

Certify With Confidence: How Automated Reconciliation Lets You Sign With Certainty

The high-profile fraudulent accounting at some businesses in the early 2000s, followed by the recession several years later, are still affecting companies. Regulatory agencies have renewed their emphasis on stringent reconciliation controls, creating a climate in which it's neither acceptable nor smart to sign off on financial data without understanding exactly where it came from. Yet CFOs, CEOs, COOs and others still do it every quarter. To protect your company, ensure that your reconciliation system provides detailed visibility into your financial data at the transaction level.

Setting the Standard

A comprehensive, reliable, end-to-end reconciliation and certification solution brings the full range of transaction-level and balance-level data together into a single system. It automates the entire reconciliation process, from data acquisition and matching through period-end approvals and reviews. The solution forms a complete account reconciliation picture that makes exceptions instantly visible, eliminates manual interventions and provides rapid, cost-effective resolutions. Automated checks ensure compliance with corporate and regulatory controls.

Why is that important? Reconciliation and certification are key components of an effective internal control infrastructure. They assure the accuracy of information feeding into the financial close process, minimizing the risk of financial misstatement and providing a full audit trail.

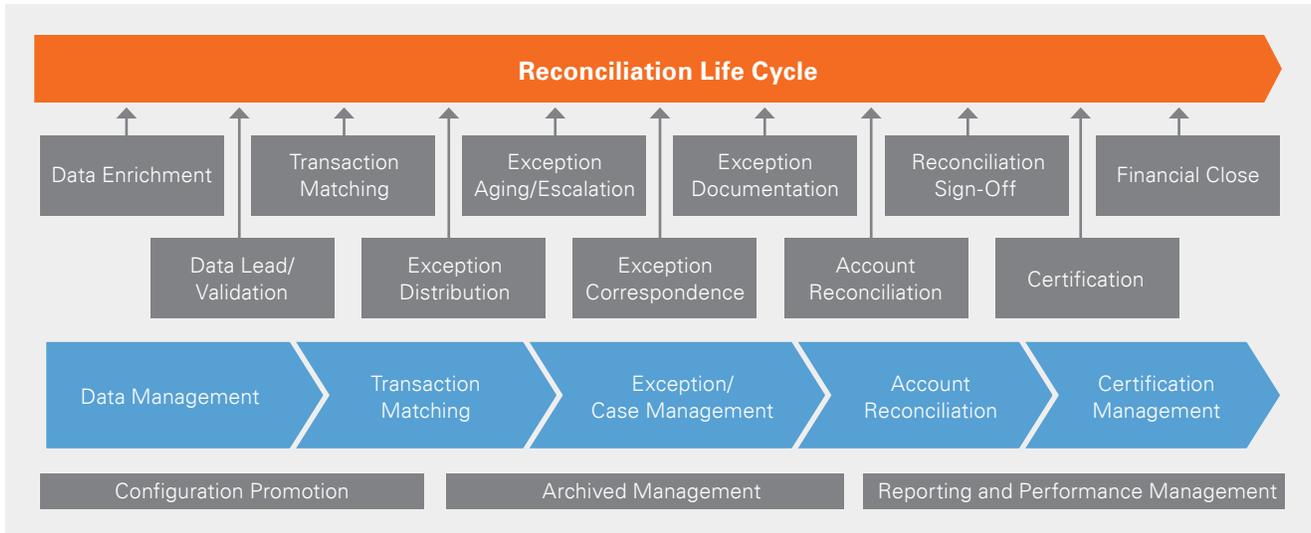
Without reconciliation and certification, senior management can't see the necessary details that help them confidently comply with regulatory standards such as the Sarbanes-Oxley model audit rule. Insufficient reconciliation controls continue to be cited as material weaknesses, sometimes leading to fines or even custodial sentences.

In addition, eliminating manual or spreadsheet-based research, as well as interventions at any stage of the process, can help organizations achieve efficiency and control improvements, lower their operational costs and free staff members for more value-added work. End-to-end reconciliation also streamlines accounting and reporting and improves visibility of business performance.

Solutions Falling Short

Some reconciliation solutions that claim to be comprehensive often offer only one part of the equation: certification. That means senior management members are verifying accounts without seeing the underlying transactional detail or exception-handling process. Organizations using those solutions may still have to manually reconcile their accounts – a time-consuming and error-prone process – to create summary figures for certification.

Other solutions tie together reconciliation and certification, but in name only. Those solutions use snapshots of balance-level and file-level data for attestation, but any root-cause analysis is costly and time consuming. Still other solutions that claim to provide a fully integrated approach offer limited scalability in high-volume environments.



In contrast, organizations using an end-to-end reconciliation and attestation solution can reconcile account balances at a transaction level. Their certification process is highly reliable, offering easy traceability and visibility into detailed transactions and the audit trail.

Automation Over Manual

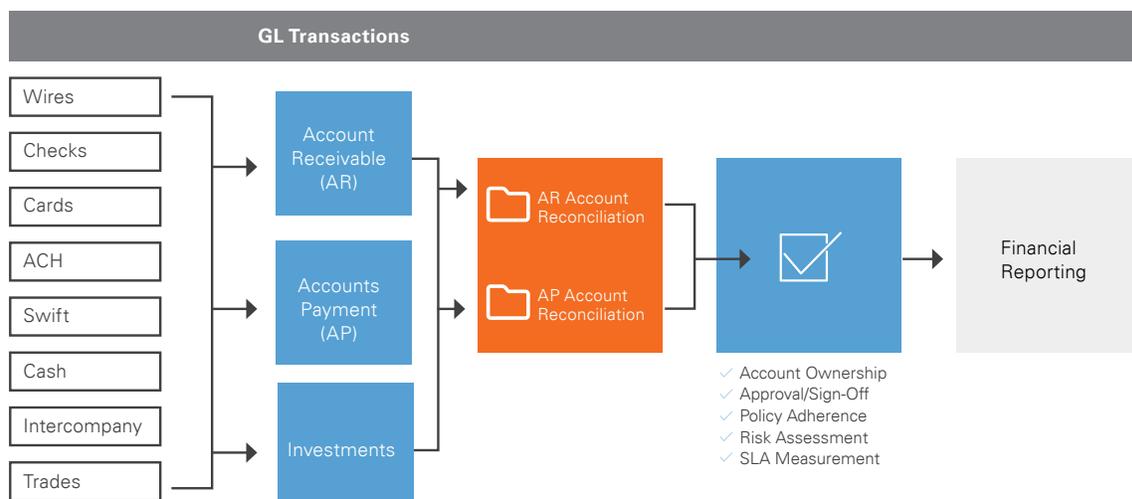
Without an automated process, reconciliation at the transaction level can be labor intensive and leave room for human error. Plus, there is no audit trail to justify the balance sheet. Organizations using a manual process often cannot trace problems back to the source, so they write off exceptions as unresolved and leave questions of fraud unanswered.

Manual systems may appear cost-effective, but the statistics prove otherwise. Integration of data and matching transactions using an automated solution can cut the risk of error by as much as 50 percent, according to organizations that use Frontier™ Reconciliation from Fiserv. Automated reconciliation, combined with data agnosticism, identifies and resolves more exceptions. That can lead to a 75 percent reduction in write-offs. Those same organizations report an average productivity and process efficiency improvement of 50 percent within 12 months of implementing the reconciliation solution.

Key Questions for Reconciliation and Certification Providers

- Does your application support both transaction-level and balance-level data?
- Does your solution offer certification based on detailed transaction-level data, or does it certify only balance-level data?
- On average, what is the volume of daily transactions your platform can successfully process?
- From what data sources, account types, systems or software can your solution import, match and reconcile information?
- What deployment options are available?

Reconciliation Types and Processes



Keys to Strong Functionality

When choosing a reconciliation solution, make sure it fits these criteria:

- Full automation of the reconciliation life cycle, from loading and enhancing data to matching, identifying and solving exceptions
- Standardized processes that provide account details and consolidate data into a single set of financials
- Integration of both balance-level and transaction-level data to increase visibility into exceptions, eliminate manual interventions and provide rapid, cost-effective resolutions
- Integral workflows that collect, manage, track and analyze financial data, providing control and visibility
- Enforcement of company governance and controls, including full audit trail

To ensure your chosen platform maximizes efficiency and control, look for integration, automation and standardization of the end-to-end process. In addition,

choose a technology that supports your growth agenda and has the capacity to handle millions of transactions per day.

In this regulatory climate, it makes the most business sense to use a reconciliation solution that provides the greatest visibility into your numbers. Don't be misled by solutions that lack true end-to-end reconciliation and certification.

About the Author

As the senior product manager for Financial Control Solutions at Fiserv, Renata Sheyner is responsible for the strategic direction of Frontier Reconciliation, the leading automated account reconciliation, exception management and financial certification solution. Sheyner engages with clients across industries to drive strategic product innovation and understand their internal compliance, risk management and financial control needs.

Connect With Us

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