TLM® Balance Sheet Substantiation

SmartStream

Increases productivity, control and visibility at the core of the financial close process

Executive Summary

TLM® Balance Sheet Substantiation creates a unified, automated platform for daily, monthly and quarterly reconciliations. Reconciliations at both the account balance and transaction level, are combined with balance sheet substantiation (account certification) through workflow for account ownership assignment, distribution of reconciliation results, exception management, approvals, sign–offs and reporting. At every stage of the process, TLM Balance Sheet Substantiation provides full visibility of all actions and activities to CFOs, controllers, reconcilers and auditors.

More than 70 of the top 100 global banks, and a wide range of corporations in many industries, rely on SmartStream for their enterprise reconciliation platforms. TLM Balance Sheet Substantiation delivers the market–leading functionality relied upon by the world's largest institutions and corporations, and the scalability they depend on for their global operations.

Automation and control through TLM Balance Sheet Substantiation bring the productivity improvement, process consistency and visibility, and shortened cycle time that CFOs and controllers seek for their financial close.
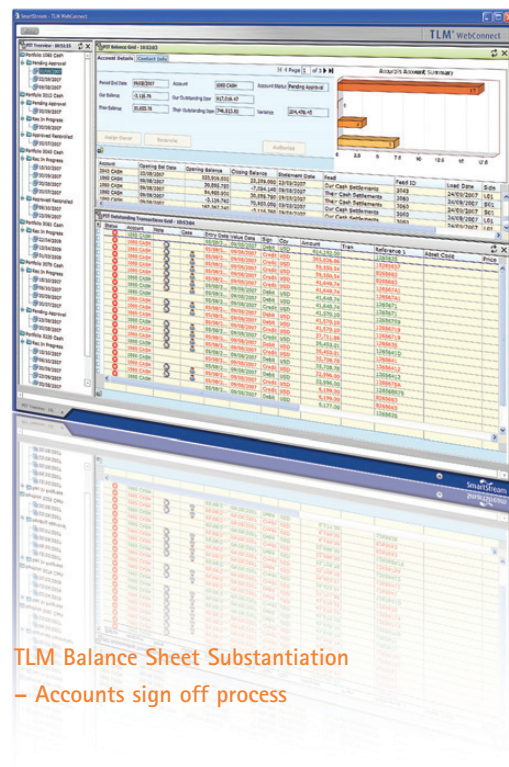
TLM Balance Sheet Substantiation – Accounts sign off process

Why TLM Balance Sheet Substantiation?

Many firms have taken steps to drive cost and complexity out of routine business processes in their finance and treasury functions. Yet the financial close process at period end is still characterised by manual processes and re-keying of data that presents too many occasions for human error and mis-statements to occur. Manual processing lacks the proper operational controls, extends the time needed to evaluate underlying accounts, carries a high cost and blocks management visibility into the close process.
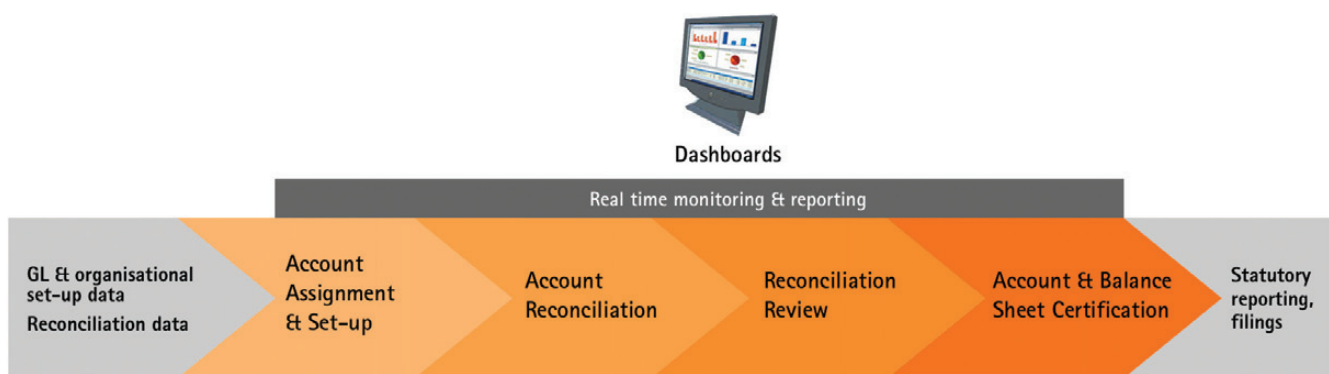
A manual and fragmented approach, with several points of potential failure, increases both the risks and the costs of the financial close process. As a result of this patchwork of processing activity, organisations find themselves with a range of challenges to effective balance sheet substantiation and certification:

- Finance teams processing data rather than performing financial analysis

- Senior management lacking timely visibility into the status or accuracy of balance sheet substantiations

- Lack of a consistent, repeatable process for closing accounts at month, quarter and year end

- Increased audit costs due to a lack of consistent processes, documentation

- Incomplete reconciliation coverage, with accounts remaining unreconciled past the close date

- Increased risk of material weakness disclosures and reputational damage as a result of restatements

CFOs require automation and workflow tools that improve productivity, bring accuracy, ensure full coverage, and reduce the costs and cycle time associated with financial reporting.

SmartStream's experience and expertise supports the organisation's move to more controlled, efficient and transparent balance sheet substantiation processing.

TLM Balance Sheet Substantiation Overview

Dashboards

Real time monitoring & reporting

| GL & organisational set-up data Reconciliation data | Account Assignment & Set-up | Account Reconciliation | Reconciliation Review | Account & Balance Sheet Certification | Statutory reporting, filings |

Balance sheet substantiation process workflow

TLM Balance Sheet Substantiation enables companies to introduce the right automation and control into their operational process.

- **A common tool for all balance sheet substantiations**

- **Consistent, repeatable and efficient period end processes**

- **Increased transparency into every point in the financial close process**

- **Timely, more accurate reporting to senior management**

- **Exceptions-based processes for more effective resolution and defect elimination – continual process improvement**

- **Increased reconciler productivity**

- **Enhanced audit and control**

Industry leading automated matching capabilities enable firms to efficiently reconcile data sets against their general ledger and close accounts more effectively.

Integrated, workflow-based exception management tools highlight data that has failed to match and provide the reconciler with a resolution path to find the underlying cause. This proactive approach saves time and money, identifying issues before financial statements are issued.

Balance sheet substantiation workflow provides a compliance tool that is flexible and fits an individual company's business process, from managing account ownership, to distributing reconciliation results for validation, through to approvals, sign-offs and compiling the Corporate Scorecard.

Real-time Monitoring and Reporting

Rich management dashboards bring visibility into all aspects of the end to end balance sheet substantiation and account certification process. The status of account consolidation and templating, the progress of balance and transaction level reconciliations, totals and values of unmatched items, aging and values of exceptions as they are investigated and resolved, and the process of approval and sign-off are all tracked in real time and reported at both the aggregate and detail level. Historical views are also available through an archive.

GL and Organisational Set-up Data

TLM takes data from numerous ERP, GL sub-ledger and proprietary systems, as well as chart of accounts and other static data in a variety of formats to deliver an enterprise-wide system across accounts and legal entities, consolidating and replacing manual, semi-automated or functionally limited reconciliations.

Account Assignment and Set-up

Account ownership and assignment, including change management, are handled through a rules-based, flexible workflow. The financial consolidation set-up process, and templating, documents the description and purpose of each account, acceptable variances and other essential audit details. This process also ensures that risk attributes are assigned to accounts on the basis of materiality and other factors, which can then be applied to the reconciliation process and frequency.

Balance Sheet Substantiation

A point-in-time snapshot of the account, its static data, balances and transactions is taken. Reconciliation is applied at either the balance or transaction level. TLM has been shown to scale up to the highest transaction processing demands of global firms. Companies can choose to have accounts auto-certified, based on criteria they apply.

Reconciliation Review

Balance sheet substantiation continues with distribution of reconciliation results, balances and underlying transactions, to reconcilers for validation. Exception management, casing, inboxes, alerting and escalation are pre-built as flows, and then configured for each company's specific process.

Account Certification, Balance Sheet Substantiation

Fiscal calendars are pre-loaded, kicking off notification, alerts and escalation when deadlines are imminent or passed. Companies choose the approval and sign-off hierarchy. Corporate Scorecards, analytics and KPIs are reported in real time, as snapshots and at end of process, with ability to export provided.

Delivering a more efficient close process, and a higher-value finance function

The processing improvements TLM provides deliver more than a reduction on cost, error and risk. An exception-based process is introduced, with defect elimination through continual improvement. Best practices take hold, driving operational consistency across the organisation.

Automation with TLM enables firms to support much higher transaction volumes, while also making the close cycle more efficient. The scalability inherent in TLM means companies can move to more frequent reconciliation at a more granular, transactions-based level, further reducing risk.

A single application also means the company can support and benefit from a single knowledge base. Workloads are balanced across a shared service facility that supports the entire organisation. Training costs are reduced and staff productivity increased.

The finance function itself is empowered. By automating routine reconciliation tasks, the finance team is not only more productive, but can turn its attention to activities that advance the organisations' strategic objectives – concentrating on more value-added tasks such as data interpretation, analysis and evaluation. TLM Balance Sheet Substantiation brings the future of the financial close to firms today.

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TLM Balance Sheet Substantiation: Key Features

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Account reconciliation at the balance and transaction level	■ Choice of either balance or full transaction reconciliation ■ Flexible match criteria to obtain the highest auto-match rates ■ Drill down from balances to see all transactions ■ Assign transactions for resolution via exception management
Balance sheet substantiation, account certification	■ Account ownership and auto-assignment ■ Workflow to manage account re-assignment ■ Risk categories assigned to accounts, with variable reconciliation frequency ■ Pre-loaded fiscal calendar maintains alert triggers and escalation for automated sign-off process
Integrated exception management	■ Unmatched items presented through dashboards that provide drill down to underlying transaction data ■ Exception workflow to identify, route, investigate and resolve unmatched items ■ Flexible use of inboxes for individuals and work teams to manage exceptions ■ Automated case creation and assignment of research tasks ■ Research requests via email, both inside and outside the organisation; document attachment to cases
Secure browser access	■ Simple and intuitive web browser user interface ■ No local installation required – anyone with a browser has secure access
Rich management dashboards and MIS reporting	■ Complete visibility in real time to the reconciliation and balance sheet substantiation process ■ Display data by balance sheet category, region, branch, subsidiary, profit center, operating company, account group, date or any other attribute ■ Reconciliation review status always visible through individual and aggregated account views ■ Metrics and KPIs. Measure period to period trends, performance and aging
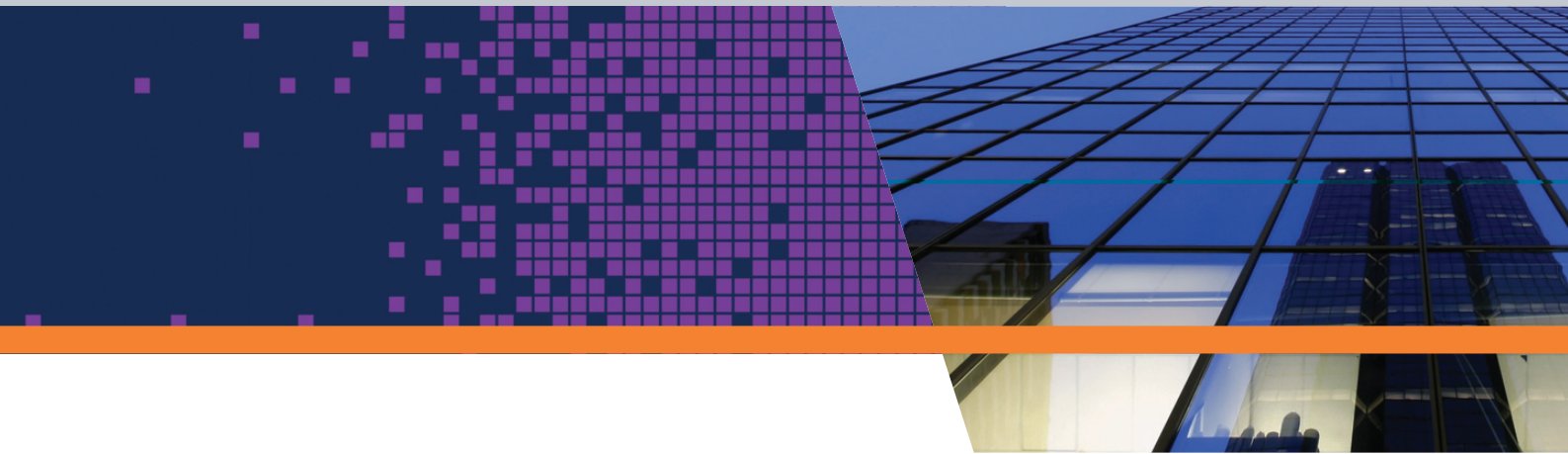
Corporate scorecard and sign-off	■ Variances on accounts automatically checked and alerted ■ Multi-level and complex sign-off hierarchies supported (reconciler, reviewer, approver)
Multi-currency	■ Balances and transactions displayed in local, corporate reporting, functional or any other currency
Journal entry automation	■ Send Journal entries to supervisors for approval ■ Journal entry updates to ERP or GL systems automatically applied
Easy data loading	■ Automated interfaces to all ERP, GL, sub-ledger and proprietary systems; import from flat files and Excel
Full audit trail and archive	■ Complete process log of all actions, whether automated or manual ■ Archive service with full offline database for historical retrieval or further analytics

About SmartStream

SmartStream provides Transaction Lifecycle Management (TLM®) solutions and Managed Services to dramatically transform the middle and back-office operations of financial institutions. Over 1,500 clients, including more than 70 of the World's top 100 banks, 8 of the top 10 asset managers, and 8 of the top 10 custodians rely on SmartStream's solutions.

SmartStream delivers greater efficiency, automation and control to critical post trade operations including: Reference Data Operations,

Trade Process Management, Confirmations and Reconciliation Management, Corporate Actions Processing, Fees and Invoice Management, Cash & Liquidity Management and Compliance Solutions. Used independently or as a suite of solutions and services, clients gain a lower cost-per-transaction whilst reducing operational risk, aiding compliance and improving customer service levels.

For more information about SmartStream visit:
www.smartstream-stp.com