Lights Out Finance –
GR/IR Clearing

Function: Finance
Processes: GR/IR
Industry: Cross-industry; Consumer & Industrial Products; Energy & Resources; Healthcare & Life Science; Public Sector; Technology, Media & Telecommunications

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Business Driver
Finance teams can be under tremendous pressure to clear GR/IR at month or quarter end to ensure correct representation of liability. This may mean potentially time consuming analysis governed by a manual clearing process. If goods receipts are not consumed by invoices, liabilities are overstated resulting in incorrect cash position.

This process of backing out and re-posting / manually clearing can be time-consuming. A mechanism to automate the clearing process would be able to reduce the time to close at period end and enable a faster close.

Solution Overview
✓ Provide real time insights to GR/IR variances caused due to vendor behavior patterns, 3-way matching discrepancies
✓ Suggest next steps based on materiality of variances, criticality of Vendor, PO value, material and other criteria
✓ Automatically write-off or write-up based on historical age thresholds and vendor invoicing patterns

Features
✓ Understand the subtle delivery and invoicing behaviors of vendors, and the triggers for matching discrepancies
✓ Provide instant feedback to vendors on short deliveries, inflated invoices and other discrepancies
✓ Automated resolution to discrepancies based on past user behaviors
✓ Automated debit memo creation when an invoice is booked outside of tolerance
✓ Communicate GR/IR discrepancies to purchasing teams immediately after occurrence.
✓ Collect insights based on patterns – types of differences, locations, vendors, materials etc.

Potential Benefits
Accounts Payable Organization:
✓ Faster and easier prioritization of high value variances with high impact to margin or inventory
✓ Minimize the time required for analyzing open GR/IR items, writing off or writing up high volume PO line variances
✓ Improve housekeeping of clearing account and minimizes potential fraud
✓ Increase visibility to repeat offenders, short receipts, inflated invoice price
✓ Faster close cycles

Real-time GRIR Aging
✓ Improve cash flow
✓ More current accrued liabilities

• Automate discrepancies resolution based on past vendor behavior
• Accounts payable and procurement
• Predictive analytics
• High value variance analysis
• Vendor behavior analysis
• Reduced Close time