ACCOUNT & INVENTORY RECONCILIATION

for Oracle JD Edwards

- Save time: Efficient user-friendly reconciliation
- Produce accurate info for your accountant and save on audit costs
- Reduce errors in accounting
- Identify incorrect transactions and correct your processes
- Reliable inventory reporting and explanation of your balances
- All within your JD Edwards software

YOUR CHALLENGE

The use of suspense accounts in a financial administration is an absolute necessity. During the month-end procedure the balance of these accounts must be explained. Usually, companies do this by printing detailed reports and omitting the transactions that balance to zero. This reconciliation process becomes more difficult as the year progresses and the number of transactions builds up. Therefore, an overview with only those transactions that make up the balance of the account without the reconciled transactions is a minimum requirement. Most companies still do this reconciliation process manually: a process that takes a lot of time.

Another time-consuming process is the validation of the general ledger inventory value with the logistical inventory value. Depending on the processes that affect inventory and the way that these processes are setup it is a challenge to get the correct inventory value at month-end. Especially when intercompany or inter-branch sales orders are used.

Besides this, it is important that the item ledger transactions match the current on-hand quantity. Many inventory-related processes and a high volume of inventory transactions require a periodic validation of the on-hand quantity.

OUR SOLUTION

Cadran Consultancy has developed Account & Inventory Reconciliation (AIR): a solution that supports you with the end of month reconciliation and inventory processes. AIR is available as a JD Edwards add-on.

KEY FEATURES

The AIR module contains four main functionalities

Suspense account tools

- Account Reconciliation

Inventory tools

- Inventory Reconciliation
- Inventory Reporting
- Inventory Integrity

ACCOUNT RECONCILIATION

One of your tasks during the month-end close procedure is an accurate specification of the suspense accounts. Compiling this specification often takes a great deal of time. AIR is the Oracle JD Edwards add-on that will help you optimize this process. The tool also enables you to reduce the number of errors in your financial books. Just add your accounts to the list of accounts to reconcile, set the correct summary/sequencing fields to group transactions together and start reconciling. Or even better: reconcile automatically, for instance each night, weekend, month end or on demand.

Classify your accounts by account type and account responsible so you can easily track which account should be reconciled by whom. Or use one of the free classification codes to group your accounts. With AIR, accounts can be reconciled in domestic or foreign currency, where exchange rate differences can be automatically accounted for.

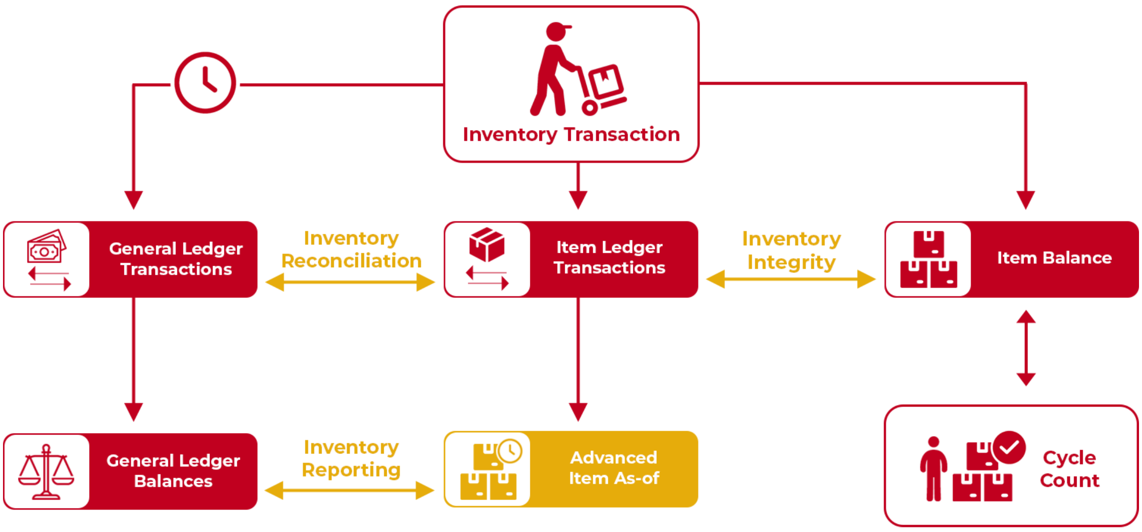
When suspense accounts are prone to rounding variances, the small differences can be automatically corrected by allowing the system to create tolerance journal entries. The same mechanism can be used to create clearing entries for accounts that require manual clearing. The clearing journal entry is created automatically, and the transactions are reconciled instantly. Even attachments can be added to provide an explanation of the entries.

All reconciled transactions are marked with a unique reference. This groups the reconciled transactions for track and trace and a reconciled date that can be used for 'as-of' reporting, so you can always explain the account balance for each period, even past periods. For more complex situations, multiple accounts can be reconciled as one, advanced tolerance settings can be used and document types can be grouped.

INVENTORY OVERVIEW

Matching your inventory with your general ledger can be quite challenging in JD Edwards. The softwares flexibility and the variety of logistical processes require a very accurate setup to get all inventory transactions accounted correctly. Even for a small factory the inventory can be affected by dozens of different kinds of transactions. And the item maintenance, product costing and following the correct procedures all have an impact as well. To add even more complexity, there are timing differences between creating inventory transactions and accounting for the inventory in the general ledger. Accounting for inventory can be postponed as part of the process (e.g. billing) and transactions can be entered retroactively. Reporting 'the' inventory value as of the end of the month sounds easy but has proven to be quite challenging for many organizations. And incorrect reporting often leads to incorrect adjustments of the inventory accounts, often resulting in alternating positive and negative corrections on the inventory accounts.

The Account & Inventory Reconciliation module contains all you need to get a grip on your inventory reporting.



OUR INVENTORY TOOLS

1. Inventory Reconciliation: match the Item Ledger transaction with the General Ledger transactions to quickly spot discrepancies.
2. Inventory Reporting: accurately report your inventory as of month end (retroactively) for both accounted inventory and on-hand inventory.
3. Inventory Integrity: validate your item balances and current value (quantity times cost).

INVENTORY RECONCILIATION

Using the full power of the Account Reconciliation functionality, Inventory Reconciliation extends the general ledger transaction with the inventory transaction from you Item Ledger, allowing you to match the general ledger with inventory on transaction level.

The benefits are huge because your inventory should match your general ledger every day. This allows you to setup your inventory accounts to automatically reconcile each night and spot the differences the next day. This means no surprises month end, correcting setup and master data or costing issues much earlier so less damage is done and less corrections are needed.

For the best results, the inventory transactions are enriched with account information, document number and the actual general ledger dates (sorry: the general ledger dates in your Item Ledger are not always the correct dates). Small rounding differences can be corrected automatically so you can focus on the real differences.

- Reconcile by inventory account
- Match inventory transactions with general ledger transactions (and vice versa)
- Supports intercompany transactions (SK/OK)
- Supports cycle billing transactions
- Supports work order transactions
- Runs automatically using a scheduled process
- Automatic correction for rounding differences (journal entry)
- Workbench for reviewing/correcting unreconciled transactions

INVENTORY REPORTING

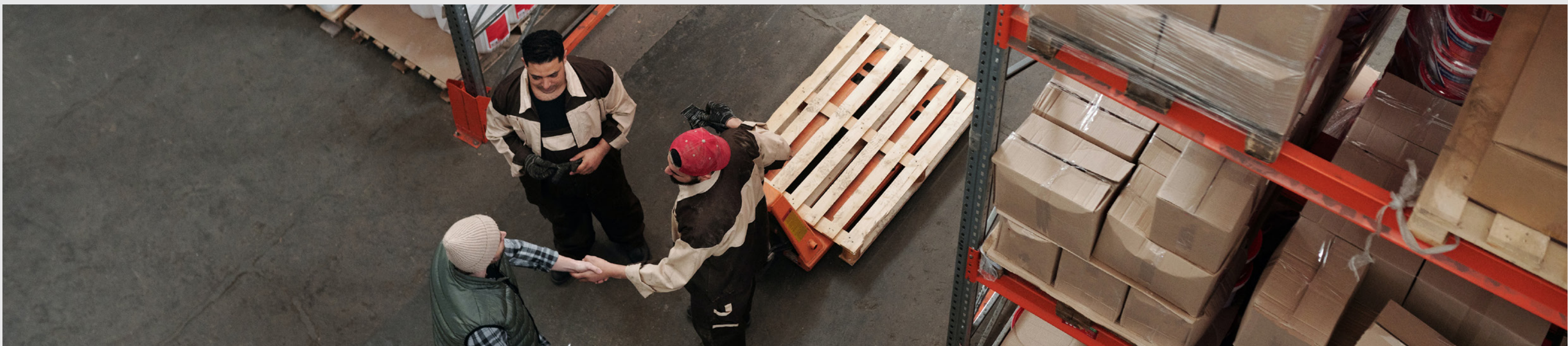
To report your inventory, AIR contains an 'Advanced Item As-Of' reporting solution. Generate your inventory As-Of based on your inventory transactions (retroactively, as far back as needed) and review the results with the application. You review this by inventory account (the variance with your General Ledger is calculated automatically), by branch or drill down to item/lot/location level or even down to the individual transactions.

For each year or period, you'll have a beginning balance (both on hand/logistical and accounted/financial), the inventory movement of that period (e.g. purchased, manufactured, sold, adjusted, shipped) and your ending balance (again for on hand and accounted). The accounted totals match your General Ledger account for that period and if not, the variance is explained by the unreconciled transactions. Simple as that!

INVENTORY INTEGRITY

With the Account & Inventory Reconciliation module you can monitor your inventory integrity to spot issues quickly. By automating the inventory integrity, changed inventory can be validated each night or weekend to see if the transactions still match the totals, both for quantity and value. This is important, since all logistic processes and users will use the inventory balance (current on hand quantity) to drive their processes, but the General Ledger is driven by the inventory transactions. A mismatch indicates a potential problem.

Validating your Inventory Integrity is also a normal part of the month end process. The inventory integrity solution embedded in Account & Inventory Reconciliation is created to make this process as easy as possible: no lengthy PDF report to sift through, but an application to review the errors and warnings. Another big benefit: no need to shut down your operation to validate your integrity! Just run the report or recalculate an item interactively. And variance can be marked as solved to prevent investigating the same issue over and over by adding correction records.



FULLY INTEGRATED WITH JD EDWARDS

Account & Inventory Reconciliation is developed with the Oracle JD Edwards tool set and integrates seamlessly with your JD Edwards environment(s).

This means a familiar look and feel for the end-user, no need for additional servers, databases or knowledge to maintain the application. Standard JD Edwards security rules apply, making it very easy to incorporate the module in your current JD Edward landscape. Data is stored in the same database as your other JD Edwards data and is automatically part of your data set. Your normal reporting tools can be used to create additional reports and software updates move from development all the way to production just like your other JD Edwards upgrades and modifications. Use queries, personalized grids, watchlists, notifications and orchestrations as you see fit to enhance user experience and improve your processes even further.

"Suspense accounts and inventory reconciliation in control!"

Managing our suspense accounts and Inventory reconciliation used to take days at month end, often with external help. This tool is a real timesaver for our accounting department. Our inventory reporting matches our General Ledger to the cent. The inventory movement reporting is very helpful for our accountant when we close our books. We finally have our processes in control.

Wilfred Legebeke
Business Controller at Paul Mueller Company

About Cadran Consultancy

Cadran Consultancy is the leading Oracle JD Edwards consultancy provider based in the Netherlands. With over 20 years of JD Edwards experience, Cadran helps you unlock the full value of your ERP software.

Contact Us

Interested in this module? Or would you like to discuss the possibilities? Contact us for more information or to schedule a demo.

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