-05

Tracker

Action Item No. 1

Action Descr. Case 1 Escalate to CM

Action holder  
 Resp. Group: SC\_OTC\_REC  
 Creation date: 25.08.2016  
 Due Date: 24.09.2016

Action Item Value	EUR	50.490,72-
Unreconciled balance	EUR	50.490,72-
Action item balance	EUR	0,00
Unexplained balance	EUR	50.490,72-

Action item attributes

Priority: Medium

Category: EXPL

Case Number  
Items being reconciled  
Customer  
Provision amount  
Escalated to


**Action Description** – Short explanation


**Resp. Group** – SC\_OTC\_REC


**Due date** – Leave as is

**Action Item Value** – It will assume the total amount at risk, If necessary it should be changed to the amount being justified (in the example the total amount at risk is being justified);

**Category** – Choose the most suitable one from the list

Press Save  on top of the screen. A message will appear

 **Action Item has been saved successfully**

Going back to the Template screen the amount at risk will still appear, however when this amount is fully justified by actions created the rating will turn  and it is ready to be submitted to the Reviewer.

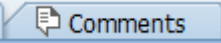
**Change Template 2016-05 PT00306 A400-100 AR Trade receivable**

Legend | Reload Balance | ABSC | Tracker | Action list | Purpose of Account | Log | MD Source info

Create action

Balance in Company code currency EUR

ED	CoCode	Special G/L	G/L Descr.	Alt. Acct	A	A	Cr.	CrCy	Open. Balance	T	T	C.	R	U	ValRisk	Variance	Rati
			Total		10	EUR			4.199.405,9	2	2	2	2	5	50.490,72-	1.389.779,08-	▲
	0306	2200000000	Trade receivables	2111000000	10	EUR			4.199.405,9	2	2	2	2	5	50.490,72-	1.389.779,08-	

Afterwards, go to the  **Comments** tab and insert a small explanation for the items open on account of the Account item.

**Remark** : Actions don't have a snooze so they will always appear open in the following period. Thus in the following period it's necessary to follow up the cases created for those actions and send reminders if necessary. In case the action is no longer needed in a new period (items already cleared) it is necessary to close the action.

Simply enter the Action List, select the action and set the status to closed:

**Action Items for Template 2016-05 PT00306 A400-100 2200000000**

Create action | Toggle list | Action Statistics

Template: A400-100 | Solway Portugal - ... | PT00306 | AR Trade receiva... | 2016-05 | Indre SABAT

Tracker

Action Item No. 1

Action Descr. Case 1 Escalate to CM


Action holder  
 Resp. Group: SC\_OTC\_REC  
 Creation date: 25.08.2016  
 Due Date: 24.09.2016

Action Item Value	EUR	50.490,72-
Unreconciled balance	EUR	50.490,72-
Action item balance	EUR	50.490,72-
Unexplained balance	EUR	0,00

History

Action status

Action open  
 Action closed

Afterwards press Save button .

#### 4.1.2.2 Reconciliation by manually inserting the value

**WARNING:** When using this reconciliation type, a comment in which you explain clearly how the Account item is being justified is necessary.

Once you have entered the Account item, the amount to be justified will be found on the "Unrec. Balance" field:

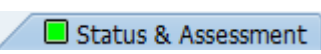
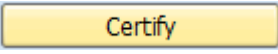
Id	Code	Special GL	GL	Account Description	Alt. Ac.	Acct. Assignm.	Acct. State	City	Type	City	Open Bal.	Total Debit	Total Credit	Cum. Balance	Rec. Bal.	Unrec. Bal.	VBGR	Balance	Com.
10											EUR 26,108,567.20	211,085.43	264,208.41	23,847,053.21	23,847,053.21	2,997,053.39	153,313.96		
10	9231	227000000		Doubtful trade receivables					10	EUR	26,108,567.20	211,085.43	264,208.41	23,847,053.21	23,847,053.21	2,997,053.39	153,313.96		

Insert the amount found in "Unrec. Balance" onto the field "Rec.Bal."

The template will update and the rating will be green:

Id	Code	Special GL	GL	Account Description	Alt. Ac.	Acct. Assignm.	Acct. State	City	Type	City	Open Bal.	Total Debit	Total Credit	Cum. Balance	Rec. Bal.	Unrec. Bal.	VBGR	Balance	Com.
10											EUR 26,108,567.20	211,085.43	264,208.41	23,847,053.21	23,847,053.21	2,997,053.39	153,313.96		
10	9231	227000000		Doubtful trade receivables					10	EUR	26,108,567.20	211,085.43	264,208.41	23,847,053.21	23,847,053.21	2,997,053.39	153,313.96		

Afterwards, go to the  **Comments** tab and insert the justification for the Account item.

Go to  **Status & Assessment** tab and press the  **Certify** button to submit it to the Reviewer.

## 5. Appendix

End of document.