

ARA - Analyze and Reconcile Accounts

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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 **/N/BSAR/MENU**

(In PI1, PF1 and WP1):

Scope



APAC



EMEA



Unknown Attachment



Unknown Attachment

ERP



PF1



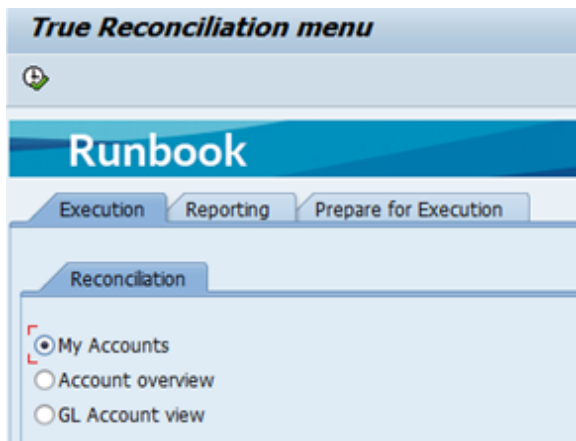
WP1



PI1

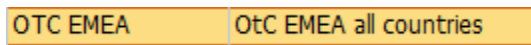
References

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

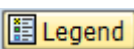


My Accounts

Period	Resp. Grp.	Top Area	Description	Acc. Item	Account Item Description	GL Desc.	Exec. Rating	Note	Attachme.	Action	Purpo.	Status
2016-03	SC_OTC_A	GROUP	Soliva Specialty Polymers	A400-100	AR Trade receivable	Trade receivable	Gr					Reconciler
2016-03	SC_OTC_A	GROUP	Soliva Specialty Polymers	A400-100	AR Trade receivable	Trade receivable	Gr					Reviewer
2016-03	SC_OTC_A	GROUP	Soliva Specialty Polymers	A400-100	AR Trade receivable	Trade receivable	Gr					Reviewer
2016-03	SC_OTC_A	GROUP	Soliva Specialty Polymers	A400-100	AR Trade receivable	Trade receivable	Gr					Reconciler
2016-03	SC_OTC_A	GROUP	Soliva Specialty Polymers	A400-100	AR Trade receivable	Trade receivable	Gr					Closed
2016-03	SC_OTC_A	GROUP	Soliva Specialty Polymers	A400-100	AR Trade receivable	Trade receivable	Gr					Released
2016-03	SC_OTC_A	GROUP	Soliva Specialty Polymers	A400-100	AR Doubtful trade receivables	Doubtful trade	Gr					Released
2016-03	SC_OTC_A	GROUP	Soliva Specialty Polymers	A400-100	AR Doubtful trade receivables	Doubtful trade	Gr					Released
2016-03	SC_OTC_A	GROUP	Soliva Specialty Polymers	A400-100	AR Doubtful trade receivables	Doubtful trade	Gr					Released
2016-03	SC_OTC_A	GROUP	Soliva Specialty Polymers	A400-100	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  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:

The screenshot shows the SAP Reconciliation Template interface. At the top, there's a header with the template name and various icons. Below that, a table displays the 'Balance in Company code currency EUR'. The table has columns for Date, Doc, Opening balance, Total Debit, Total Credit, Curr. balance, Rec. Bal., Unrec. balance, Value at Risk, and Rating. The data shows a balance of 152,396,387.49 as of 19.03.16.

Date	Doc	Opening balance	Total Debit	Total Credit	Curr. balance	Rec. Bal.	Unrec. balance	Value at Risk	Rating
19.03.16		152,396,387.49	20,000,000.00	20,000,000.00	152,396,387.49	152,396,387.49	152,396,387.49	152,396,387.49	

Below the table, there's a 'Status & Assessment' section with a 'Submit' button and a 'Sign-off Info' section. The 'Sign-off Info' section shows the 'Current Process Status' as 'Reconciler' and the 'Risk Assessment' as 'Medium'.

These are the possible actions within a template:

Reload Balance	I reload the balance from SAP
Tracker	I open the tracked which will allow me to reconcile the account by using the line items
Action list	I list the actions related to this template
Purpose of Account	I can display the purpose of the account
Log	I can display the log of the changes that occurred in the template
WD Source info	I can get more information about the way the account has been setup
All Periods	I get an overview of the same template across all the reconciliation periods

Furthermore, there are 7 tabs in the template:

Status and Assessment:

The screenshot shows the 'Status & Assessment' tab of the SAP Reconciliation Template. It includes a 'Submit' button and a 'Sign-off Info' section. The 'Sign-off Info' section shows the 'Current Process Status' as 'Reconciler' and the 'Risk Assessment' as 'Medium'.

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 on 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.

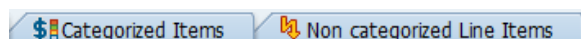
There are many ways to reconcile the accounts, the account items Master data are built based on the business requirements from the operating procedure, but it is still possible to combine several reconciliation methods to reach the final reconciliation. Here you have some of the possibilities:

- **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:

	MD Cost_Rpt...	Download	Rules	Add to Reconciled Items										
Line Items - Total: 2, Deb: 2, Cre: 0														
GoCode	Year Comment 1	Comment 2	30noos date	Customer/Vendor	Type	Document No	Item	Amount	RCI	Posting Date	Doc. Date	Net due date	Age	Due Assign
0306	2016	Case 1	Reason 2	Sent to CH 02.06.2016	57497	CI	1000014994	1	27.04.82	29.04.2016	29.04.2016	29.05.2016	2	900059
0306	2016	Case 2	Reason 2	Sent to CH 02.06.2016	57497	CI	1000014994	1	27.04.82	29.04.2016	29.04.2016	29.05.2016	2	900059
								33,415.48						

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

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

[Status & Assessment](#) |
 [Categorized Items](#) |
 [Not categorized Line Items](#) |
 [Comments](#) |
 [Attachments](#) |
 [Favorites](#) |
 [Information](#)

[New](#) |
 [Edit](#) |
 [Delete](#) |
 [Print](#) |
 [Export](#) |
 [Import](#) |
 [Refresh](#) |
 [Cancel](#) |
 [Save](#) |
 [Create Action](#) |
 [Categorize](#) |
 [New update](#)

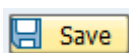
9 Line Items

Line Item	Doc	Date	Amount	Doc Date	Net due date	Age	Day	Reason
0306	2016	Case 1	Reason 2	Sent to CH 02.06.2016	57497	CI	1000014994	1
0306	2016	Case 2	Reason 2	Sent to CH 02.06.2016	57497	CI	1000014994	1
0306	2016	Case 2	Reason 2	Sent to CH 02.06.2016	57497	CI	1000014994	1
0306	2016	Case 2	Reason 2	Sent to CH 02.06.2016	57497	CI	1000014994	1
0306	2016	Case 2	Reason 2	Sent to CH 02.06.2016	57497	CI	1000014994	1
0306	2016	Case 2	Reason 2	Sent to CH 02.06.2016	57497	CI	1000014994	1
0306	2016	Case 2	Reason 2	Sent to CH 02.06.2016	57497	CI	1000014994	1
0306	2016	Case 2	Reason 2	Sent to CH 02.06.2016	57497	CI	1000014994	1
0306	2016	Case 2	Reason 2	Sent to CH 02.06.2016	57497	CI	1000014994	1

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.

Reconciled in Company code currency EUR									
Acc Item	Area	Year	Period	CoCode	BBU Descr	GL Account	Category	Category Description	Sub-Ca
A400-100	PT00306	2016	5	0306		2200000000	INTERCO	Interco Items	IC
A400-100	PT00306	2016	5	0306		2200000000	UNDERAGED	Items with normal maturity	SH00
A400-100	PT00306	2016	5	0306		2200000000	ANALYSIS	Items to be analyzed (inc)	SH00

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	Cry type	Cry Op	Op	T	Total	Cum. balance	Rec. Bal.	Unrecbal	VBR	Variance	Rating
5835	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

CoCode	Special G/L	G/L Descr	Alt. Acct	Alt. Acct	Alt. Acct	Alt. Acct	Alt. Acct	Alt. Acct	Alt. Acct	Alt. Acct	Alt. Acct	Alt. Acct	Alt. Acct	Alt. Acct	Alt. Acct	Alt. Acct
0306	2200000000	Trade receivables	2111000000													

The following screen will show:

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

Toggle list

Template: A400-100 Solvay Portugal - ... PT00306 AR Trade receiv... 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

EP	CoCode	Special G/L	G/L Descr.	Alt. Acct	A	A Cr.	Crty	Open. Balance	T	T Cr.	R	U	ValdRisk	Variance	Rati	C
			Total		10			EUR 4.199.405,9	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	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

Template: A400-100 Solvay Portugal - ... PT00306 AR Trade receiv... 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 .

