Internal Controls NAM

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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 companies and customer payments for invoices factored to Solvay Financial America (4044) and reversal factoring for company 7424 in WP1.

Scope

NAM

ERP

PI1 WP1

References

Content by label

There is no content with the specified labels

Attachments

Definitions

- SC: In the current document, “Service Center” will be replaced by its abbreviation “SC”.
- OP: Operating procedure
- SFA: Solvay Financial America
- SSA: Solvay SA
- CM: Credit Manager
- DA: Doubtful invoice
- NAM: North America (US; Mexico; Canada; Puerto Rico).
- PE: Process Expert

INTERNAL CONTROLS

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.

In PI1:

We have two transactions that should be checked. The first one is **FEBA** and the second one is **FLB1**.

FEBA – FORNA PAYMENTS: Open FEBA transaction and choose the following criteria's:

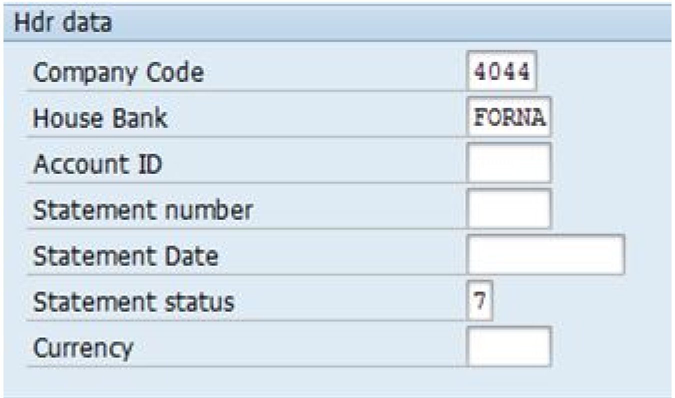
Company code: 4044

House Bank: FORNA

Statement date: Statement date of the payments

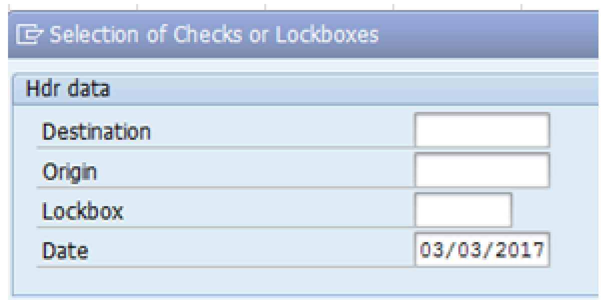
Statement status: 7

Execute



Afterwards, click on each unallocated (red entries), click on the 900… document, choose  and go to the “Attachment list” to check the case number. Then, go to Fresh Desk and check if the case was correctly created and sent to the correct entity (Credit Manager, Collections Team and Treasury).

FLB1 - LOCKBOX: Open FLB1 transaction and choose the following criteria’s:

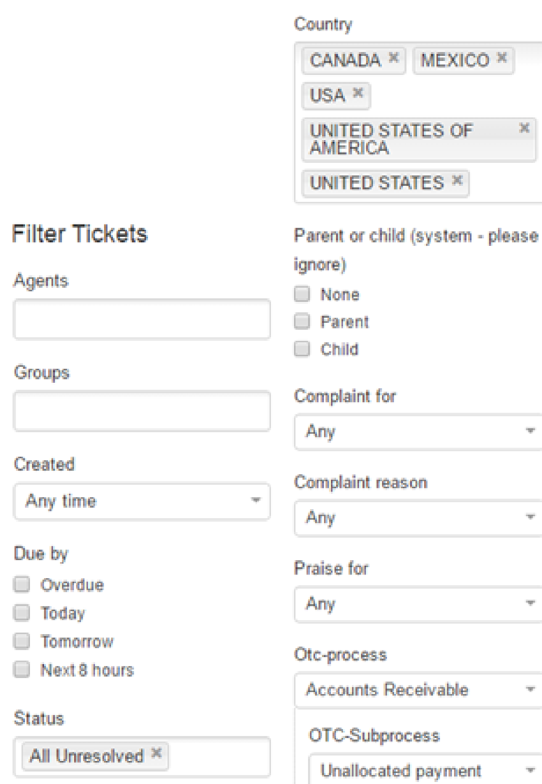


DATE: Day of our last working day then execute .

Afterwards, click on each unallocated (red entries), click on the 900… document, choose  and go to the “Attachment list” to check the case number. Then, go to Fresh Desk and check if the case was correctly created and sent to the correct entity (Credit Manager, Collections Team and Treasury).

After we check the PI1 system, the report “Unallocated” should be retrieved from Fresh Desk as below:

Open Fresh Desk, go to Tickets Tab and choose the following criteria’s:



On a daily basis a google file is updated:

Note: Only authorized users can access the file.

All cases should be justified with the reason and mention to whom it was escalated as below:

Unallocated Cases for NAM

Date/Time Opened	Amount	Currency	Bank	Subject	Case Number	Aged Days	Owner	Escaleted to	Last Update	Comments
02/22/2017	600.00	USD	JP Morgan	JP Morgan Funds - 600.00 USD - VITAFOODS AMERICA - 02/21/2017	445118	2	Adriana	Credit and Collections Team	02/22/2017	Unknown Payer
02/05/2017	500.00	USD	HSBC	HSBC Funds - 500.00 USD - CBP - 02/04/2017	436158	18	Tais	Treasury	02/15/2017	Checking if this payment is related to Tax
Subtotal JP Morgan Bank	600.00	USD								
Subtotal HSBC Bank	500.00	USD								
Subtotal Banamex Bank										
Total Amount	1,100.00	USD								
Total Amount	1,039.06	EUR								

It should be done a print screen of the file and the image added to the email.

Escalation procedure

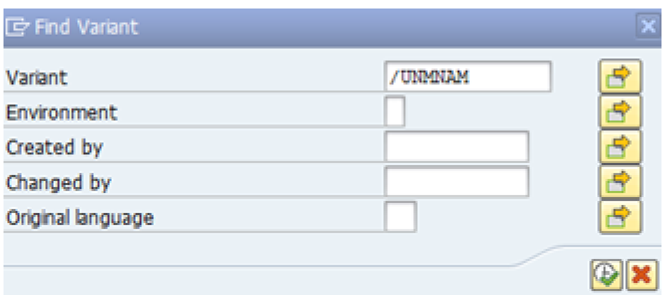
For unallocated cases for more than three months and if no answer received or if is not enough to allocate the payment, the team member doing the controls should send an email to Accounts Receivables Process Expert, explaining the reason why it is being escalated (mention if no answer received, doubts,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

Weekly review of Unmatched payments

The objective of this control is to assure that all non-matched payments equal or above 50.000,00 USD 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 SC Manager, AR Process Expert and to Cash Collector Team Leader (which should deploy to the cash collector if justified).

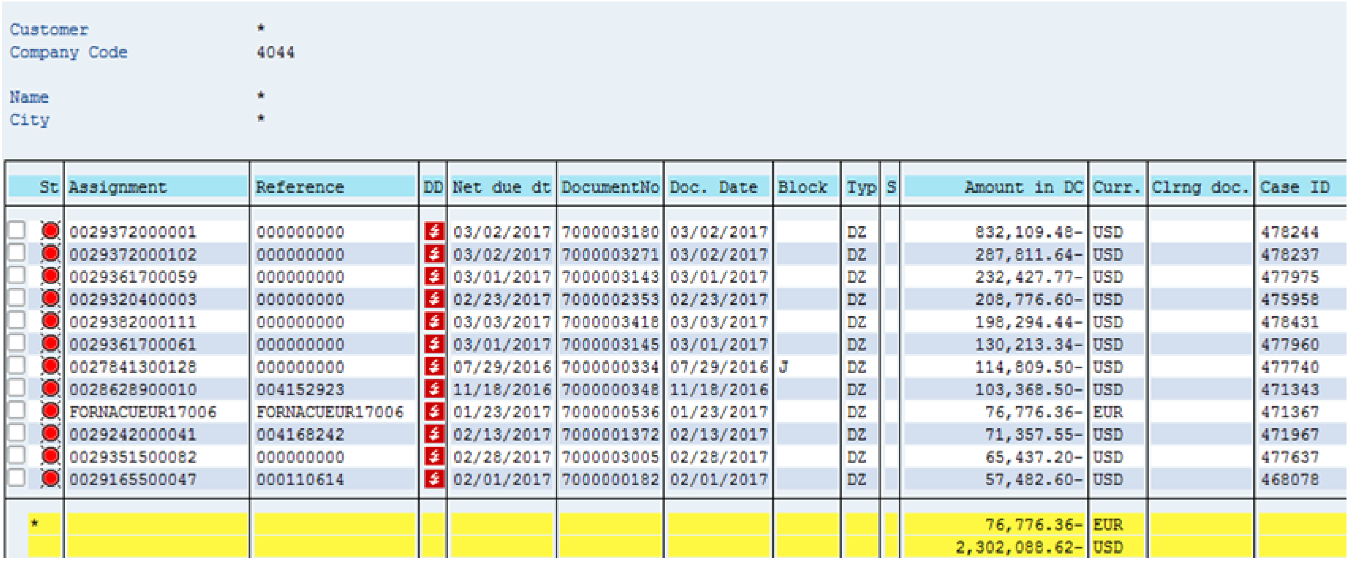
In PI1:

Open FBL5N transaction and chose the following variant:



On field "open at key date" put the today's date then execute

The following screen appears as below:

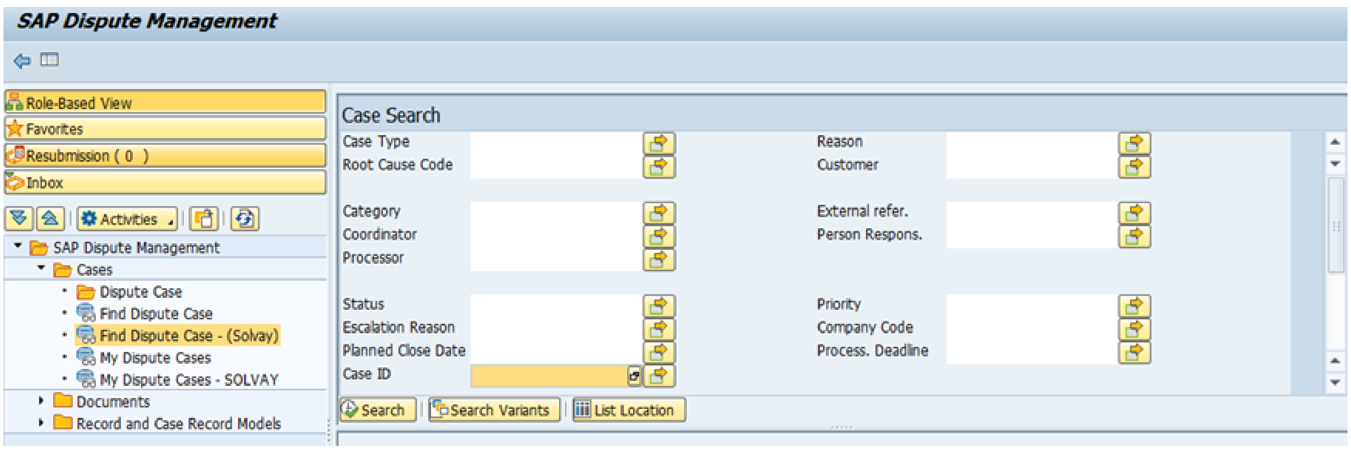


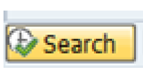
Customer *
Company Code 4044

Name *
City *

St	Assignment	Reference	DD	Net due dt	DocumentNo	Doc. Date	Block	Typ	S	Amount in DC	Curr.	Clrng doc.	Case ID
	0029372000001	000000000		03/02/2017	7000003180	03/02/2017		DZ		832,109.48-	USD		478244
	0029372000102	000000000		03/02/2017	7000003271	03/02/2017		DZ		287,811.64-	USD		478237
	0029361700059	000000000		03/01/2017	7000003143	03/01/2017		DZ		232,427.77-	USD		477975
	0029320400003	000000000		02/23/2017	7000002353	02/23/2017		DZ		208,776.60-	USD		475958
	0029382000111	000000000		03/03/2017	7000003418	03/03/2017		DZ		198,294.44-	USD		478431
	0029361700061	000000000		03/01/2017	7000003145	03/01/2017		DZ		130,213.34-	USD		477960
	0027841300128	000000000		07/29/2016	7000000334	07/29/2016	J	DZ		114,809.50-	USD		477740
	0028628900010	004152923		11/18/2016	7000000348	11/18/2016		DZ		103,368.50-	USD		471343
	FORNACUEUR17006	FORNACUEUR17006		01/23/2017	7000000536	01/23/2017		DZ		76,776.36-	EUR		471367
	0029242000041	004168242		02/13/2017	7000001372	02/13/2017		DZ		71,357.55-	USD		471967
	0029351500082	000000000		02/28/2017	7000003005	02/28/2017		DZ		65,437.20-	USD		477637
	0029165500047	000110614		02/01/2017	7000000182	02/01/2017		DZ		57,482.60-	USD		468078
*										76,776.36-	EUR		
										2,302,088.62-	USD		

In order to identify the collector responsible for each unmatched case, we should copy all the cases IDs, then go to UDM_DISPUTE transaction and choose the fields as per image below:



Paste the cases IDs then 

a list of disputes will appear with the collector responsible for each case.

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

Note: Only authorized users can access the file.

Unmatched Cases for NAM

Customer Account	Customer	Total Amount	Currency	Dispute Case	Created On	Collector Responsible	Comments
2029085	2029085 - SPECTRUM DISPERSIONS	-100,089.87	USD	506195	15.06.2017 15:51:11	Ana Pozenato	Without enough information - Collector in contact
2029055	2029055 - PARKER HANNIFIN	-453,502.18	USD	506151	15.06.2017 14:30:12	Stacy Harden	Without enough information
2000654	2000654 - VECKRIDGE	-78,176.80	USD	505918	14.06.2017 22:56:28	Alessandro Battu	Without enough information
2111015	2111015 - AXENS NORTH AMERICA	-93,092.51	USD	500781	26.05.2017 15:11:14	Guilherme Mascarenhas	Without enough information
2111015	2111015 - AXENS NORTH AMERICA	-89,038.00	USD	494525	02.05.2017 21:35:29	Guilherme Mascarenhas	Without enough information
2111669	2111669 - VENCOREX	-109,550.14	USD	487196	06.04.2017 16:14:48	Ana Carolina Almeida	Invoice is on WP1 - Requested to move invoice to PI1
2116815	2116815 - ELEMENTIS CHROMIUM	-153,845.41	USD	485886	30.03.2017 15:37:47	Alessandro Battu	Without enough information - Collector in contact
2114205	2114205 - LYONDELLBASELL	-50,862.74	USD	482332	20.03.2017 15:35:37	Guilherme Mascarenhas	No open items on account
	Total Amount for NAM	-$1,128,157.65	USD				
		-$1,007,508.52	EUR				

It should be done a print screen of the file updated and the image added to the email.

Daily Review of Factoring Monitoring

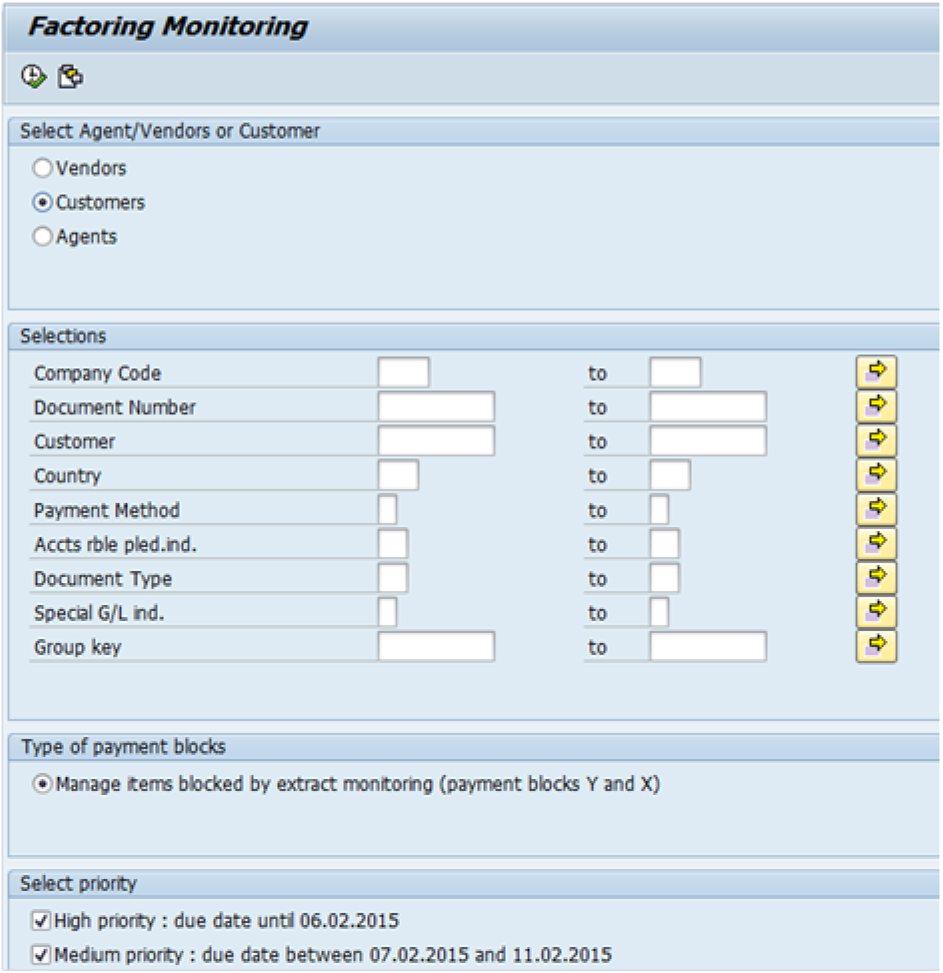
All the assigned Receivables to SFA that do not have all the information or aren't correct can originate errors when are assigned and are displayed in **Z 3F_FA_OI_MONITOR** transaction.

All the contracts assigned to 4044 are verified automatically by the system through 24 checking, described below:

101	OPEN: Check downpayment not yet paid
102	MD: Check vendor master data payment block (Factoring)
103	DOC: Document currency not accepted
104	INTRA: Document belongs to a chained vendor
105	DOC: Posting date is higher then current date
106	PAYM: payment method of document is not accepted for this vendor
107	MD: Partner doesn't exist in the factoring company (general)
108	MD: Partner doesn't exist in the factoring company (company code)
109	MD: Partner is blocked for posting in the factoring company
110	MD: Partner is flagged for deletion in the factoring company
111	DOC: Document date is higher then current date
112	DOC: The amount is bigger than the reference amount
113	DDEBIT: Vendor with direct debit / Doc with other payment meth.
114	DDEBIT: Amount over the direct debit limit
115	DDEBIT: Payment method in doc.(5) different from the one in the vendor
116	MD: Bank country with embargo
117	DOC: Document type is not valid for agents
118	COMPANY: Item belong to invalid company code
119	PAYM: payment method of document is not accepted for this customer
120	DOC: Document with factoring but master data in manual exception
121	DOC: Document with factoring but no factoring in master data
122	MD: Check vendor master data payment block (Affiliate)
123	DOC: Amount is bigger than max amount (Incoming cash)
124	DOC: Amount is bigger than max amount (Outgoing cash)

The objective of this control is to check that all open entries are already handled and escalated to the proper entity.

Run **Z3F_FA_OI_MONITOR** in the three local systems transaction:



Select Customers and Execute

Remark: EMEA and BR customers should be excluded.

The status of the entries should be yellow and the payment block X, meaning that the situation was already escalated through email. If it is red, it means that is open and it wasn't analysed.

It should be done a print screen of the entries and added to the email.

> The controller should check all cases pending for more than 15 days and do the follow up, checking if it can be solved and if not, to send a reminder

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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 requester.

Reporting Controls:

The email should be sent to the following addresses:

Process Expert Accounts Receivable	claudrik.darnet@solvay.com	
OtC SC Manager	caio.morgon@solvay.com	
Accounts Receivable Team Leader	rafael.lindoso@solvay.com	
Cash Collection Team Leader	aline.padinha@solvay.com	who will deploy to Cash Collection Team
Accounts Receivable Team Leader	solvay.ar@solvay.com	
Credit Manager	kim.sears@solvay.com	who will deploy to Credit Team
OtC ROPM NAM	john.will@solvay.com	