

# WHY SPREADSHEETS ARE NOT THE ANSWER

## TO YOUR RECONCILIATION NEEDS

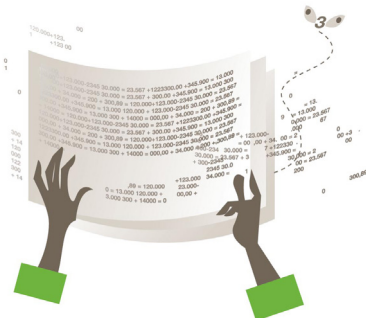
“A reconciliation package gives you the time to focus on the reconciliation job instead of spending most of your time creating, programming, testing and maintaining a spreadsheet solution.”

Transaction matching and reconciliation are boring and time consuming tasks. However, they have to be done regularly to comply with legislation, mitigate risk and to ensure the accuracy of financial reports. Within an accounting department several reconciliation processes are performed every day. Many believe that one way to escape the tedious task of manual reconciliation is to use a spreadsheet.

### THE BURDEN OF SPREADSHEETS

A spreadsheet is an advanced calculator which contains data in a cell structure and performs advanced and complex calculations. However, in order to be effective it needs to be programmed. Data needs to be loaded into the spreadsheet to represent a transaction. The data then needs to be converted and formatted so that the spreadsheet understands the types and values of the transaction. This needs to be done for every piece of data you want to reconcile.

With a straightforward bank reconciliation, this would normally mean two sets of data: one from your accounting system and one from your bank. If you have more than one bank or a complex reconciliation, the number of data sources grows. Transactions in some files can even be represented over multiple lines, complicating the interpretation and loading of data. The next step in the reconciliation process is to tick off the matching transactions. In order to gain some benefits from converting the data and loading the transactions into the spreadsheet, the matching process needs to be automated.



#### KEY DISADVANTAGES OF USING SPREADSHEETS FOR RECONCILIATION

- Needs complex programming
- Errors are easy to make but hard to find
- High total cost of ownership

## COMPLEX AND COSTLY PROGRAMMING

The spreadsheet has its limitations. There is no matching function available. It needs to be programmed and told what to look for and where. How many parameters should match? Can there be a value tolerance or variance? Are the references exact matches? This process gets extremely complicated. Writing the macros to make the spreadsheet perform all these matches without mistakes is very difficult and needs specialist knowledge and experience.

The exceptions left after the initial automatic matching process need to be investigated and manually ticked off. This manual checking is typically a copy and paste operation. This is where problems often arise. Copying and pasting in a spreadsheet with references to other cells and different formats of individual cells creates challenges. For example, a number turned into a text format is easy to overlook and difficult to spot. A rerun of the auto match macro can corrupt the file because of a changed and unexpected data type in a cell.

If you manage to write all the macros to convert, load and match the transactions correctly, the final step is to produce the reconciliation reports. This normally consists of one report with balances and open items, and one report with all the matched transactions. The first of these is relatively easy; you have to copy and paste all open items and the account balances into a new spreadsheet, verify that it is correct and print it out. However, the latter report is more difficult as this is when you document all the matching pairs. You would probably need some kind of transaction number or transaction ID to make the necessary cross-references between the transactions in a matching pair and then print them out. Again, this will require a fair amount of macro coding.

“Everyone who has worked with a spreadsheet knows that errors occur - they’re easy to make, but hard to find and correct.”

## MANY RISKS, FEW REWARDS

Everyone who has worked with a spreadsheet knows that errors occur. They are easy to make, but hard to find and correct. The more complex the spreadsheet, the more errors will occur. It is easy to click a wrong button or delete a cell that could break the integrity of the data. These errors are difficult to detect, and the result may be that you have to start all over again. Big and complicated spreadsheets with a lot of macro codes in between the data can also be very challenging to hand over to someone else.

Using a spreadsheet to automate a reconciliation process can initially seem to be a low-cost solution for your reconciliation needs. However, if you look at the significant setup and configuration costs, the support cost for the user, the lack of control and compliance and the business continuity risk, the total cost of ownership for such a solution is huge.

### KEY BENEFITS OF AUTOMATED RECONCILIATION

- Time-efficient and accurate
- Small investment cost
- Tailored for the job
- Reports
- Audits Trail

## BENEFITS OF AUTOMATED RECONCILIATION

Specialist reconciliation software packages take care of all the problems associated with spreadsheets and are available for a relatively small investment or monthly fee. A reconciliation package has all the tools you need to automate the reconciliation process. There are tools to make the data load smoothly and easily. Simple, flexible rules are available to configure the automatic matching the way you want it to match. The software has control functions to ensure data consistency and to avoid human errors. The work environment is optimised for transaction matching, making the exception management and manual ticking off of transactions user-friendly and efficient. When the matching process is complete reports are available with a click of a button.

### ADRA ACCOUNTS

1. Easy to implement, learn and use
2. Flexible and scalable solution that grows with your company
3. Advanced logic with correctly matched results
4. High performance – quickly process large quantities of data

## FULLY AUTOMATED RECONCILIATION WITH ADRA ACCOUNTS

The Adra ACCOUNTS reconciliation system makes it possible to automate, standardise and visualise the processing of transactions and to create accounts data for monthly accounts. By eliminating the manual handling of transactions and reporting accounts – one of your accounts department's most time-consuming tasks – Adra ACCOUNTS allows you to save time, reduce costs and work more efficiently.

Read more about Adra ACCOUNTS at:

<http://www.adra.com/products/accounts-transaction-matching-software/>



### ABOUT ADRA

Adra develops and markets software for the Financial Close Process. With over 25 years' experience of providing software for the automation of the Month End Close Process, Adra is a market leader with 3000 customers.

Our software for the Financial Close helps accounting and finance teams to work smarter and quicker, with better control and accuracy. The solutions streamline and standardise accounts departments and give them an overview of the company's balancing process at all times.

Adra has an origin in Scandinavia just like many other financial software companies like Axapta, Navision, IBS, IFS, Jeeves and Visma and today we serve customers in more than 30 countries around the world. Among our customers are Hertz, GE Capital, KPMG, Toyota, IKEA and BMW.

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