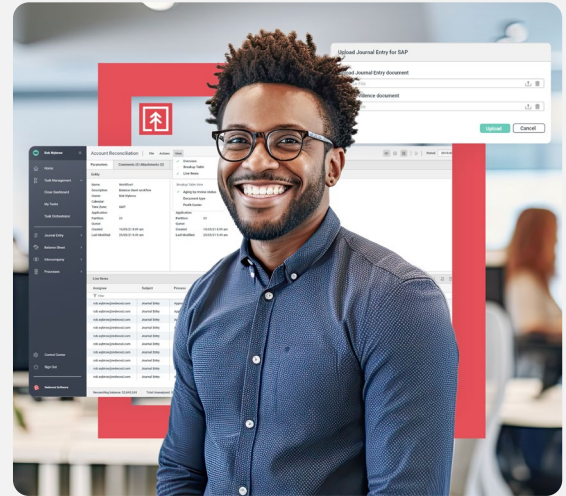**Redwood**

Record to Report Automation

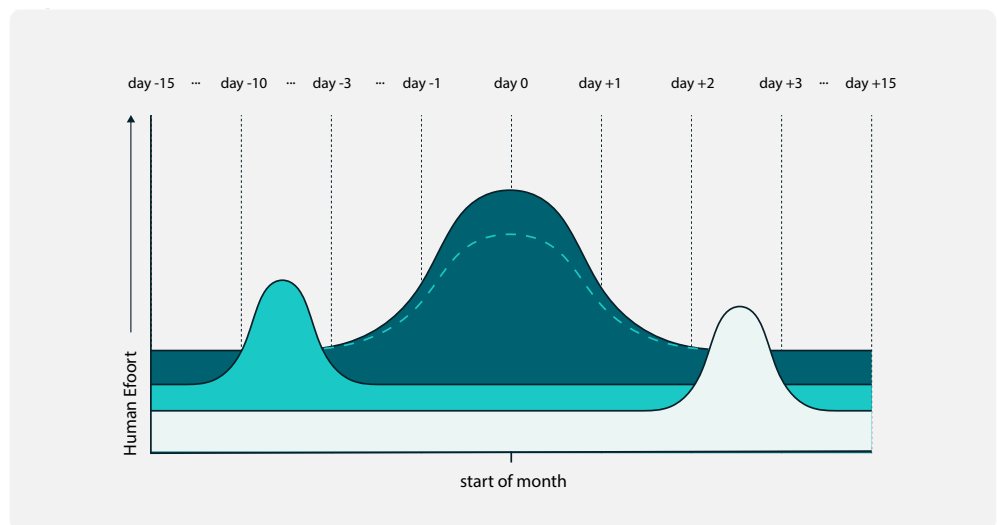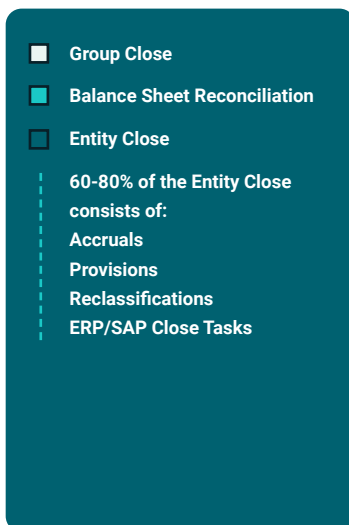## Comprehensive solutions for financial close excellence

Over the past two decades, businesses have made remarkable strides in streamlining their group functions, particularly in the realms of group consolidation and disclosure management. Despite these advancements, there remains the challenge around the entity/company's financial close, a process that remains both repetitive and intricate.

Stretching across diverse geographies and departments, it demands layers of approvals and meticulous controls. Picture this: a single financial close may involve as many as six to seven hundred processes, each embedded with countless sub-processes now multiply this by the number of companies/entities. Despite the adoption of financial tools and process automation solutions, manual labor remains prevalent in executing these complex monthly tasks, leaving fundamental issues unresolved.
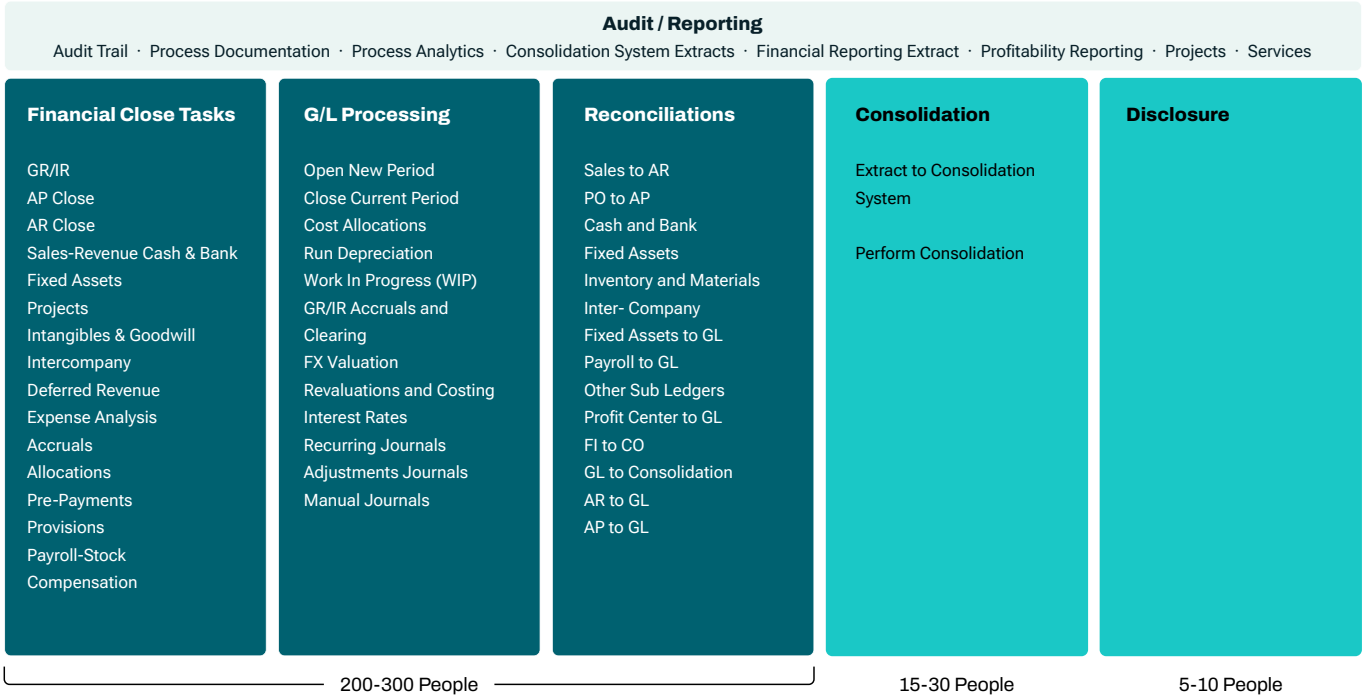
Usual period-end workload

The largest proportion of manual effort during the period-end close is within the entity/ERP close. Record to report automation by Redwood helps organizations reduce this substantially and provides better controls and visibility.

- Group Close
- Balance Sheet Reconciliation
- Entity Close

60-80% of the Entity Close consists of:
Accruals
Provisions
Reclassifications
ERP/SAP Close Tasks

Record to report (R2R) process

The R2R process in a multi-billion-dollar corporation is intricate, requiring a coordinated effort across various stages. It involves activities like managing general ledger transactions, ensuring accurate reconciliations and producing reliable financial disclosures.

This diagram illustrates the typical allocation of resources to these critical tasks, reflecting the substantial investment in personnel and expertise needed to maintain the integrity of financial reporting.

Audit / Reporting
Audit Trail · Process Documentation · Process Analytics · Consolidation System Extracts · Financial Reporting Extract · Profitability Reporting · Projects · Services

Financial Close Tasks	G/L Processing	Reconciliations	Consolidation	Disclosure
GR/IR	Open New Period	Sales to AR	Extract to Consolidation System	
AP Close	Close Current Period	PO to AP		
AR Close	Cost Allocations	Cash and Bank	Perform Consolidation	
Sales-Revenue Cash & Bank	Run Depreciation	Fixed Assets		
Fixed Assets	Work In Progress (WIP)	Inventory and Materials		
Projects	GR/IR Accruals and Clearing	Inter- Company		
Intangibles & Goodwill	FX Valuation	Fixed Assets to GL		
Intercompany	Revaluations and Costing	Payroll to GL		
Deferred Revenue	Interest Rates	Other Sub Ledgers		
Expense Analysis	Recurring Journals	Profit Center to GL		
Accruals	Adjustments Journals	FI to CO		
Allocations	Manual Journals	GL to Consolidation		
Pre-Payments		AR to GL		
Provisions		AP to GL		
Payroll-Stock Compensation				

200-300 People   15-30 People   5-10 People

Elevate your R2R process

Record to report automation from Redwood enhances the R2R cycle, not just by coordinating tasks but by actively managing and executing a breadth of processes across your enterprise. It ensures the timely delivery of accurate financial information, propelling your finance team beyond routine tasks to strategic, value-adding activities.

Close checklist

Revolutionize your closing process with a configurable, cloud-first control center, orchestrating all finance and accounting activities through a structured task list. Our platform empowers process owners with role-specific workflows and real-time insights, enabling them to manage a wide array of tasks—from month-end close checklists to complex transactions—under one unified dashboard.
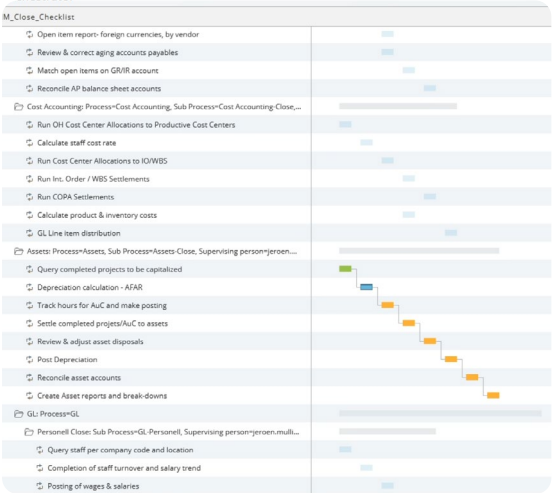
The solution not only automates routine tasks but also proactively monitors for discrepancies, alerting the relevant teams to address any issues promptly. It maintains a vigilant watch over task dependencies, ensuring seamless progress and communication across business units.

For comprehensive oversight, the dashboard offers process owners a transparent view of each task's journey from initiation to completion, complemented by key performance indicators and a robust audit trail for ultimate governance and control. The solution automatically detects any failures and errors and routes them to the correct business unit to be resolved.

Provisions and accruals

Consider the example below of a typical accrual and provision process that normally involves accessing different applications and departments for relevant information. Many resources are needed to reconcile and re-format the data. More resources will be required to search for anything that may be missing. In addition to this, you'll also need to get approvals.

Once you have the necessary approvals, the journals must be prepared and sent to the business unit responsible for posting them to your ERP.

Ready to use pre-automated financial tasks can also replicate and perform retained organization tasks, including:

01. HR leave accrual
02. Obsolete stock propvisions
03. Payroll stock compensation
04. Doubtful debt provisions
05. Pre-payment accrual
06. Inter-company accruals

An example of HR leave accrual automation includes:

- Extracting salary information from payroll.
- Reconciling with HR information to calculate holiday entitlement and required accrual.
- Summarizing data to protect privacy.
- Creating a provision journal.
- Mailing shared service/finance personnel for approval and post journal.
- Collecting posting evidence
- Updating the close task list and creating the necessary audit trail in an easy-to-investigate format

Journal entry management

Take the pain out of managing journal entries and obtain components that eliminate repetitive tasks and risk from manual effort. Automate:

- Building easy-to-use journal templates
- Picking up templates, validating metadata directly with the underlying ERP and returning errors directly to the owner for correction
- Sending posting evidence to the owners automatically
- Setting rules to reject an entire journal or a single incorrect line item
- Keeping track of all necessary KPIs in real-time with the process owner's graphical dashboard
- Calculating and creating journals with provisions and accrual components that feed journal entry management components
- Splitting incoming journals and keeping track of the split items when the underlying ERP may have limits on the number of lines it can accept

Intercompany reconciliation

Intercompany processes are complex and fraught with risk from manual error, but with intercompany reconciliation from Redwood, you can automate tasks right out of the box, auto-reconcile counter party line items at the transaction level and clear the matched items in the underlying application.

- Route unreconciled items to the person responsible for clearing.
- Automatically create accruals for the unreconciled items.
- Automatically create the opposite AP or AR transactions with required approvals, thresholds, or specific rules.

…with Redwood, you can automate tasks right out of the box

Intercompany agreement and posting - the solution allows you to create intercompany agreements so that you can automatically:

- Identify intercompany-related orders and invoices, pick up POs or invoices from one company and create sales orders or invoices directly into the counterparty's books or as a parked item.
- Clear these transactions within the underlying application.
- Transfer the remaining differences, such as 'goods in transit' or 'cash in transit' onto group consolidation with commentary where required.

Account reconciliation and certification

Streamline account reconciliation by sourcing data directly from ERP systems like SAP and other repositories to populate reconciliation templates—eliminating manual data entry. These templates are equipped to define risk levels, group accounts for reconciliation and establish user roles with appropriate security measures.

In conventional reconciliation processes, preparers bear the brunt of the workload. The system significantly lightens this load by automating preparation tasks and rapidly advancing them to subsequent stages. Utilizing automated rules and intelligent templates, most reconciliations are auto-certified, with completed tasks seamlessly transitioning to approvers, accompanied by a comprehensive audit trail.

Our automation delivers efficiency, presenting the necessary account details directly within the templates, bypassing the need to extract and compile evidence manually. Reconciliation is conducted within the native applications, displaying only essential line items for review. By drastically reducing manual input, you save up to 60% of preparers' time, allowing reviewers and approvers to concentrate on exceptions and other high-priority items, thereby transforming the reconciliation and certification landscape.

These templates can be refreshed in near real-time without the need for full extraction. **Reconciliation templates also:**

- Define account risk levels.
- Define account groups to be reconciled.
- Create preparer, reviewer and approver profiles with appropriate security.
- Perform all the preparation work automatically without the need for
- manual effort
- Generate rules and templates.
- Auto-certify based on the above rules.
- Resolve exceptions such as: delegating action items, preparing corrective journals and support and comments.

Sign up for a demo

www.redwood.com/finance-automation/demo

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