Account
Reconciliations

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Introduction

Account Reconciliations are an important part of the financial close and reporting process; however, they are often treated as an afterthought in the back office. Account reconciliations are primarily performed to ensure consistency and accuracy in financial reporting. And for publicly held companies that need to report financial results to external stakeholders, account reconciliations are a key internal control, one where detailed audit trails need to be available to back up all account balances.

In the typical financial period, account reconciliations are performed after the close. Accountants first review each account in the financial statements and then verify the accuracy of each balance listed. This process often involves comparing the financial statement balance to another source of information — for example, comparing the balance for the cash account to an external bank statement.

Challenges

For many organizations, the account reconciliations process not only involves manual, time-consuming work but also causes significant delays in the financial close process. Why? Well, most medium- to large-sized global companies must reconcile hundreds to thousands of accounts during the quarter-end or month-end close across the parent company and various subsidiaries. Something else also relates to this process — the need to reconcile data between multiple software applications used to run the business. The more systems, the more reconciliations required.

Effective account reconciliations are critical to ensuring the accuracy and completeness of financial statements. And if done right, a solid account reconciliations process can reduce risk of financial restatements and reduce external audit costs. Unfortunately, despite their importance, many organizations still fail to invest into key back-office processes such as account reconciliations and face many challenges, which are noted below:

- Disparate legacy GL/ERP systems create many reconciliation points, areas of risk.
- Over-reliance on manual Excel® worksheets that are error-prone and increase risk.
- Problems aligning business unit account reconciliations with corporate processes.
- Lack of workflow control — preparer, reviewer, final approver, peer review.
- Lack of built-in checks to ensure validation.
- Too easy to "plug" differences.
- No automation to quickly approve zero-balance accounts.
- Limited visibility to material exposures.
- Ledgers are kept open well past end of period — can create havoc with reconciliation unless proper controls are in place.

Why OneStream for Account Reconciliations

OneStream allows customers to attack the challenges in account reconciliations in a unique way with a solution that is completely unified with the financial consolidation and reporting processes. Available to OneStream customers as a free download from the OneStream Solution Exchange, Account Reconciliations can be integrated into the financial close workflow and leverages data that already resides within the consolidation application.

OneStream uniquely provides a link from reported balances to reconciled accounts. Users can instantly drill to reconciliation from financial reports in one unified system. This capability provides 100% visibility from reports to data sources — meaning all financial and operational data is clearly visible and easily accessible.

There is no bolt-on solution and no movement of data to support account reconciliations. The solution uses the same application, same security and same user interface as OneStream. Here are a few key capabilities:

Trial Balance Single Sourcing

- ☑ Trial Balance Single Sourcing introduces a new level of reporting and reconciliation consistency for the Office of the CFO.

- ☑ Base financial information is collected and handled at one time.

- ☑ Immediate reconciliation status checks alert users to balance changes on previously reconciled accounts.

- ☑ Financial statements and Account Reconciliations are always in sync as they live together in one application.
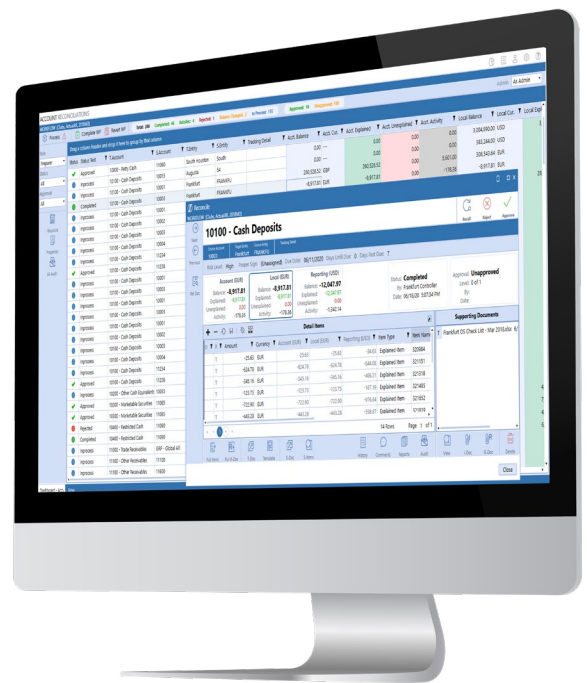
Drill-to-Reconciliation

- ☑ Drill-to-Reconciliation provides automatic drill-back from financial reports to Account Reconciliations.

- ☑ Unified Financial Reporting and Account Reconciliations.

- ☑ Drill from a top level number all the way through to Account Reconciliation.

- ☑ Ensure reports and reconciliations are always aligned with automated status change alerts.

Risk Management Reporting

- ☑ Risk Management Reporting delivers transparency to all balance sheet reconciliations status for a complete statistical picture of the quality of your financial statements.

- ☑ Immediately view the status of all high- risk reconciliations as they relate to your financial reports.

- ☑ Understand the quality score of your financial reports.

- ☑ Gain more confidence in your results for true risk management.

- ☑ Reconcile what you report.

Complete Process Controls

- ☑ Complete Process Controls to improve compliance while reducing internal controls risk.

- ☑ Familiar Guided Workflows simplify end-user training.

- ☑ Workflow enables logical preparation of Account Reconciliations at the proper time in the close process.

- ☑ Data Quality is in OneStream's DNA and the entire solution already supports transparency and audit requirements.

- ☑ Audit trail of who and when reconciliations were completed and approved.

- ☑ Leverage pre-built status and history reports for visibility into current and past reconciliations.

OneStream Aligns Account Reconciliations with Financial Reporting

The key to more effective account reconciliations lies in not only automating the process but also fully unifying it with the financial close and reporting. If GL trial balances are loaded into a single system for financial consolidation, reporting and account reconciliations, then the data will always be synchronised.

5 key reasons to align account reconciliations with financial reporting:

1   **Eliminate duplicate data loads:** Collapsing multiple feeds of source data into one single direct connection and then re-purposing the data for multiple processes eliminates duplicate data loads. Finance teams can load GL trial balances once into a single system for financial consolidations, reporting and account reconciliations — the data will then always be synchronised, and the close process will be faster and more efficient. Users get an immediate reconciliation status check alert if a previously reconciled balance has changed due to an updated trial balance import.

2   **Save time — begin recs before the close completes:** Users can begin account reconciliations as soon as trial balances are submitted — no more waiting for the corporate close to complete. The data collection should be facilitated with workflows guiding users through their tasks. Typically, users can upload trial balances on their own vs. sending to corporate, which speeds the process and ensures better data quality.

3   **Deliver risk management reporting on the balance sheet:** Users should have access to an immediate view (see figure 2) of the status of all high-risk reconciliations as they relate to the financial reports. As a result, users can easily understand the quality score of financial reports, gain increased confidence in their results and achieve true risk management.

Balance Sheet (Risk Mgmt)

2022M3

NA Clubs Reconciliation Statistics
Origin: Import (GL Import)

	Imported TB	Recon % Comp	IS Correction	BS Correction	Manual Entry	Top Side JV
Petty Cash	28,065,717	33	59,368	0		
Cash Deposits	90,868,746	12	0	0		
Other Cash Equivalents	753,451	0	0	0		
Marketable Securities	12,123,388	100	368	0		
Restricted Cash	11,128,389	50	0	0		
Total Cash	142,939,692	0	0	0		
Trade Receivables	71,753,237	0	0	0		
Other Receivables	289,822	0	0	0		
IC Receivables	12,000	0	0	0		
Allowance for Doubtful Accounts	3,381,674	57	0	0		
Net Accounts Receivable	68,673,386	0	0	0		
Raw Materials Inventory	12,804,816	0	0	0		
Work in Progress Inventory	9,651,912	33	0	0		
Finished Goods Inventory	32,460,948	17	0	0		
Supplies - Inventory	443,591	50	0	0		
In Transit Inventory	3,534,894	50	0	0		
Total Inventories	58,896,161	0	0	0		

Figure 2: Balance Sheet Risk Management

4   **Benefit from real-time alerts — financial signalling:** Automated alerts for changes to reconciled account balance statuses (see figure 3) ensure confidence that reports are always aligned with reconciliations. With weekly or daily insights into the trends and signals inherent in reconciliations, users can immediately take action to proactively impact the results and limit any delays or errors.
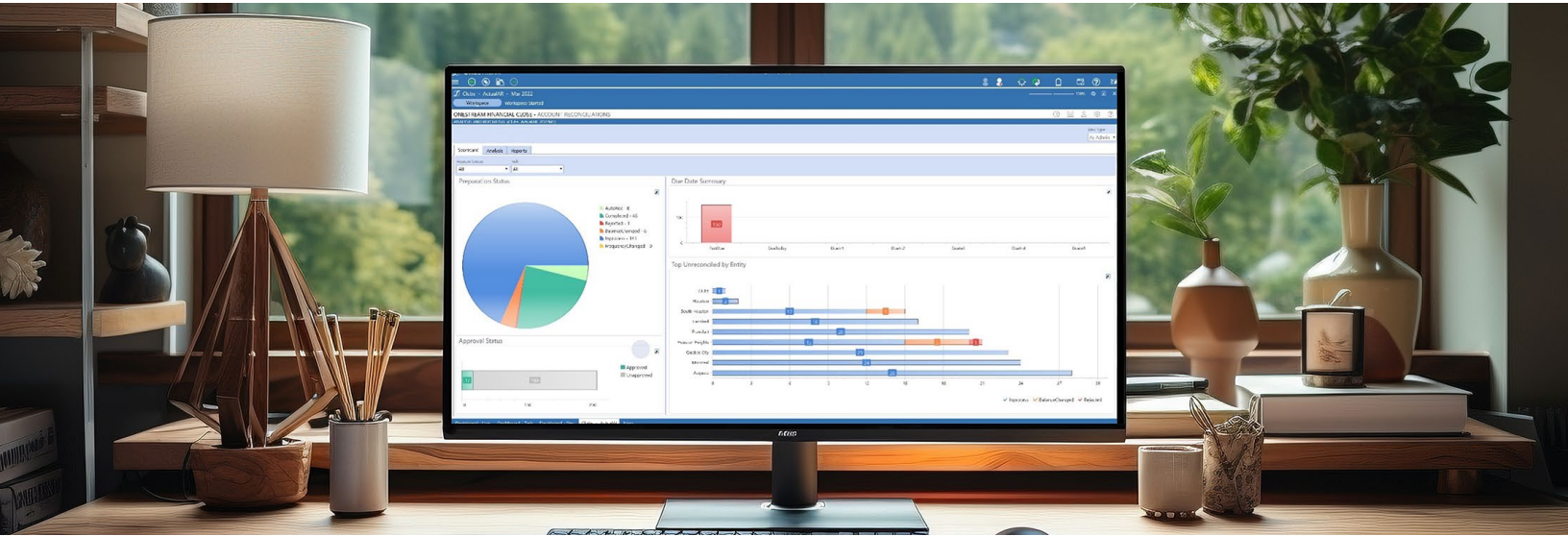

Figure 3: Automated Alerts for changes to Reconciled Account Statuses

5   **Gain line of sight — drill from reports to reconciliations:** The ability to drill and audit from reports to supporting details provides a single 'data value chain'. Organizations can seamlessly move through the reconciliation and attestation processes, to management reporting and finally to consolidation and financial reporting — all with a single line of sight back to transactions. Importantly, users can drill from the balance sheet directly to the details of the account reconciliations.

Key Benefits

While other CPM software vendors offer purpose-built account reconciliation solutions, they are separate applications that require data movement, and there is the potential for gaps and risks in the process. OneStream's platform includes an automated **transaction matching** capability to help resolve differences and accelerate the account reconciliation process by providing the ability to quickly match transactional data from multiple sources.

OneStream's unique, unified solution approach to account reconciliations provides several advantages for customers, including:

- ⊘ Full insight into the complete process and required activities.

- ⊘ Increased quality of reporting through a risk-based approach.

- ⊘ Reduced effort in monitoring compliance initiatives by leveraging existing setup.

- ⊘ Collaborative and workflow-driven processes for full, end-to-end control.

- ⊘ Free and available to existing customers. Fast to deploy.

Customer Success

AFL

Replacing Blackline with the OneStream Account Reconciliations solution allowed line of business users to start their account reconciliations soon after their trial balance data is loaded. This alone has resulted in a 75 percent improvement in the speed of completion and annual savings of roughly $100K per year.

⮕ READ THE CASE STUDY

PrintPack

Prior to using OneStream, account reconciliations had been performed manually, with little consistency across operating units. The Printpack team downloaded the Account Reconciliations solution, installed, configured, and rolled it out to their users within 6 weeks.

⮕ READ THE CASE STUDY

The Carlyle Group

By moving the account reconciliations process from Oracle Accounts Reconciliations Management (ARM) to OneStream's Account Reconciliations solution from MarketPlace, The Carlyle Group centralized account reconciliations within a single solution for all accounting teams.

⮕ READ THE CASE STUDY

❝
$100k
Savings per Year

❝
6 Weeks
to Rollout

❝
50% Reduction
in Process Time

> " In addition to consolidations, OneStream offers **full budgeting and forecasting capabilities** along with superior cash flow reporting and a solution for account reconciliations that replaced our previous account reconciliation solution. The Guided Workflows provide **simple end user steps** that allow us to focus on results instead of mechanics.

—Pam Brady
Global Financial Business Analyst
AFL

About OneStream Software

OneStream Software provides a market-leading intelligent finance platform that reduces the complexity of financial operations. OneStream unleashes the power of finance by unifying corporate performance management.

CPM processes such as planning, financial close & consolidation, reporting and analytics through a single, extensible solution. We empower the enterprise with financial and operational insights to support faster and more informed decision-making. All in a cloud platform designed to continually evolve and scale with your organization.

OneStream's Intelligent Finance platform can easily be extended with 75+ solutions from the OneStream Solution Exchange. These downloadable solutions are fully battle-tested and optimized for the OneStream platform. They allow customers to easily extend the value of their investment to meet the changing needs of finance and operations.

For more information, visit our website at **OneStream.com**.

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