

Internal controls

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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 Service Owner'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 is related to control "Review of receivables not assigned to Factoring company" in which we analyze all Regions (EMEA, NAM and APAC).

2. Definitions

- GBS: In the current document, "Global Business Services" will be replaced by its abbreviation "GBS".
- AR: Accounts Receivable
- CM: Credit Management
- DT: Digital Technology

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 FBL3N transaction in PI1 system to check the unallocated payments as below:

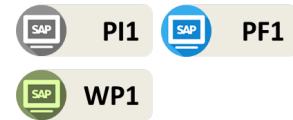
The screenshot shows the SAP FBL3N transaction interface. It is divided into three main sections:

- G/L account selection:** Contains fields for "G/L account" (value: 50***16) and "Company code" (value: 0231).
- Selection using search help:** Contains fields for "Search help ID" and "Search string", along with a "Search help" button.
- Line item selection:** Contains a "Status" section with a radio button selected for "Open items" and a field for "Open at key date" (value: 22.05.2017).

Scope



ERP



References

Content by label

There is no content with the specified labels


Attachments

Select only the document type "TI" (transfers IN) and then search by "unallocated" in the text field. Example below:

St	Assignment	DocumentNo	BusA	Type	Doc. Date	PK	Amount in doc. curr.	Curr.	Tx	Clrng doc.	Text
<input type="checkbox"/>	<input checked="" type="radio"/>	0029633200093EUR	9002815739		TI	07.04.2017	50	1.457,90-	EUR		Unallocated #589619
<input type="checkbox"/>	<input checked="" type="radio"/>	0029892700117EUR	9002857751		TI	16.05.2017	50	420,00-	EUR		Unallocated; Ticket #704269
*	<input checked="" type="radio"/>							1.877,90-	EUR		

Afterwards, for all the open payments we should do the follow-up by verifying if the item can be cleared, sending reminder or escalating to AR Process Expert if it is blocked for resolution.


For **PF1 and WP1**, the payments are posted on customer accounts by Finance team (automatic postings during the bank statements upload). Therefore Finance team should create a ticket to Credit Management in case of unallocated payment in which they are sure it is customer related.



- During the cash allocation, we should assure that for all TIs (transfer-in), which are really customer payments we are not able to identify the customer, we insert "unallocated" in the text field. For the remaining payments which we identify as Vendor reimbursements, Abbott payments and DT technical issues, we should have the justification in the text (ticket number) but it shouldn't mention unallocated.
- We should do the follow-up in a daily basis and the sending of the reminders should be adapted to the situation and time of the month (we should analyse case by case and assess which is the frequency which makes more sense).

On a daily basis the following file is updated:

https://docs.google.com/a/solvay.com/spreadsheets/d/1EpMHi4vG9yZUU2P9x7Val9GMiR_aN50ytj87XDGiUAE/edit?usp=sharing



Warning

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

Example:

Date/Time Opened	Regions & domains	Case Owner Alias	Amount Currency	Amount	Case Number	Age (Days)	Comment	Escalated to
07.03.2017	GERMANY	PT63016133	EUR	125,75	Ticket 487387	69	Unknown customer	Bernd Brinkmann; Petra Karnbach
07.04.2017	EXPORT	PT63016133	EUR	1.457,90	Ticket 589619	39	Unknown customer	Credit Management Europe + Asia
21.04.2017	FRANCE	PT63000870	EUR	1.292,68	Ticket 639067	26	Unknown customer	Societe Generale; Inovyn
21.04.2017	GERMANY	PT63016133	EUR	1.242,36	Ticket 639604	26	Payment needs to be rejected	
05.05.2017	FRANCE	PT63017854	EUR	598,04	Ticket 673637	13	Unknown customer	parisetoile.recherchesmdp@socgen.com
08.05.2017	EXPORT	PT63035534	USD	5.076,13	Ticket 682215	10	Unknown customer	ccs@bnpparibas.com
16.05.2017	EXPORT	PT63000870	EUR	420,00	Ticket 704269	2	Unknown customer	europe.creditmanagement@solvay.com
Grand Totals (7 records)				EUR 5.136,73				
				USD 5.076,13				

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 Service Owner, 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 DT.

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.

This weekly control must be done on Thursdays.

In PI1:

Open FBL5N transaction and chose the following variant:

UNMATCHED Unmatched control

Execute 

SE	DocId	Account	Bank	Reference	Assignment	Ref. Key 1	Docnumber	Typ	Doc. Date	Doc. Date dt	St	Amount in DC	Curr	Case ID
	0231	21025	7510	SEPRECLIBL1918	SEPRECLIBL1918		700028060	02	18.05.2017	18.05.2017		1.492.677,23	EUR	495443
	0231	132668	9050	SEPRECLIBL1918	SEPRECLIBL1918		700028247	02	20.05.2017	20.05.2017		79.138,00	EUR	492589
	0231	142368	9294789	SEPRECLIBL1918	SEPRECLIBL1918		700028203	02	12.05.2017	12.05.2017		66.333,00	EUR	497231
	0231	120510	7190	SEPRECLIBL1918	SEPRECLIBL1918		700028059	02	18.05.2017	18.05.2017		36.104,00	EUR	495443
	0231	134791	7180	SEPRECLIBL1918	SEPRECLIBL1918		700034477	02	27.03.2017	27.03.2017		81.884,19	EUR	495296
	0231	140458	9050	SEPRECLIBL1918	SEPRECLIBL1918		700028252	02	18.05.2017	18.05.2017		242.300,10	EUR	495443
	0231	102398	8100	SEPRECLIBL1918	SEPRECLIBL1918		700034424	02	22.03.2017	22.03.2017		805.000,00	EUR	493849
	0231	100058	8450	SEPRECLIBL1918	SEPRECLIBL1918		700028758	02	17.05.2017	17.05.2017		1.003.860,20	EUR	495287
	0231	1514344	3450	SEPRECLIBL1918	SEPRECLIBL1918		700024971	02	15.05.2017	15.05.2017		82.056,83	EUR	497548
	0231	100884	8100	SEPRECLIBL1918	SEPRECLIBL1918		700028994	02	09.05.2017	09.05.2017		86.309,00	EUR	494877
	0231	120594	8450	SEPRECLIBL1918	SEPRECLIBL1918		700028226	02	22.05.2017	22.05.2017		359.840.064,40	EUR	495225
* Clearing date 05.00.0000												91.104,00	EUR	
												3.885.279,70	EUR	
												359.860.064,40	EUR	

The following screen appears

PF1 and WP1

This extraction should also be done for customers not assigned to Solvay SA. Therefore, enter in FBL5N and choose the following companies according to this file:


Example:

DocId/Account	Name	Document	Typ	Doc. Date	Amount in DC/Curr	Case ID	Reason	Status	Owner
0231 89803	SEALCO AIR SERVICE	70001778	02	11.05.2017	133.301,39 EUR	491759	Details missing (high amount)	Call to collector	Call-Collectors
0231 92390	COCHEN PHARMAS BRUSSELS SA	700017424	02	12.05.2017	300.300,00 EUR	493700	Quantity	Partner	Partner partner team 188
0231 102044	PHARMAT-DEUTSCHLAND GmbH	70001778	02	11.05.2017	46.300,00 EUR	491759	Details missing	Call to collector	Call-Collectors
0231 101384	SEALCO AIR SERVICE	700010078	02	11.05.2017	82.000,00 EUR	491748	Details missing	Call to collector	Call-Collectors
0231 89871	ABEULLAY MEDICAL INDUSTRIES, SATEIS B	700010078	02	11.05.2017	81.500,00 EUR	493700	Partner is not in master file 0201	Call to collector	Call-Collectors
0231 87044	NEPHEA SA	700010118	02	20.05.2017	79.718,00 EUR	492705	Partner partner 14103777	Call to collector	Call-Collectors
0231 92390	SEALCO AIR SERVICE	700020268	02	17.05.2017	66.300,00 EUR	497231	Details missing	Call to collector	Call-Collectors
					Total	1.770.000,00	EUR		

UNMATCHED Unmatched control

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

<https://drive.google.com/file/d/1mVWpBwCAvBILJdIDEIKTMNIbTv8wecWg3qZQOKCWHHs/view>



- The list of unmatched payments should be copied from the file and added to the daily email

3.3 Monthly review of receivables not assigned to Factoring company

The principle is to have all customers/receivables from a company with convention with Solvay SA/Essential FA assigned to the Factoring company (Cc 0231/6440). 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 once per month on the D+2 in the two local systems assigning to Solvay SA/Essential FA: PF1 and WP1.

Open Z3F_FA_MD_REPORT transaction in local systems and choose the following variants in all systems:

Variant name	Short Description
APAC	Partner country - Asia Pacific
EMEA	Partner country - EMEA
NAFTA	Partner country - North America

Execute 

Factoring Master Data Reporting

Partners Data

Partners Type
 Customers/Agents Vendors/Agents

Affiliate company code to

Affiliate country to

Partners to

Partners Country to

Trading partner

Account group to

Factoring Parameters

Factoring Allowed

Factoring Chained

Factoring Manual Exception Reason Text

Activity

Any Posting?

Search back days

All partners
 Only active partners
 Only inactive partners

The following result is showed:

We can see a line per customer and in the "Long text" field it should be inserted the reason of not assignment to companies 0231/6440. The valid and justified main reasons are:

- Legal reasons (Ex. Italian law)
- Contract decision to local bank account
- Private persons
- Old doubtful accounts (not new cases)
- Local specificities (it should be detailed the reason)

Other reasons from these ones should be analysed and escalated to Aurelie Mazerot and Hugues Frisque.

This result should be extracted to excel as below:

Factoring Master Data - Customers (253)

ATC	Com.	AFIC	Customer	PSG	Partner Name	Country	ACT	Gr.	Paym?	DKL	DKL	Trdg	Pr.	Prd	Int.	P.	Partner Ty	Fact.A	Chained	Manual	Long Text
0861	FR	119424		FR	LYCEE POLYVALENT LE WIND SUIS	FR	Yes	Z911	Y								Customer	No	Yes	W502	data takenover 201
0861	FR	114422		FR	SOLVAY CORROSIONE FRANCES S.R.L	FR	Yes	Z911	Y			3471	C				Customer	No	Yes	W502	data takenover 201
0861	FR	114668		FR	LYCEE PROFESSIONNEL GURBAY	FR	Yes	Z911	Y								Customer	No	Yes	W502	data takenover 201
0796	FR	120606		FR	ORICA SUD	FR	Yes	Z911	Y								Customer	No	Yes	W502	data takenover 201
0861	FR	121843		FR	BESTONER	FR	Yes	Z911	Y								Customer	No	Yes	W502	data takenover 201
6827	TH	280111		TH	SIEMENS SOLVAY K.K.	JP	Yes	Z702	Y			360	134				Customer	No	Yes	W502	data takenover 201
6827	TH	301012		TH	1991THONG PUBLIC CO.,LTD.	TH	Yes	Z911	Y			676	134				Customer	No	Yes	DG5	Takenover 01.01.10
6827	TH	302401		TH	SOLVAY FIBROFIBRETHAILAND	TH	Yes	Z911	Y			266	134				Customer	No	Yes	DG5	Takenover 01.01.10
6827	TH	303318		SG	SOLVAY SINGAPORE Pte Ltd	SG	Yes	Z702	Y			364	134				Customer	No	Yes	DG5	Takenover 01.01.10
6827	TH	310701		JP	SOLVAY	JP	Yes	Z702	Y			6446	134				Customer	No	Yes	DG5	Takenover 01.01.10
6827	TH	316371		JP	SOLVAY	JP	Yes	Z702	Y			6446	134				Customer	No	Yes	DG5	Takenover 01.01.10
6827	TH	320871		TH	ADVANCED BIOMEDICAL (THAILAND)	TH	Yes	Z911	Y			6420	134				Customer	No	Yes	DG5	Takenover 01.01.10

Click on 

Save list in file...

In which format should the list be saved ?

unconverted

Spreadsheet

Rich text format

HTML Format

In the clipboard

Execute 

Save the file in your desktop

File name:	MD Report control	Save
Save as type:	EXCEL Files (*.xls)	Cancel

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 AR team received the request to post a customer into doubtful status only if requested by Audit company. In this case, we should search in BMC the request case and send it to the requester.

4. Reporting controls

The email should be send to the following addresses:

Service Owner Accounts Receivable	josecarlos.nunes@syensqo.com
Regional Team Leaders	nuno.mendes@syensqo.com ; caio.alves@syensqo.com and laddawan.wiboolworakul@syensqo.com
Accounts Receivable Mailbox	receivables@syensqo.com