

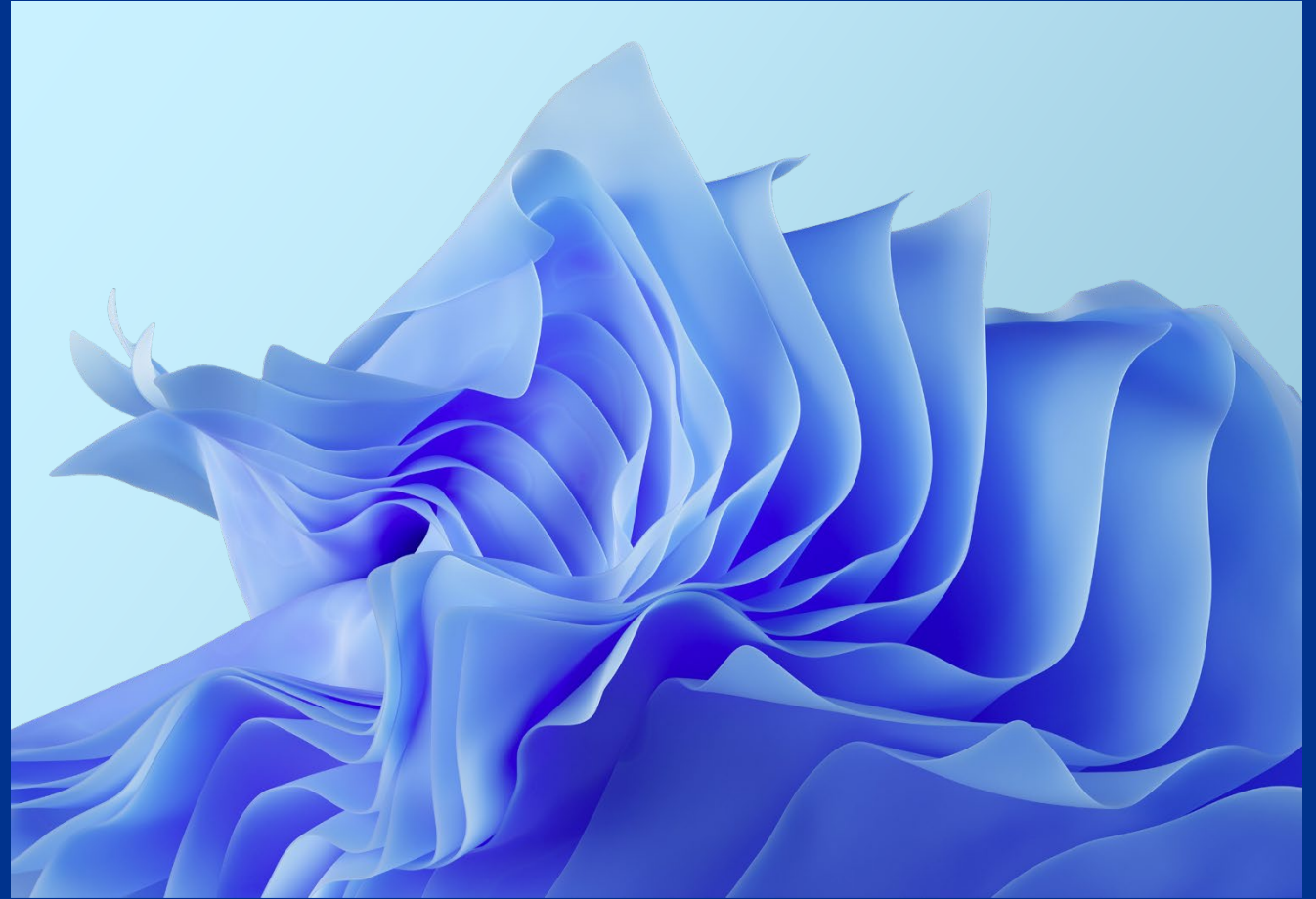


Account Reconciliation Leaflet

KPMG Advisory Ltd.

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2023



What are the characteristics of account reconciliation?

Account reconciliation is the **corner-stone of data accuracy and compliance** in financial processes.

The main objective is to **drive financial close accuracy by automating and standardizing the reconciliation process.**

Most common issues

- Manual email and excel-based process
- Lack of visibility into financial status
- Lack of transparency due to fragmented sub-ledger systems
- Inadequate policy
- Insufficient controls of aged items

Objectives

- Standardized and configurable templates, rules-based auto reconciliation, pre-defined workflows
- Link reconciliations to policies and procedures, integrated storage of supporting documentation, segregation of duties
- Real-time control dashboards, standard and configurable reports

Benefits

- Clean balance sheet
- Identified aged items and eliminated accounting errors
- Increased efficiency and controls
- Data accuracy
- Streamlined workflows
- Customized reconciliation rules
- Integrated processes, auto-matching and auto-reconciliation

Balance sheet account reconciliations are performed to substantiate the ending balance in each account in order to prevent, detect and when needed correct potential misstatements or omissions in the general ledger accounts on a periodic and timely basis. Account reconciliations are an integral part of the control environment.

We implement a four-stage method in order to improve our clients' account reconciliation processes I.

Project phase

Goal

Method

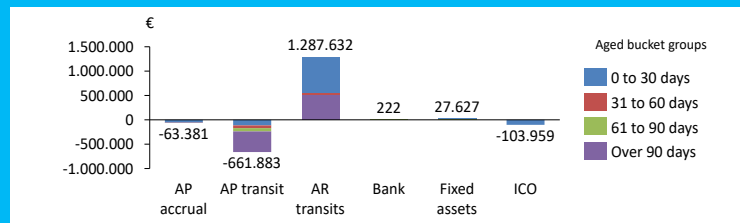
Actions



Onsite support to reconcile the balance sheet accounts

- **Transparent balance sheet with identified aged items and eliminated accounting errors**
- Quickly and efficiently arranging onsite support with accounting clerks, senior accountants or subject matter experts (e.g. SAP experts)
- Balance sheet investigation and ending balance review
- Review of aged items
- Review of manual adjustments
- Review of accruals and reversals
- Review of sub-ledger items

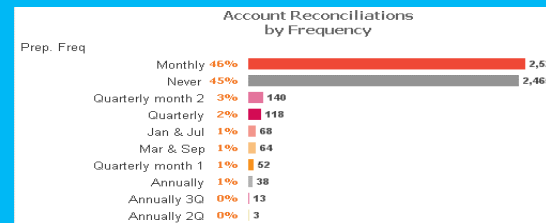
Samples



Balance sheet account reconciliation process reengineering

- **Standardize the preparation, review and approval of reconciliations and enhance internal controls**
- Setting up the account reconciliation process and risk clusters
- Implementing solutions which not only cover current needs but also add value to the existing business processes
- Creation of a reconciliation policy
- Standardization of reconciliation templates
- Analysis of late and unperformed account reconciliations
- Preparation of practical instruction sheets for the accounts
- Identify & document control criteria

Samples



Reconciling Item category	Resolution target	Resolution deadline	Write-off
FX/Rounding*	N/A	N/A	N/A
Bank charges/Deposits in Transit	30 days	30 days	N/A
Negative cash reclassification*	N/A	N/A	N/A
Manual/System Error	30 days	30 days	N/A
Unrecorded adjusting entry	30 days	30 days	N/A
Sub-ledger timing difference	30 days	90 days	N/A
Invalid sub-ledger items	30 days	90 days	120 days
Unidentified items	30 days	90 days	120 days
Support not available <250k	30 days	120 days	180 days
Support not available >250k	30 days	60 days	120 days

*These reconciling item categories are considered normal reconciling items that are known differences and that are already considered resolved from an account reconciliation perspective. There should be nothing to resolve on these reconciling items.

We implement a four-stage method in order to improve our clients' account reconciliation processes II.

Project phase

Goal

Method

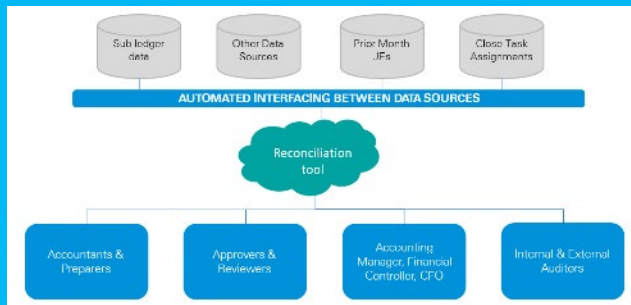
Actions



Reconciliation software selection

- Select an account reconciliation solution which complements wider financial transformation journeys
- Choosing which account reconciliation tool fits best to the organization (e.g. Trintech Cadency, Blackline, Oracle, SAP solution)
- Assess individual client preferences on data loads, account grouping, format usage, pre-defined workflows, transaction matching, KPI reporting and configurable dashboards, auto-reconciliation, variance analysis, supporting document storage, segregation of duties
- Finalize business and technical requirements and evaluate alternatives

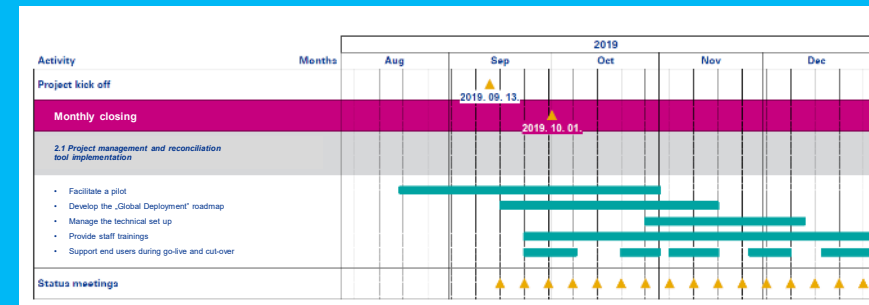
Sample



Project management of reconciliation tool implementation

- Drive financial closing accuracy by automating the reconciliation process
- Assisting in software set up, developing global roll out plan, remediating test deficiencies, providing project management
- Facilitate a pilot
- Develop the „Global Deployment” roadmap
- Manage the technical set up with the software provider
- Provide staff trainings
- Support end users during go-live and cut-over

Sample

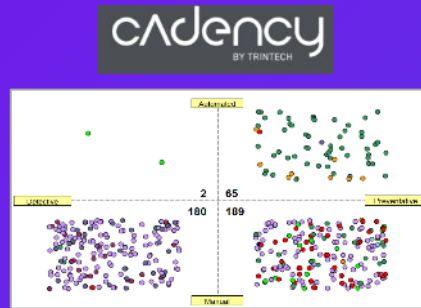


We apply tailor made solutions at our Clients and use the top-tier tools available

Client

One of the largest car rental companies, represents a mobility ecosystem of more than 11,000 locations in approximately 180 countries.

Applied toolkit



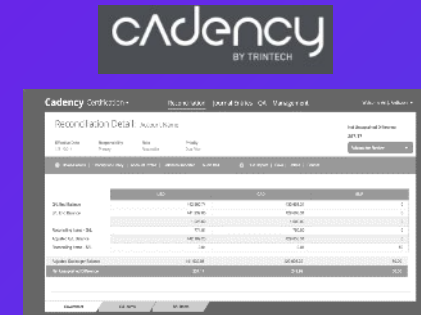
Challenges

- Due to **local vs SSC split operations**, responsibility over accounts have been chaotic
- **Inorganic growth** resulted in **numerous fragmented accounting and sales systems**
- **Aged items coming from subledgers** posed a significant issue in consolidation and reporting to SEC

Results

- **Improved** financial and compliance **audit report**
- More focus on the problematic areas and **less focus on the low materiality items**
- Increased visibility for upper-level management of the accounts
- Highly manual **spreadsheet- and email-dependent processes have ceased**

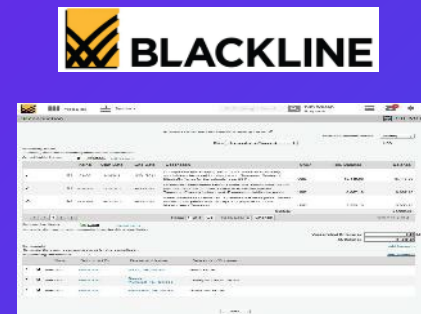
One of the largest pharmaceutical companies in the world, provides healthcare solutions in more than 170 countries.



- Highly manual spreadsheet- and email-dependent processes
- **Limited standardization across countries** of its overall financial close process
- Lack of visibility into the financial status of the company for business users and managers
- **Longer financial close cycle**

- Improved productivity for more than 2,300 users as of 2020
- Increased **compliance**
- Increased visibility of validation flow and journal entry process
- **Increased efficiency of booking non-reconciling items**
- **Implemented automation in the closing calendar** to replace manual processes

An international insurance organization serving commercial, institutional and individual customers in more than 130 companies.



- **Spreadsheets driven**, manual processes, and conducted across multiple locations
- **Lack of transparency** to manage policy effectively

- **25-30% boost in efficiency (less days are spent with reconciliation each month)**
- **Consistent methodology** for preparing and documenting reconciliations
- **Transparency** at a global level, in real time
- **Paperless process**, strong internal controls and happy auditors

Why choose KPMG Hungary?

KPMG HU team capabilities



Dedicated & experienced team of experts



Well-established & proven methodology



Widespread industry experience



Global project experience



Central geographical location & good time zone



Holistic view of projects

Industry experience

- Consumer markets & Retail
- Customer & Financial Services
- Healthcare & Pharmaceuticals
- Industrial & Automotive
- Oil & Gas
- Telco & Media & Technology

Processes migrated:

- Acquire-to-Retire
- Order-to-Cash
- Purchase-to-Pay
- Record-to-Report
- Treasury
- Tax
- IT

Global project experience



Project references



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