Infor ERP LN 6.1 FP5 Financials

User's Guide for Reconciliation and Analysis

be enterprising

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Publication Information

Document code	U8942C US
Release	Infor ERP LN 6.1 FP5 Financials
Publication date	November 16, 2008

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About this document

Objectives

This User Guide describes the concepts on which the mapping of integration transactions is based and to design and set up an integration mapping scheme for your organization.

Intended audience

This document is intended for persons in charge of the design and implementation of the integration mapping scheme, which also determines the reconciliation possibilities for your organization, and for persons who set up and perform the reconciliation procedures. Consequently, the intended audience can include key users, implementation consultants, product architects, support specialists, and so on.

Assumed knowledge

Understanding this document is easier if you have some basic knowledge of the functionality of the various logistic ERP LN packages and Financials.

Document summary

This document contains the following chapters:

- **Financial Reconciliation**
  Provides an introduction to the financial reconciliation functionality that ERP LN provides.
- **Reconciliation - Concepts and Design Considerations**
  Describes the integration transactions concepts and components specific to reconciliation and analysis, and provides a number of general setup guidelines.
- **The Financial Integrations Module**
  Describes the function and contents of the Financial Integrations module in Common Data.
- **Reconciliation Setup**
  Provides instructions on how to set up reconciliation and how to make changes to the reconciliation setup.
- **Reconciliation Process**
  Provides instructions on how to perform the reconciliation, create correction transactions, and archive and delete the reconciliaiton data.
- **Analyzing Reconciliation Data**
  Provides several example types of reconciliation transaction, and general guidelines on how to approach the analysis.

- **Currency Differences Handling**
  Describes how currency differences are posted and how currency differences can affect the reconciliation process.
- **Printing Reconciliation Reports**
  Discusses the various types of reconciliation reports that you can print and how to use various levels of detail on the reports.
- **Multicompany Aspects**
  Discusses some general aspects of reconciliation in a multicompany structure.
- **Glossary**
  Provides definitions of the terms and concepts used in this document, in alphabetical order.

How to read this document

This document was assembled from online Help topics. As a result, references to other sections in the manual are presented as shown in the following example:

- For details, refer to *To set up an integration mapping scheme*. To locate the referred section, please refer to the Table of Contents or use the Index at the end of the document.

Underlined terms indicate a link to a glossary definition. If you view this document online, clicking the underlined term takes you to the glossary definition at the end of the document.

Related documents

- *Integration Mapping User Guide* (U8936A US)

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Chapter 1
Financial Reconciliation

1

Reconciliation - overview

During reconciliation, you establish whether the general ledger correctly reflects the Operations Management transactions. If the ledger accounts do not balance, you can create the required correction transactions.

ERP LN provides a number of sessions and reports to facilitate financial reconciliation and analysis.

Because the reconciliation requirements and the best way to perform reconciliation differs for each organization, this document can only describe the basic principles of how reconciliation is implemented in ERP LN, and the main aspects of the reconciliation processes.

Chapter 2
Reconciliation - Concepts and Design Considerations

2

Reconciliation - concepts and design considerations

The integration mapping scheme setup and the reconciliation data must be thoroughly considered prior to implementation. The most suitable and informative setup can only be designed with a good understanding of the integration mapping and reconciliation possibilities and after an accurate analysis of your business processes.

This topic describes the integration transaction handling concepts and components that are specific for reconciliation and analysis and provides a number of general guidelines for the setup.

Guidelines summary

In summary, the main guidelines are the following:

- Do not map integration document types of multiple reconciliation groups to the same ledger account.
- Assign the reconciliation elements very carefully. The most specific reconciliation element must have number *5*.
- If you enable period handling exceptions, which permits the posting of transactions to the next **Open** period, this can make the reconciliation more complex.

Note

The setup of the integration mapping scheme and the setup of the reconciliation data are two independent processes. However, the design of the integration mapping scheme can be influenced by your reconciliation requirements.

Integration document types

An integration document type represents a type of integration transaction in Financials. For financial analysis and reconciliation, the integration document types identify the type of transaction.

In Operations Management, each integration transaction is represented by its combination of operational transaction origin and financial transaction. In the Finance/Logistics module of Common Data, the transaction origin/financial transaction combinations are translated to integration document types. For example, the **Sales Order/Issue** transaction is translated to the integration document type with the description **Sales Order/Issue**.

ERP LN provides predefined integration document types for all possible integration transactions and for all the transactions that must be identified during financial analysis and reconciliation. The integration document types each have the corresponding business object attached to them. For example, the integration document types for the various Sales Order transactions have the **Sales Order** business object linked to them.

In the integration mapping scheme, you can map an integration document type to one or more ledger accounts and dimensions. Usually, the debit side and the credit side of an Operations Management transaction are posted to separate ledger accounts.

Because a reconciliation group reflects the type of ledger account, each integration document type is linked to two reconciliation groups, one for the debit side and one for the credit side.

If you run the Initialize Mapping Scheme Data (tcfin0210m000) session, in addition to the integration document types required for the Operations Management packages and modules that you use, ERP LN automatically creates the following integration document types:

- Currency Differences
- Rounding Differences
- Corrections
- Opening Balances

Most of these integration document types are only used to log the reconciliation data, for example, the Opening Balances integration document type. You cannot map these integration document types and the **Mapping Allowed** check box is cleared in the Integration Document Types (tfgld4557m000) session.

Reconciliation groups

A reconciliation group represents the kind of ledger account used for the integration transactions and, in this way, represents a group of integration ledger accounts on which you can perform reconciliation. A reconciliation group consists of the combination of a reconciliation area and a subarea, for example, **Invoice Accrual**/ **Purchase Order**.

To each reconciliation group, one or more integration document types are linked. In the integration mapping scheme, the integration document types are mapped to the ledger accounts and dimensions.

Each integration document type is linked to two reconciliation groups, one for the debit side and one for the credit side. You can view the integration document types of a reconciliation group in the Integration Document Types by Reconciliation Group (tcfin0115m000) session.

In the Reconciliation Groups (tcfin0120m000) session, you can view and complete the details of the generated reconciliation groups with the details required for the reconciliation and financial analysis in your organization. For details, refer to *The reconciliation group details (p. 2-5)* .

Note

For good reconciliation possibilities, do not map integration document types of multiple reconciliation groups to the same ledger account.

Reconciliation elements

You can optionally use the reconciliation elements to structure the reports and other presentations of the reconciliation data and to facilitate the interpretation of the reconciliation data. Other examples of reconciliation elements are the order document number, the warehouse, and the buy-from business partner. A reconciliation group can contain up to five reconciliation elements. Each reconciliation element represents a business object attribute.

When you view the reconciliation transactions, you can sort the transactions on reconciliation element and you can find transactions with specific values of the reconciliation elements. In addition, you can generate reports based on the reconciliation elements and combinations of elements.

In the Reconciliation Groups (tcfin0120m000) session, you can assign up to five reconciliation elements to a reconciliation group. Which reconciliation elements you select depends on your business processes and reporting requirements.

You can use the reconciliation elements to structure the reports and other presentations of the reconciliation data and to facilitate the interpretation of the reconciliation data, for example, in the following sessions:

- **Operations Management - Financial Reconciliation (tfgld4595m000)**
  You can sort the transactions on reconciliation element and you can find transactions with specific values of the reconciliation elements.
- **Print Reconciliation Data (tfgld4495m000)**
  You can generate reports based on the reconciliation elements and combinations of elements.
- **Accept Reconciliation Data (tfgld4295m000) and Finally Accept Reconciliation Data (tfgld4295m100)**
  You can accept the reconciliation data for selected ranges of reconciliation element values.

The reconciliation elements must be assigned very carefully and after you set up the reconciliation data, you must only change the reconciliation elements if this is necessary.

The assignment of reconciliation elements is especially important, for example, for the Inventory reconciliation group, as the business objects of the debit transaction and the credit transaction differ. You cannot accept these reconciliation transactions by business object ID and select the **Only Debit and Credit Balanced** check box. However, if you choose the reconciliation elements as the basis for acceptance you can accept the transactions for which the debit transactions and the credit transactions balance. On the report, the debit transactions and the credit transactions are printed by item code.

Note

The reconciliation elements are numbered from 1 to 5. The most specific element has number *5*.

Mapping elements and reconciliation elements

Reconciliation elements are similar to, but not the same as, mapping elements. Mapping elements represent a more detailed level of the reconciliation elements.

A mapping element is a characteristic of a logistic transaction, in other words, a business object, that you can map to a ledger account or dimension. A reconciliation element is a common characteristic of the integration transactions (integration documents) of a reconciliation group, which you can use to analyze and reconcile the data. In other words, a reconciliation element links the corresponding mapping elements of various business objects.

For example, the following mapping elements all correspond with the reconciliation element Item:

- Production Order/Item (internal code 666100000000)
- Inventory Transaction/Item (Transit) (internal code 312100000000)
- Sales Order/Item (internal code 112100000000)

The internal codes of the mapping elements differ but physically, the production order item, the inventory item, and the sales order item can all be the same item. For all these transactions, the corresponding reconciliation element is Item (internal code 014000000000).

If you only map elements that have the same corresponding reconciliation element to a specific ledger account, during reconciliation, the resulting balance of the account can be zero.

If you map elements that have different corresponding reconciliation elements to the same ledger account, the reconciliation is more complex. In most cases, the resulting balance of one account will not be zero, but the balance of a group of ledger accounts to which the transactions are mapped can be zero.

Example of how to assign reconciliation elements

All inventory transactions must be posted to an Inventory account. The inventory transactions all belong to the Inventory reconciliation group. You can use a number of inventory accounts, which together reflect the total inventory value. In the mapping scheme details, you can map specific inventory transactions to specific inventory accounts. For example, you can map inventory transactions of specific items or item groups, or at specific warehouses, to separate inventory accounts.

To view the reconciliation transactions aggregated by warehouse, assign Warehouse as the first reconciliation element for the Inventory reconciliation group.

The other choices can include the following:

- Reconciliation element 2: Item or Item Group.
- Reconciliation element 3: Project.
- Reconciliation element 4: Cost Component.

In this way, you can view the reconciliation data by warehouse, item, project, and cost component.

The reconciliation group details

In the Reconciliation Groups (tcfin0120m000) session, you can view and complete the details of the generated reconciliation groups with the details required for the reconciliation and financial analysis in your organization.

You can enter the following data:

- **Reconciliation Elements**
  For every reconciliation group, you can select up to five reconciliation elements from the elements that are available for the reconciliation group. For performance reasons, ensure that the most specific element has number 1 and the least specific element has the highest number.

  Because the reconciliation data is logged independently of the integration transactions, the reconciliation elements do not have to correspond to the mapping elements that you used for the integration document types of the reconciliation group.
- **The Reconciliation Group description**
  During the reconciliation process, in most sessions the data is viewed and processed by reconciliation group, for example, in the Operations Management - Financial Reconciliation (tfgld4595m000) session.

  A reconciliation group consists of a reconciliation area and a subarea. For the reconciliation area that contains multiple subareas, the generated description of the reconciliation area is not sufficient to identify the reconciliation group. For these groups, you might want to enter a further description of the subarea. Because a subarea can contain multiple integration document types, no descriptions can be generated.

For example, the Inventory reconciliation area has only one subarea, therefore, Inventory sufficiently identifies the reconciliation group. However, the Invoice Accrual reconciliation area has 14 subareas and you might want to enter descriptions for these subareas.

To find the description of the subarea, on the **Specific** menu of the Reconciliation Groups (tcfin0120m000) session, click **Integration Document Types**. The Integration Document Types by Reconciliation Group (tcfin0115m000) session starts and lists the integration document types, which indicate the type of transactions that belong to the subarea. You can use one of these descriptions as the subarea description.

Example

- The Invoice Accrual reconciliation subarea 12 contains the integration document types Warehouse Receipt/Receipt Invoiced and Warehouse Receipt/Shipment Variance Invoiced. Therefore, for the description, you can enter Warehouse Receipt.
- The Invoice Accrual reconciliation subarea 13 contains only the integration document type Service Order/Triangular Invoicing, which you can use for the description.

- **Write Reconciliation Data**
  If this check box is selected, ERP LN logs reconciliation data for the transactions of the integration document types that belong to the reconciliation group.

  By default, the check box is selected. For performance reasons, you can choose to clear the check box if you do not use the reconciliation group for reporting. For example, logging reconciliation data for the reconciliation groups of interim accounts such as Invoice Accrual, WIP, and Inventory is usually far more important than logging the data for profit and loss end accounts.

  You cannot change the selection of this check box if unposted transactions exist in the reconciliation data of the reconciliation group in any financial company of the multicompany structure.

- **Log All Reconciliation Elements**
  If this check box is selected, ERP LN logs the values of all the reconciliation elements available for the reconciliation group.

  If the **Log All Reconciliation Elements** check box is cleared, ERP LN only logs the values of the reconciliation elements that you assign to the reconciliation group.

  By default, the check box is selected. If after some time you are satisfied that the setup of the reconciliation group is correct and meets your reconciliation requirements, you can clear the check box to improve the performance.

- **Basis for Final Acceptance**
  For every reconciliation group, ERP LN generates the **Basis for Final Acceptance**. This indicates the most specific level of detail on which you can reconcile and accept the transactions.

  For example, if the **Basis for Final Acceptance** is **Business Object ID**, which, for a purchase order, represents the order number, you cannot reconcile and accept the reconciliation transactions for each purchase order line.

  This field can have the following values:
  - **Business Object ID**
    You can reconcile and accept the transactions per business object ID or on a less specific level.
  - **Business Object ID + Sorting Position**
    You can reconcile and accept the transactions per business object ID plus sorting position, for example, the order line number, or on a less specific level.
  - **Business Object ID + Reference**
    You can reconcile and accept the transactions per business object ID plus business object reference, or on a less specific level.
  - **Reference Link between Business Objects**
    You can reconcile and accept the transactions from different reconciliation groups by reference link. The reference link is
  - **Not Applicable**
    You cannot reconcile and accept the transactions per business object ID or reference link. You can reconcile and accept the transactions per reconciliation element, or on a less specific level.

    This value applies to reconciliation groups of the following reconciliation areas:
    - **Inventory**
    - **Consigned/Customer Owned Inventory**
    - **Assembly Line WIP**
- **Log Currency Differences**
  Indicates for every reconciliation group, whether and in which way currency differences are logged. This field can have the following values:
  - **Automatically**
    You must define a mapping for the **Currency Difference** integration document type in the integration mapping scheme.
  - **Manually**
    The **Currency Difference** integration document type is only used to log the reconciliation data. No currency difference transaction is generated. Before reconciliation, you can run the various currency differences sessions to clear the currency differences from the

  integration accounts. For details, refer to *Currency differences accounts (p. 7-1)* .
  - **Not**
    No currency differences are logged. No **Currency Difference** integration document type is generated.
- **The special integration document types**
  For every reconciliation group, in addition to the integration document types that represent the Operations Management transactions, some or all of the following integration document types are generated:
  - **Currency Difference**
  - **Rounding Difference**
  - **Correction**
  - **Opening Balance**
- **Block deleting of**
  If you clear this check box, you can delete Business Objects from Operations Management before you finally accept the related reconciliation data. By default, this check box is selected. If you only use the reconciliation data for reporting, you can clear this check box.

  For details, refer to *To archive and delete the reconciliation data (p. 5-12)*
- **Block deleting of Business Objects of not finally accepted transactions**
  If you clear this check box, you can delete finally accepted reconciliation data, even if the related Business Objects still exist in Operations Management. By default, this check box is selected. If required, for example, for projects that run longer than a fiscal year, you can clear this check box.

  For details, refer to *To archive and delete the reconciliation data (p. 5-12)* .
- **Finally accepted transactions of not deleted Business Objects**

Chapter 3
The Financial Integrations Module

3

Financial Integrations (FIN)

For the creation an logging of integration transactions and reconciliation transactions, the Financial Integrations module provides the interface between the Operations Management packages and Financials. The module contains the data required for the setup of the financial integration mapping scheme and for reconciliation, which must be available to both the Operations Management packages and Financials.

The Financial Integrations module provides the following functions:

- To generate the integration document types and the Business Objects and integration elements during initialization of the mapping scheme data. The data is only generated for the packages and modules that you select in the Implemented Software Components (tccom0100s000) session.
- To contain the master data for financial integration and reconciliation. Some of this data is predefined in the system, and some data is generated during initialization and further defined and selected by you.
- To log the Operations Management transactions as integration transactions and for reconciliation. Based on the master data, the Financial Integrations module copies the Operations Management transaction data to the Reconciliation (tfgld495) table, the Integration Transactions (tfgld482) table, and other integration related tables in the General Ledger module.

The sessions of the Financial Integrations module are mainly used to view the available integration and reconciliation setup data and to print reports of this data.

You can perform only two actions in the Financial Integrations module:

- Initialize the mapping scheme data, in the Initialize Mapping Scheme Data (tcfin0210m000) session.
- Set up reconciliation, using the various reconciliation-related sessions.

Note

The authorization to use the sessions of the Financial Integrations module must be restricted to users who have sufficient knowledge and understanding of reconciliation and of the integration mapping scheme.

To initialize the reconciliation data

Before you can set up the integration mapping scheme and/or the reconciliation data, you must use the Initialize Mapping Scheme Data (tcfin0210m000) session. The session generates the data listed here.

Entity	Session	Table
Integration Document Types	tfgld4557m000	tfgld457
Integration Document Types by Transaction Origin/Financial Transaction.	tcfin0110m000	tcfin 010
Reconciliation Groups.	tcfin0120m000	tcfin 020
Reconciliation Elements.	tcfin0130m000	tcfin 030
Possible Reconciliation Elements by Reconciliation Group.	tcfin0125m000	tcfin 025
Integration Document Types by Reconciliation Group.	tcfin0115m000	tcfin 015
Reconciliation/Mapping Elements.	tfgld4556m000	tfgld456
Elements by Integration Document Type.	tfgld4558m000	tfgld458

The data is only generated for the packages and modules that are selected in the Implemented Software Components (tccom0100s000) session.

A number of integration document types are automatically created for currency differences, rounding differences, corrections, and opening balances. You can only use these integration document types to log the reconciliation data. You cannot map these integration document types and the **Mapping Allowed** check box is cleared in the Integration Document Types (tfgld4557m000) session. For details, refer to *Currency differences accounts (p. 7-1)* .

Note

After you include additional ERP LN packages or modules, or add integration document types for newly integrated external applications, you must run the Initialize Mapping Scheme Data (tcfin0210m000) session again. The previously initialized data is unaffected.

To log the integration and reconciliation transactions

The Operations Management transactions are simultaneously logged to the following tables in Financials:

- Integration Transactions (tfgld482)
- Reconciliation Data (tfgld495)

All the available data of the Operations Management transactions is logged. ERP LN performs a check to see whether the fiscal period that corresponds with the transaction date is **Open** for integration transactions. If the period is **Closed**, the transaction cannot be logged. For more information, refer to Period handling for integration transactions.

The reconciliation data is logged independently of the integration transactions. If you do not want to perform financial reconciliation, you can still use the reconciliation data for various types of reports. The logged data consists mostly of the integration transactions that originate from Operations Management, however, some types of purely financial transactions, such as the invoice approval transactions, are also logged.

All reconciliation analysis processes and reports are based on the information in the Reconciliation (tfgld495) table. In addition, from the ledger history and the dimension history, you can zoom to the reconciliation table and the integration table and, from those tables, you can even drill down to the related transactions in Operation Management.

Chapter 4
Reconciliation Setup

4

To set up reconciliation

To set up reconciliation consist of the following steps:

1. Prepare the Reconciliation and Archiving Period Status (tfgld0177m000) session.
2. Initialize the mapping scheme and the reconciliation data.
3. Set up the details of the reconciliation groups.
4. Create opening balances for reconciliation.

Detailed instructions for these steps are given below.

In addition, you can set up Order Management to built the History tables.

To build the History tables

During the reconciliation process, from the reconciliation data you can drill down to the details of the logistic transactions. For purchase orders and sales orders, this data is recorded in the History tables. To use this function, set up Order Management to built the History tables.

To set up reconciliation

Step 1: Prepare the Reconciliation and Archiving Period Status (tfgld0177m000) session

In the Reconciliation and Archiving Period Status (tfgld0177m000) session, click **Generate Reconciliation Groups** to create initial records for all the currently existing reconciliation groups.

You can also use this function for reconciliation groups added later. Existing records are not changed.

Step 2: Initialize the mapping scheme and the reconciliation data

If this has not already been done, you must run the Initialize Mapping Scheme Data (tcfin0210m000) session. The data is only generated for the packages and modules that are selected in the Implemented Software Components (tccom0100s000) session.

If you have included additional packages or modules, or added integration document types for newly integrated external applications, you must run the Initialize Mapping Scheme Data (tcfin0210m000) session again. The earlier initialized data is not affected.

Step 3: Set up the details of the reconciliation groups

Use the Reconciliation Groups (tcfin0120m000) session to complete the details of the generated reconciliation groups. For a detailed description of the reconciliation group chartacteristics, refer to *The reconciliation group details (p. 2-5)* .

Step 4: Create opening balances for reconciliation

If you start using ERP LN, you must enter the existing balances of your ledger accounts as opening balances in Financials. As part of the reconciliation setup, the same opening balances can also be created in the Reconciliation Data table for the reconciliation groups that you use, for example, for Work in Progress (WIP) accounts and Inventory accounts. Use the Opening Balances for Reconciliation (tfgld4195m000) session.

To check whether the created opening balances are correct per ledger account, you can use the Print Reconciliation Data (tfgld4495m000) session and select the **Print Full Specification** check box to print a report.

To change the reconciliation setup

If reconciliation setup is completed and operational, it should not be changed. However as during the initial period the need for adaptations can occur, ERP LN contains a number of features that allow you to change the reconciliation setup and preserve the reconciliation possibilities.

Note

If reconciliation data has already been archived and deleted, changing the reconciliation setup will always affect the reconciliation possibilities for the following reconciliation areas:

- Inventory.
- Consignment Inventory.

- Assembly Line WIP.

This is because the credit entries and the debit entries that in these reconciliation groups belong to different business objects.

To change the reconciliation elements

If the **Log All Reconciliation Elements** check box is selected in the Reconciliation Groups (tcfin0120m000) session, for every integration transaction the values of all the available reconciliation elements are logged in the Reconciliation Transactions (tfgld495) table.

If you first set up reconciliation, it is recommended that you select this check box for the reconciliation groups. To improve performance, you can later clear this check box if you are satisfied that the reconciliation group setup is correct. ERP LN then only logs the reconciliation elements that you assign to the reconciliation group.

In the Reconciliation Groups (tcfin0120m000) session, on the **Specific** menu you can click **Change Reconciliation Elements**. This starts the Change Reconciliation Elements (tcfin0220m000) session, in which you can assign new reconciliation elements to the reconciliation group.

If the **Log All Reconciliation Elements** check box is selected, all the possible elements are logged for the transactions. This means that for the transactions already logged, the new reconciliation elements are also available. However, if the **Log All Reconciliation Elements** check box is cleared, the values of the new reconciliation elements are not available for the transactions already logged. Reconciliation of these transactions based on the reconciliation elements is not possible.

To change the logging of reconciliation data

If the **Write Reconciliation Data** check box is selected in the Reconciliation Groups (tcfin0120m000) session, every integration transaction is logged in the Reconciliation Transactions (tfgld495) table.

If the check box is cleared, the transactions of the integration document types belonging to the reconciliation group are only logged in the Integration Transactions (tfgld482) table for mapping and posting to Financials, but the data is not available for reconciliation.

When you first set up reconciliation, it is recommended that you select this check box for all the reconciliation groups. To improve performance, you can later clear the **Write Reconciliation Data** check box for reconciliation groups that you do not use, for example, for some of the end accounts.

In addition, based on your integration mapping scheme setup you can decide which reconciliation groups you don’t use at all and for these groups, clear this check box.

Chapter 5
Reconciliation Process

5

The reconciliation process

Two financial analysis and reconciliation processes can be distinguished:

- The general financial analysis of all reconciliation areas.
- The reconciliation and financial analysis of the Goods Received not Invoiced (GRNI), which is represented by the reconciliation area Invoice Accrual 3. Refer to *The GRNI reconciliation process (p. 5-5)* .

You can perform financial analysis and reconciliation by reconciliation group. The Financial analysis and reconciliation process consists of the following steps:

1. Close the financial period so that no new transactions can be entered.
2. Calculate and post currency differences and rounding differences.
3. Print the trial balance.
4. If required, create an opening balance for reconciliation
5. Print the reconciliation data.
6. Compare the reports.
7. Rebuild the ledger account history as necessary and regenerate the reports.
8. Accept the reconciliation transactions that can be balanced.
9. Analyze the data.
10. Display the transaction details
11. Create the required correction transactions.
12. Post the correction transactions.
13. Accept the reconciliation data.

Detailed instructions for these steps are given below.

The reconciliation process

The reconciliation process consists of these steps. Repeat the steps for each reconciliation group.

Step 1: Close periods

Usually, reconciliation is performed over a specific fiscal period. Before you start the reconciliation process, use the Close Periods (tfgld1206m000) session to close the Integration period so that no new transactions can be entered.

However, if you generate and print the reconciliation reports, ERP LN does not check the period status. You can print the reports whenever you wish, independent of the period status.

Step 2: Post currency differences

To calculate the currency differences caused by rounding errors and by fluctuations of the currency rates and to post them to the appropriate ledger accounts before you perform the reconciliation process, you can run the following sessions:

- Calculate Currency Differences for Integration Accounts (tfgld4295m400)
- Calculate Rounding Currency Differences for Integration Accounts (tfgld4295m500)

Finalize the batches for the currency differences transactions. For details, refer to *Currency differences accounts (p. 7-1)* .

Step 3: Print the trial balance

Use the Print Trial Balance (tfgld3402m000) session to print the trial balance for the integration ledger accounts that you want to analyse.

Step 4: If required, create an opening balance for reconciliation

If you have archived transactions that still contribute to the reconciliation group, for example, Inventory transactions, you can create opening balances to clear the differences in the reconciliation data. Use the Opening Balances for Reconciliation (tfgld4195m000) session.

To create opening balances for specific business objects and reconciliation elements, you can select a transaction in the Operations Management - Financial Reconciliation (tfgld4595m000) session and on the **Specific** menu, click **Create Reconciliation Opening Balance**.

Step 5: Print the reconciliation data

Use the Print Reconciliation Data (tfgld4495m000) or the Print Reconciliation Data PCS Work In Process (tfgld4495m300) session to print a reconciliation report. You must select a reconciliation group.

At this stage in the process, you can print a standard report. Print the subtotals on a high level, for example, by reconciliation element, and select the following check boxes:

- **Print Full Specification**
- **Suppress Zero Balances**

To print the subtotals on reconciliation element level, select the **Group by Reconciliation Element** or the **Group by Recon. Element Combination** check box.

For more details about how to print the reconciliation reports, refer to *To print the reconciliation reports (p. 8-1)* .

Step 6: Compare the trial balance and the balances on the reconciliation data report

For the ledger accounts on which the amounts match, you can accept the reconciliation data. Continue at **Step 8 Accept the reconciliation data**.

Step 7: Rebuild the History

If the amounts on the reconciliation report do not correspond with the amounts on the trial balance, you can first rebuild the History of the ledger accounts that you are analyzing.

Use the Rebuild Opening Balance/History from Transactions (tfgld3203m000) session and select all three check boxes:

- **Opening Balance**
- **Rebuild Parent Account History**
- **Rebuild Parent Dimension History**

Go back to **Step 4 Print the trial balance**.

Step 8: Accept the reconciliation data

Accept the reconciliation data for the ledger accounts for which there are no problems. In the Accept Reconciliation Data (tfgld4295m000) session, select the reconciliation group. Then select the range of ledger accounts for which you want to accept the reconciliation data.

Note Inventory accounts and end accounts must first be analyzed before you can accept the reconciliation data.

Step 9: Analyze the balances on the reconciliation data report

If the amounts on the reconciliation report do not correspond with the amounts on the trial balance, you can take various actions, depending on the type of problem and your auditing requirements.

Use the Print Reconciliation Data (tfgld4495m000) session to print a report of the transactions that could not be reconciled. At this stage, you can clear the **Print Full Specification** check box because the relation between the reconciliation data and the trial balance has already been examined.

If you wish, and for accounts other than Inventory accounts and end accounts, you can select the **Print Only Non-accepted** check box. Start by printing a report with not much detail. For more details about how to print the reconciliation reports, refer to *To print the reconciliation reports (p. 8-1)* .

If the differences cannot be easily explained, in the Print Reconciliation Data (tfgld4495m000) session you can select the following check boxes to print a more detailed report:

- **Logistic Details**
- **Financial Details**

Step 10: Display the transaction details

In the Operations Management - Financial Reconciliation (tfgld4595m000) session, use the various options to display the transaction details.

For example, if you select a line, on the **Specific** menu you can click **Zoom to Transaction Origin** to display the original transaction in Operations Management, and you can click **Show Integration Transaction** to display the mapping details and posting details of the transaction.

For reference, you can also print the corresponding reports of the logistic data in Operations Management.

If you are satisfied that the financial data is correct, continue at **Step 13 Accept the Reconciliation Data**.

Step 11: Make corrections

You can manually create the corrective transactions for postings that are incorrect. For details, refer to *To create a correction transaction (p. 5-10)* . This type of corrections solves the discrepancies in Financials. They do not solve the differences between the trial balance and the reconciliation report. Such differences must be sorted out by an expert.

Next, repeat the reconciliation process, starting at **Step 9: Analyze the balances on the reconciliation data report**. You can print a reconciliation report that includes the non-posted corrections.

Step 12: Post Reconciliation Corrections

Use the Post Reconciliation Corrections (tfgld4295m300) session to post the correction transactions to the general ledger accounts.

Next, go back to **Step 3, Print the trial balance**.

Step 13: Accept the reconciliation data

If no more corrections are required for the reconciliation group, in the Accept Reconciliation Data (tfgld4295m000) session, select the reconciliation group. Then select the range of ledger accounts for which you want to accept the reconciliation data.

If you wish, you can select the **Select Specific Business Object** check box to accept the reconciliation data for a specific business object or range of business objects.

You can select the **Only Debit and Credit Balanced** check box to accept most of the transactions. You must enter the tolerance amounts in each of the home currencies.

When you click **Process**, ERP LN checks a number of conditions and sets the status of the transactions that meet the conditions to **Accepted**. In the Operations Management - Financial Reconciliation (tfgld4595m000) session, you can view the transaction status and you can clear the **Accepted** check box if required.

If you have performed the reconciliation process for a number of reconciliation groups, you can finalize the process and prepare the reconciliation data for deletion. For details, refer to *To complete the reconciliation process (p. 5-11)*

The GRNI reconciliation process

The reconciliation process of the **Invoice Accrual 3** reconciliation group, the Goods Received Not Invoiced (GRNI) transactions, consists of the following steps.

1. Close the financial period so that no new transactions can be entered.
2. Print the trial balance.
3. Print a report of the invoices to be received
4. Compare the reports.
5. Print the reconciliation data.
6. Examine the reports.
7. Rebuild the History.
8. Print the trial balance and the reconciliation report again.
9. Print the GRNI reconciliation checklist.

10. Check the balances on the GRNI reconciliation checklist.
11. Analyze the reconciliation data.
12. Make corrections.
13. Print the GRNI reconciliation checklist again.
14. Post the reconciliation correction transactions.
15. Accept the reconciliation data.

Detailed instructions for these steps are given below.

The GRNI reconciliation process

The reconciliation process of the **Invoice Accrual 3** reconciliation group, the Goods Received Not Invoiced (GRNI) transactions, consists of the following steps.

Step 1: Close periods

Usually, reconciliation is performed over a specific fiscal period. Before you start the reconciliation process, use the Close Periods (tfgld1206m000) session to close the Integration period so that no new transactions can be entered.

However, if you generate and print the reconciliation reports, ERP LN does not check the period status. You can print the reports whenever you wish, independent of the period status.

Step 2: Print the trial balance

Use the Print Trial Balance (tfgld3402m000) session to print the trial balance for the for the GRNI ledger accounts that you wish to reconcile, and keep it for reference during the process.

Step 3: Print a report of the invoices to be received

To print a report of the expected invoices, you can use one of the following sessions:

- **Print Receivable Invoices Up to Period (tfacp1439m000)**
  Prints a report of the purchase invoices that you expect to receive, based on the data in the Purchase tables in Order Management.
- **Print Receivable Invoices Specifications (tfacp1432m000)**
  . Prints a report of the purchase receipts for which you have not yet received invoices, based on the data in the Accounts Payable tables.

Step 4: Compare the trial balance and the balances on the expected invoices reports

For the ledger accounts on which the amounts match, you can accept the reconciliation data as described in **Step 15, Accept the reconciliation data**.

Step 5: Print the reconciliation data

Use the Print Reconciliation Data (tfgld4495m000) session to print a reconciliation report. Select the **Invoice Accrual 3** reconciliation group, which represents the GRNI business process.

At this stage in the process, you can print a standard report. Print the subtotals on a high level, for example, by reconciliation element, and select the following check boxes:

- **Print Full Specification**
- **Suppress Zero Balances**

For more details about how to print the reconciliation reports, refer to *To print the reconciliation reports (p. 8-1)* .

As the GRNI transactions are created for the **Purchase Order** business objects, you obtain the most useful report if you group the data by business object. Select the **Group by Business Object ID** check box.

Step 6: Examine the reports

If a difference exists, this is printed on the report.

For the ledger accounts on which no difference exists, you can print the GRNI reconciliation checklist as described in **Step 9, Print the GRNI reconciliation checklist**.

Step 7: Rebuild the History

If a difference exists, you can first rebuild the History of the ledger accounts that you are analyzing.

Use the Rebuild Opening Balance/History from Transactions (tfgld3203m000) session and select all three check boxes:

- **Opening Balance**
- **Rebuild Parent Account History**
- **Rebuild Parent Dimension History**

Step 8: Print the trial balance and the reconciliation report again

Use the Print Trial Balance (tfgld3402m000) session to print the trial balance again for the integration ledger accounts of which you rebuilt the History. Use the Print Reconciliation Data (tfgld4495m000) session to generate the reconciliation report again based on the rebuilt ledger accounts.

If the reports match, continue at **Step 9, Print the GRNI reconciliation checklist.** If considerable differences exist between the Operations Management data and the financial data, this must be solved by an expert.

Step 9: Print the GRNI reconciliation checklist

Use the Checklist Reconciliation Goods Received Not Invoiced (tfgld4495m200) session to print a report of the financial balances and the logistic balances by transaction date. You can choose to print the report based on the data in the Purchase tables in Order Management or on the Accounts Payable tables. If a difference exists, it is printed on the report.

For more details about how to print the reconciliation reports, refer to *To print the reconciliation reports (p. 8-1)* .

Step 10: Check the balances on the GRNI reconciliation checklist

For the transactions for which no differences exist, you can accept the reconciliation data. Continue at **Step 15, Accept the Reconciliation Data**.

If important differences exist between the Operations Management data and the data in Financials, this must be solved by an expert.

Step 11: Analyze the reconciliation data

You can use the Operations Management - Financial Reconciliation (tfgld4595m000) session to examine the reconciliation data. If you are satisfied that the General Ledger correctly reflects the Operations Management transactions, continue at **Step 15, Accept the Reconciliation Data**.

Step 12: Make corrections

In the Operations Management - Financial Reconciliation (tfgld4595m000) session, you can manually create the corrective transactions for postings that are incorrect. For details, refer to *To create a correction transaction (p. 5-10)* . You can use this type of corrections to solve minor differences in Financials.

Step 13: Print the GRNI reconciliation checklist again

Before you post the correction transactions, you can examine the effect of the correction transactions. In the Checklist Reconciliation Goods Received Not Invoiced (tfgld4495m200) session, select the **Print Not Final Reconciliation Corrections** check box. Check whether a difference is printed on the report, or compare the report with the trial balance.

Step 14: Post the reconciliation correction transactions

If no further corrections are required, use the Post Reconciliation Corrections (tfgld4295m300) session to post the correction transactions to the general ledger accounts.

Step 15: Accept the reconciliation data

Accept the reconciliation data for the ledger accounts for which there are no problems. In the Accept Reconciliation Data (tfgld4295m000) session, select the reconciliation group. Then select the range of ledger accounts for which you want to accept the reconciliation data.

Reconciliation corrections

If the amounts on the reconciliation report do not correspond with the amounts on the trial balance, the action to be taken mainly depends on:

- The type of transactions; is it one of the key areas of your business?
- The type of difference; do unexpected big differences occur?
- The type of actions you wish to take to solve the differences, also in connection with auditing and legal requirements.

Two types of differences can occur:

- Differences within Financials, between the trial balance and the reconciliation report.
- Differences between the data in Financials and in Operations Management.

Note

In a multicompany structure, the data of intercompany and intergroup transactions is logged in different financial companies. As a result, the related reconciliation transactions appear in different financial companies. For details, refer to *Reconciliation - multicompany aspects (p. 9-1)*

Differences within Financials

In some situations, for example, if part of the reconciliation data has already been deleted, you can solve the problem by creating an opening balance. You can select a transaction in the Operations Management - Financial Reconciliation (tfgld4595m000) session and on the **Specific** menu, click create **Create Reconciliation Opening Balance**.

Differences can also be caused by changes in the parent-child relations of the ledger accounts. To solve these, you can use the Rebuild Opening

Balance/History from Transactions (tfgld3203m000) session to rebuild the ledger account history from the transactions.

Differences due to other causes must be sorted out by an expert.

For small errors of which you are satisfied about the cause and that you do not wish to repair in the General Ledger, you can create correction transactions. For example, in this way you can solve small errors in the GRNI reconciliation.

In the Operations Management - Financial Reconciliation (tfgld4595m000) session, you can create the following types of corrections:

- **Reconciliation correction**
  Correction transactions for any type of differences. You can correct the transaction amount in the transaction currency and in each of the home currencies.
- **Reconciliation rounding correction**
  Not all types of rounding differences can be corrected automatically. Therefore, you can manually create correction transactions for rounding differences. If you create a rounding correction you can only correct the amounts in the home currencies. The transaction amount in the transaction currency does not change.

For details, refer to *To create a correction transaction (p. 5-10)* .

The correction transaction is posted to the ledger account and dimensions of the transaction selected in the Operations Management - Financial Reconciliation (tfgld4595m000) session. The other side of the correction transaction is posted to the contra account that you specify when you post the corrections with the Post Reconciliation Corrections (tfgld4295m300) session.

The contra account must be of the **Journal Vouchers** category. Later, you can move the corrections from the contra accounts to the appropriate end accounts.

After creating correction transactions, you can print a report to check the effect of the corrections on the balances before you post the correction transactions. In the Print Reconciliation Data (tfgld4495m000) session, select the **Print Not Final Reconciliation Corrections** check box.

To create a correction transaction

To create a correction transaction, take the following steps:

1. In the Operations Management - Financial Reconciliation (tfgld4595m000) session, select the transaction that causes the error. The transaction must have the **Ready** status. On the **Specific** menu, click **Reconciliation Correction** or **Reconciliation Rounding Correction** as applicable. The Operations Management - Financial Reconciliation (tfgld4595m000) details session starts.

2. Enter the details of the correction transaction. The ledger account of the transaction is displayed. When you post the correction transaction later, you can enter the contra account for the correction transaction.
3. Save the correction transaction. In the Operations Management - Financial Reconciliation (tfgld4595m000) session, on the **View** menu click **Refresh**. The correction is added at the top of the list. The **Kind of Transaction** is **Correction (Not Final)** and the status is **Unposted**.
4. Check the effect of the correction transaction on the total amounts. If necessary, on the **Specific** menu, you can click **Switch Automatic calculation On** to recalculate the total amounts.
5. If you wish, you can print a report to check the effect of the corrections on the balances before you post the transactions. In the Print Reconciliation Data (tfgld4495m000) session, select the **Print Not Final Reconciliation Corrections** check box.
6. Make a note of the reconciliation area and subarea. You need this later to post the corrections.
7. Post the corrections for one reconciliation group with the Post Reconciliation Corrections (tfgld4295m300) session. If you wish, you can first simulate the posting.
   You must enter the following data:
   - The correction transaction type and series used to generate the document number. The transaction type must be **Journal Voucher**.
   - The contra account for the other side of the correction transaction.

To complete the reconciliation process

You can periodically complete the reconciliation process for a range of reconciliation groups and, subsequently, archive and delete the logged reconciliation data. This process consists of the following steps:

1. Finally accept the reconciliation data.
2. Set the period status to **Reconciled**.
3. Archive and delete the transactions in Operations Management.
4. Archive and delete the reconciliation data.

The completion process

The completion process consists of the following steps:

Step 1: Finally accept the reconciliation data

Final acceptance of the reconciliation data releases the data for archiving and/or deletion of the logged reconciliation data and the corresponding transactions in Operations Management.

In the Finally Accept Reconciliation Data (tfgld4295m100) session, select a reconciliation group.

Note If the **Basis for Final Acceptance** of the reconciliation group is other than **Not Applicable**, the business objects (orders, contracts, and so on) of the reconciliation group must have the **Closed** or the **Completed** status.

When you click **Process**, ERP LN checks a number of conditions and sets the status of the transactions that meet the conditions to **Final Accepted**.

For reconciliation groups for which no clear end balance exists, such as Inventory, you can select the **Do not Check Lifetime** check box. ERP LN then ignores the status of the business objects in Operations Management, for example, inventory orders do not need to be **Closed**. You can then select an entity on which the report must be sorted, for example, reconciliation element or business object.

Step 2: Set the period status to Reconciled

In the Reconciliation and Archiving Period Status (tfgld0177m000) session, select the reconciliation groups that you have reconciled and enter the financial year and the fiscal period for which you performed the reconciliation.

You can periodically remove the logged reconciliation data from Financials and the corresponding transactions from Operations Management. For details, refer to *To archive and delete the reconciliation data (p. 5-12)* .

To archive and delete the reconciliation data

Periodically, you can remove the logged reconciliation data from Financials and the corresponding transactions from Operations Management.

To the archiving and deletion of the reconciliation data, the following rules apply:

- Before you can archive and delete a transaction in Operations Management, the reconciliation data of the corresponding reconciliation group must be **Finally Accepted**.
- Before you can archive and/or delete reconciliation data in the Archive / Delete Reconciliation Data (tfgld4295m200) session, the following conditions must be fulfilled:
    - The reconciliation data of the reconciliation group must be **Finally Accepted** and the financial periods must be set to **Reconciled** in the Reconciliation and Archiving Period Status (tfgld0177m000) session.

- The business objects (the purchase orders, warehouse orders, projects, and so on) of which you want to delete the reconciliation data must no longer exist in Operations Management. In other words, you must first remove the transactions from Operations Management before you can remove the reconciliation data from Financials.

For long-term projects, for example, projects that run longer than a fiscal year, you can make exceptions to this rule. For these reconciliation groups, you can select the **Block deleting of Business Objects of not finally accepted transactions** check box and the **Block deleting of Finally accepted transactions of not deleted Business Objects** in the Reconciliation Groups (tcfin0120m000) session.

If you select the **Do not Group** check box in the Archive / Delete Reconciliation Data (tfgld4295m200) session, ERP LN checks whether any reconciliation transactions exist outside the financial period that you archive and/or delete. If that is the case, ERP LN cannot archive and/or delete the reconciliation data, and reports an error. This check box is available for a few reconciliation groups.

Note

In the Reconciliation and Archiving Period Status (tfgld0177m000) session, setting the financial periods to **Reconciled** is reversible. However, the **Archived** status cannot be reversed.

ERP LN checks the period status and the status of the business objects for the reconciliation group that you are processing and in addition, for all the reconciliation groups in which the business object can occur.

To create an opening balance for reconciliation

If you archive transactions that still contribute to the data to be reconciled, for example, for the Inventory reconciliation group, you can create an opening balance in the reconciliation data. Use the Opening Balances for Reconciliation (tfgld4195m000) session, which you can start, for example, from the **Specific** menu of the Operations Management - Financial Reconciliation (tfgld4595m000) session.

The archive and delete process

Step 1: Archive and delete the orders from Operations Management

Archive and delete the transactions in Operations Management. In the various Operations Management packages, use the **Archive and Delete** sessions to move the data to an Archive company if required and/or to remove the data from the database.

Step 2: Archive and delete the reconciliation data from Financials

You can use the following sessions:

- **Archive / Delete Reconciliation Data (tfgld4295m200)**
  Use this session to archive and/or remove the reconciliation data from the Reconciliation Data (tfgld495) table.
- **Delete Logged Reconciliation Elements (tfgld4296m000)**
  Use this session to delete the logged reconciliation elements that are no longer needed. ERP LN deletes all the logged reconciliation elements of the reconciliation transactions of the selected reconciliation groups from the Reconciliation Elements for Reconciliation Data (tfgld498) table. ERP LN only removes the reconciliation elements for reconciliation groups for which you cleared the **Log All Reconciliation Elements** check box in the Reconciliation Groups (tcfin0120m000) session.

Chapter 6
Analyzing Reconciliation Data

To analyze the reconciliation data

The best way to analyze the reconciliation data depends on your main business processes and your information requirements. The Operations Management - Financial Reconciliation (tfgld4595m000) session and the report options in the Print Reconciliation Data (tfgld4495m000) session enable you to create various views of the reconciliation data on various levels of detail.

For example, you can generate the reports:

- By business object:
  - Order number
- By reconciliation element:
  - Item
  - Business partner
  - Purchase office
- By status:
  - Open/Active
  - Closed
- By ledger account
- By transaction type

For more details about how to print the reconciliation reports, refer to *To print the reconciliation reports (p. 8-1)* .

This topic describes a few example types of reconciliation transaction and gives some general guidelines on how to approach the analysis.

Types of reconciliation transactions

In general, the following types of reconciliation transactions can be distinguished:

- Transactions logged on Business Object (order) level. For example, the Production Order (SFC) WIP and the Project (PCS) WIP.
- Goods received not invoiced (GRNI) transactions (Invoice Accrual 3).

- Transactions on inventory accounts.
- Transactions on interim transit accounts. Related integration transactions belong to different Business Objects. You can link the transactions by means of the generated reference link.

Transactions logged on Business Object (order) level

You can print a reconciliation report to check whether the balance for **Closed** production orders is zero. You can analyze this type of transactions, for example, Production Order (SFC) WIP and the Project (PCS) WIP after acceptance of the reconciliation data.

In the Print Reconciliation Data (tfgld4495m000) session, select the following options: :

- Select the production orders with the **Closed** status.
- Select the full range of periods.
- Select the **Suppress Zero Balances** check box.
- Clear the **Print Full Specification** check box.
- Select the **Group by Business Object ID** check box.

If all is well, no differences exist and the report is empty. If a difference exists, you can use the Operations Management - Financial Reconciliation (tfgld4595m000) session to investigate the transaction and drill down to the Operations Management transactions.

Goods received not invoiced (GRNI) transactions

For GRNI transactions, you can print the report by closed purchase order to detect any differences between the closed order balance and the invoice accrual amounts. You can analyze the GRNI reconciliation group after acceptance of the reconciliation data.

You can print the following reports:

- In the Print Reconciliation Data (tfgld4495m000) session, you can print a report based on the logged transactions in the Reconciliation Data (tfgld495) table.
  - Select the following options:
    - Select the production orders with the **Closed** status.
    - Select the full range of periods.
    - Select the **Suppress Zero Balances** check box.
    - Clear the **Print Full Specification** check box.
    - Select the **Group by Business Object ID** check box.
- In the Checklist Reconciliation Goods Received Not Invoiced (tfgld4495m200) session, you can print a report based on both the logged transactions in the Reconciliation Data (tfgld495) table and the registered

purchase receipts in Order Management or the posted receipts and invoice approvals in Accounts Receivable.

Transactions on inventory accounts

By their nature, inventory accounts usually do not balance at any particular moment in time. You can print the reconciliation reports to obtain a report of the inventory by reconciliation element, for example, by item, by item group, or by warehouse.

You must first analyze the Inventory reconciliation group before you can accept the reconciliation data.

To analyze the inventory accounts, print a report of the reconciliation data with the balances on a higher level, for example, by warehouse item. In the Print Reconciliation Data (tfgld4495m000) session, select the full range of periods.

If no transactions have been archived or deleted, the report that results lists the inventory by reconciliation element (item). This report must be in accordance with the report from the Perform Inventory Valuation (whina1210m000) Perform Inventory Valuation (whina1210m000) session. If inventory transactions have already been archived or deleted, you can manually create an opening balance for reconciliation.

Note

The reconciliation report is per financial company. The inventory valuation report should include all the warehouses that are linked to the financial company through their enterprise unit, and not other warehouses.

Interim transit transactions

Interim transit accounts are used for the integration transactions of which the debit and credit entries on these accounts belong to different Business Objects. The transactions are linked by a reference link.

Because the debit and the credit entry on interim accounts are created at the same time, the balance of these accounts is usually zero. You can use the Print Reconciliation Data (tfgld4495m000) session to print a reconciliation report to check whether the balance is indeed zero.

Select the following options:

- Select the production orders with the **Closed** status.
- Select the full range of periods.
- Select the **Suppress Zero Balances** check box.
- Clear the **Print Full Specification** check box.
- Select the **Group by Business Object ID** check box or the **Group by Reference Link** check box.

If all is well, no differences exist and the report is empty. If a difference exists, you can use the Operations Management - Financial Reconciliation (tfgld4595m000) session to investigate the transaction and drill down to the Operations Management transactions.

You can analyze the Interim Transit reconciliation group after acceptance of the reconciliation data.

Chapter 7
Currency Differences Handling

7

Currency differences accounts

The currency differences can make the financial analysis and reconciliation more complex. The following types of currency differences can occur:

- **Currency differences**
  Currency result caused by fluctuations in the exchange rate, for example, if the rate differs between the invoice date and the payment date.
- **Exchange gain and loss**
  Currency result caused by the use of different exchange rate types, for example, the **Sales** rate type and the **Internal** rate type, or if by means of the rate determiner you have changed the exchange rate for a transaction during the order handling procedure.
- **Translation gain and loss**
  Currency result caused by the use of different currencies during the order handling procedure, for example, if the order currency or the payment currency differs from the invoice currency.
- **Destination gain and loss**
  Currency result caused by different results when the transaction currency is converted to the various home currencies. Destination gain and loss can only occur in an independent currency system.

To support good reconciliation possibilities, currency differences and exchange gain and loss are posted to the following accounts:

- **Exchange Gain and Loss**
  For differences between related amounts (debit and credit postings) due to different exchange rate types or different currency rates.
- **Currency Translation**
  For transactions of which the debit posting and the credit posting are made in different currencies.

- **Currency Differences contra-account**
  For currency differences on the invoice accrual account due to rate changes between the receipt date and the approval date of the invoice and calculated when you close a financial period.

Exchange Gain and Loss account

Differences between related amounts due to different exchange rate types or different currency rates are posted to an Exchange Gain and Loss account. The exchange gain and loss is calculated at the time when you post the integration transactions to the general ledger.

The difference amounts are posted to the statutory account that you can select for each company or currency:

- For a company, in the **Statutory Exchange Gain/Loss Account** field on the **Destination Gain/Loss** tab of the Company Parameters (tfgld0503m000) session.
- For a currency, in the **Statutory Exchange Gain/Loss Account** field of the Additional Currency Features (tfgld0129m000) session.

Example of Exchange Gain and Loss

To a purchase order, the following data applies:

- Purchase order amount: 100 USD
- Local currency: EUR
- Internal exchange rate: 1 USD = 0,937012 EUR
- Purchase exchange rate: 1 USD = 0,936344 EUR

This results in the following postings for the **Purchase Order/Receipt** transaction:

Type	Account	Amount (Debit)	Amount (Credit)
Debit	Interim Transit	93,70 EUR	
Credit	Invoice Accrual		93,63 EUR
Credit	Exchange Gain and Loss		0,07 EUR

Currency Translation account

Related amounts in different currencies are posted to a Currency Translation account. Every transaction in different currencies on the Invoice Accrual account has a one-to-one relationship to a transaction on the Currency Translation account.

For example, if a sales order amount is expressed in USD and the invoice currency is CAD, the sales order amount and the invoice amount are posted to the Currency Translation account. When you approve the invoice, the invoice amount is converted to the order currency with the currency rate of the invoice date and time.

If the calculated order amount differs from the original order amount, the following rules apply:

- If the difference is due to currency rate changes between the order date and the invoice date, the difference is posted according to the mapping defined for the **Currency Differences** integration document type.
- If no currency rate changes occurred, the difference amounts are posted according to the mapping defined for the **Purchase Order/Price Variance** integration document type, using the Currency Translation account as an interim account.

You can select the Currency Translation accounts and dimensions for the financial company in the Company Parameters (tfgld0503m000) session. For the Currency Translation accounts, do *not* set the **Currency Analysis** field to **Required, Calculate Currency Diff.** in the Chart of Accounts (tfgld0508m000) session.

Example of currency translation

The order currency of a purchase order is USD and the invoice currency is CAD. For the integration transactions, the following postings are made:

Event	Type	Account	Currency
Receipt	Debit	Inventory	Local currency converted from USD, with order rate.
Receipt	Credit	Invoice Accrual	USD
Invoice registration	Debit	Registered Invoices	USD
Invoice registration	Credit	ACP Control Account	CAD
Invoice approval	Debit	Invoice Accrual	USD, converted from CAD, with invoice rate.
Invoice approval	Credit	Currency translation	USD
Payment	Debit	Currency translation	CAD
Payment	Credit	Registered Invoices	CAD
Payment	Debit	ACP Control Account	CAD
Payment	Credit	Bank account	CAD

Currency Differences contra account

Currency differences are calculated and posted to a Currency Differences contra account.

For every Operations Management transaction (for every reconciliation area), ERP LN provides a separate integration document type for the mapping of the currency differences. The transaction type used to post the currency differences must be of the **Journal Vouchers** category.

All postings on the Invoice Accrual account are made in the transaction currencies. Therefore, if you run the Calculate Currency Differences (tfgld5201m000) session when you close a financial period, these transactions are included in the process. Differences between the receipt amount and the invoice amount due to rate changes between the receipt date and the approval date of the invoice are posted to a separate contra account for currency differences on the invoice accrual.

The following rules apply to the Currency Differences contra accounts:

- A unique contra account is linked to each ledger account on which the transaction currency can be different from the home currencies. When you create such a ledger account, for example, a WIP account or a Cash account, you must define the Currency Differences contra account for the ledger account. The Currency Differences contra account must have the same parent account as the account to which it is linked.
- The Currency Differences contra account must be a **Statutory** account of the **Balance Sheet** type and in the **Currency Analysis** field, you must select **Not Required** in the Chart of Accounts (tfgld0508m000) session. As the account is a control account, you cannot create manual transactions on the account.

Some examples of accounts that require a Currency Differences contra account are:

- From the integrations: WIP accounts, GRNI accounts, and GDNI accounts.
- Internally in Financials: Bank accounts, Cash accounts, and so on.

Chapter 8
Printing Reconciliation Reports

8

To print the reconciliation reports

Depending on the type of reconciliation, you can print reconciliation reports with the following sessions:

- **Print Reconciliation Data (tfgld4495m000)**
  You can use this session to print the reports for all reconciliation groups.
- **Checklist Reconciliation Goods Received Not Invoiced (tfgld4495m200)**
  For the Invoice Accrual 3 (GRNI) reconciliation group, you can use this session to print additional reports.

Print Reconciliation Data (tfgld4495m000)

Use this session to print reports with various levels of detail. How much detail you want to see on the reconciliation report depends on the stage in the reconciliation process and on your requirements to see much detail about the transactions on the ledger accounts.

For example, in the first stage, you can print a not very detailed report and, if no significant differences are detected, you can be satisfied that the postings for the reconciliation area are correct. However, for important reconciliation areas, you might want to see more detail even if no significant differences occur.

To begin, you can select the **Print Full Specification** check box and the **Suppress Zero Balances** check box to print a report of the ledger accounts that do not balance. The report includes the opening balance and the up-to-period balances.

Next, you can clear the **Print Full Specification** check box and select, for example, the **Group by Business Object ID** check box and the **Status** check box and select various grouping options to print very detailed reports.

If you click **Print**, you must select one of the following reconciliation reports:

- **Reconciliation Data by selected grouping (Detailed)**
  Prints a detailed report of the individual transactions grouped by the selected grouping entity, as well as the totals per selected grouping entity.
- **Reconciliation Data by selected grouping**
  Prints a summary of the transactions by the selected grouping entity, and the totals for each selected grouping entity.

Use the options of the Print Reconciliation Data (tfgld4495m000) session to select the level of detail.

Checklist Reconciliation Goods Received Not Invoiced (tfgld4495m200)

For the Invoice Accrual 3 (GRNI) reconciliation group, you can use this session to print reports of the following data:

- The data in the Purchase Orders History (tdpur450), Purchase Order Lines History (tdpur451), and Purchase Actual Receipts History (tdpur456) tables compared with the data in the Reconciliation Data (tfgld495) table. This is the most detailed report that you can print for the GRNI data.
- The data in the Accounts Payable tables. The receipts and approval transactions registered in the Order Data for Approval (tfacp240), Receipts (tfacp245), and Invoices Related to Purchase Order Lines (tfacp250) tables compared with the data in the Reconciliation Data table (tfgld495).

Differences between the financial data and the operational data are printed on the report. Differences do not always indicate a problem, but can also occur, for example, in the following instances:

- If not all the related integration transactions have been finalized and posted to Financials
- If part of the transactions have already been archived and deleted
- You can print both reports to check whether a difference exists between the amounts.

In addition, you can use the Checklist Reconciliation Goods Received Not Invoiced (tfgld4495m200) session to print the standard reconciliation report only based on the data in the Reconciliation Data (tfgld495) table.

Chapter 9
Multicompany Aspects

9

Reconciliation - multicompany aspects

The reconciliation data is stored in the financial company in which the integration transaction is posted. As a result, for intercompany and intergroup transactions, the debit and credit data is logged in various financial companies. If the financial companies do not share the Reconciliation Data (tfgld495) table, you cannot view the debit transaciton and the credit transaction together.

For best results, companies must not share the Reconciliation (tfgld495) table. In a multicompany environment, the most likely requirement is that reconciliation takes place on the level of a legal entity or enterprise unit. Because a financial company usually corresponds to a legal entity, this requires a non-shared setup. A non-shared setup also reduces the table size, as in that case the reconciliation data is divided over multiple physical tables.

Example

For a purchase order, the following situation occurs:

- The purchase office is linked to financial company 100.
- The warehouse of the receipt is linked to financial company 200.

The related postings appear in different reconciliation groups and in different financial companies.

Posting:	Ledger account	Reconciliation group	Amount	Financial company
Debit	Inventory	Inventory 1	1580	200
Credit	Interim Transit	Interim Transit 1	1580	200

Integration document type: **Warehouse Receipt/Receipt**

Posting:	Ledger account	Reconciliation group	Amount	Financial company
Debit	Interim Transit	Interim Transit 1	1580	200
Credit	Invoice Accrual	Invoice Accrual 3	1580	100

Integration document type: **Purchase Order/Receipt**

Posting:	Ledger account	Reconciliation group	Amount	Financial company
Debit	Invoice Accrual	Invoice Accrual 3	1580	100
Credit	Registered Invoices	None	1580	100

Integration document type: **Approval Purchase Invoice**

Within the reconciliation groups, the related transactions stay together. However, the reconciliation data in the **Interim Transit 1** and the **Inventory 1** reconciliation groups is stored in financial company 200, while the reconciliation data in the **Invoice Accrual 3** reconciliation group is stored in financial company 100. In the **Invoice Accrual 3** reconciliation group, the entries balance.

Table sharing for financial integration mapping

Specific rules apply to sharing of the mapping scheme and reconciliation tables in a multicompany structure.

General rules

In ERP LN, the mapping scheme must always be centralized in such a way that all financial companies that share the Companies (tcemm170) table must share the mapping scheme.

If a specific financial company needs to use a different mapping for specific transactions, to set up the mapping for that company, you must enter the financial company number in, for example, the Ledger Mapping (tfgld4569m000) session rather than leave the **Financial Company** field blank.

In a multicompany structure, the financial companies must share many of the financial tables while other tables must not be shared. The following general rules apply:

- **Financial integration tables**
  All the companies must share all the tables of the Finance/Logistics module.
- **Integration ledger accounts**
  The companies of a multicompany structure must use the same integration ledger accounts. To achieve this, you can share the Chart of Accounts (tfgld008) table or define exactly the same integration ledger accounts in the individual companies. In addition, the companies must either share the Dimensions (tfgld010) table or define the same dimensions in every company to use the same dimensions.
- **Transaction types and series**
  The companies of a multicompany structure must also use the same transaction types and series. To achieve this, you can either define exactly the same transaction types in every company or share the Transaction Types (tfgld011) table. The Series (tfgld017) table must not be shared. However, the series used in the Mapping Scheme (tfgld477) table must be defined in each financial company.
- **Exceptions**
  Exceptions to these rules are permitted. In the financial company in which a common integration account or a dimension does not exist, you must map the elements to another ledger account or dimensions specifically for that company, in the Ledger Mapping (tfgld4569m000) session or the Dimension Mapping (tfgld4571m000) session. If a common transaction type does not exist, you must define a specific transaction type for the integration document types for the financial company, on the **Document Numbering and Compression** tab of the Mapping Scheme (tfgld4573m000) session.
- **Transactions table**
  Sharing the Integration Transaction (tfgld482) table and the Reconciliation Transactions (tfgld495) table is not compulsory. Due to the large amount of data that each company stores in the Reconciliation Data (tfgld482) table, ERP LN does not recommend that you share this table. However, the decision of whether or not to share this table also depends on the specific system and database features, as well as the reconciliation needs.

Table Sharing Modeler

You can use the Table Sharing Modeler to set up the required table sharing structure. All financial companies that share the Companies (tcemm170) table must share the tables of the Central Integration Mapping (R10100) table set.

Appendix A
Glossary

A

business object

In the context of financial integration transaction processing, a business object is a logistic entity or event such as an item, a purchase order, a business partner, or a warehouse issue.

business object attribute

A characteristic of the business object that can be used to map the integration transaction to specific ledger accounts and dimensions. For example, the **Sales Order** business object has the **Order Series** attribute and the **Order Type** attribute, among others.

business object ID

The unique code that identifies a specific business object. For example, business object ID of a **Purchase Order** business object is the purchase order number.

business object reference

A transaction identification more detailed than the business object, for example, a receipt number or an order number. You can use the reference during reconciliation to match transactions if the business object alone does not provide enough information, for example, during GRNI reconciliation.

Note

The business object reference is not the same as a reference link.

currency differences

Currency result caused by fluctuations in the exchange rate, for example, if the exchange rate between the invoice currency and your home currency differs between the invoice date and the payment date.

independent currency system

A currency system in which all financial companies and logistic companies that are related to each other in the enterprise structure model use the same two or three home currencies. All transactions are registered in all the home currencies.

Currency rates are defined between the transaction currencies and all home currencies. Transaction amounts are converted directly from the transaction currency into the home currencies.

Note

The independent currency system was replaced by the standard currency system.

integration document type

Represents a type of Operations Management transaction for the purpose of mapping and posting the integration transactions to Financials and for financial reconciliation.

The integration document types supplied by ERP LN each have the corresponding business object attached to them. For example, the integration document types for the various **Sales Order** transactions have the **Sales Order** business object linked to them.

integration mapping scheme

A scheme that defines the ledger accounts and dimensions to which the integration transactions are posted.

Operations Management

A collective name for the non-financial ERP LN packages. Operations Management represents all the logistic ERP LN packages.

reconciliation area

A general area on which you can perform reconciliation, for example, **Inventory**, **Production Order WIP**, **Interim Costs**, and **Invoice Accrual**. The reconciliation area and subarea together form a reconciliation group which represents a group of integration ledger accounts.

reconciliation element

A property of a logistic transaction that you can use to trace the transaction for reconciliation. The reconciliation elements correspond with the mapping elements of the business objects.

reconciliation group

Represents a group of integration ledger accounts on which you can perform reconciliation. A reconciliation group consists of the combination of a reconciliation area and a subarea, for example, **Invoice Accrual**/ **Purchase Order**.

reference link

A generated code that is attached to the debit posting and the credit posting of an integration transaction. You can use the reference link to match the postings on interim accounts that you cannot match business object ID because they belong to different business objects, for example, a Purchase Receipt and an Inventory Transaction.

Note

The reference link is not the same as a business object reference.

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