

American Express Card Program				
Current Statement				
Mar 1 — Mar 30, 2023	Statement Balance	Matched	Unmatched	
	\$58,823.31	\$58,055.45	\$767.86	
	234 TRANSACTIONS	228 TRANSACTIONS	6 TRANSACTIONS	
Past Statement				
Jan 29 — Feb 28, 2023	Statement Balance	Reconciled	Accrued	Matched
	\$75,176.50	\$75,055.00	\$71.50	\$50.00
	292 TRANSACTIONS	289 TRANSACTIONS	2 TRANSACTIONS	1 TRANSACTIONS

Introduction

This paper provides an overview of the accounting PivotEQ creates and how it integrates this accounting with ERP applications.

It uses the **PivotEQ Card Program Dashboard** shown in the illustration above to demonstrate the accounting.

Accounting

PivotEQ creates accounting for the lifecycle of transactions that appear on monthly statements that were not submitted on an expense report before the accounting deadline. The accounting it makes depends on whether transactions are on the **Current Statement** or a **Past Statement**.

Current Statement

The Current Statement is the “Control Statement” issued by the card issuer. Organization must pay the Statement Balance at the Statement Due Date. Typically, organizations wire the card issuer the Statement Balance on the Statement Due Date.

Accounting Deadline

This creates an accounting deadline for cardholders to submit their card transactions on expense reports and Concur Expense extract these expense reports so that their accounting flows into their ERP application. The reason for this deadline is there needs to be accounting entries that offset the wire

payment. Transactions not extracted will not be included in the accounting that flows into the ERP application.

Discovering Missing Transactions

PivotEQ checks in near real-time for newly extracted expense reports and matches expense entries with their associated transactions on a monthly statement. It keeps track of transactions in the monthly statement that are not matched to extracted expense entries.

Using the Card Administration function in PivotEQ, at the accounting deadline administrators initiate the accounting for the unmatched transactions (*NOTE: there is an option to automatically initiate the accounting*). In the Dashboard the amount of **Unmatched Transactions is \$767.86**.

Accrual Entry

When administrators initiate the accounting PivotEQ creates an accrual entry. An accrual is an accounting placeholder. In this case the accrual allows accountants to reconcile the payment their organization paid to the card issuer. The accrual is a journal entry that accounts for unmatched transactions. When combined with the accounting found in the Concur Expense extract with this accrual, organizations will have the complete accounting for the payment.

T Accounts

Here are the T Accounts for the accrual for the **Unmatched Transactions in the Current Statement**. From the Dashboard we can see there are six (6) transactions for a total of \$767.86.

Unreconciled Card Transactions	Expense Account
767.86	323.1
	276.52
	59.64
	49.18
	40.94
	18.48
	767.86

1. **Unreconciled Card Transaction** is the T Account that includes a credit for the total amount of unmatched transactions. It is the natural account the customer specifies for the clearing account used for holding unreconciled card transactions.
2. **Expense Account** is the T Account that includes a debit for each of the six unmatched transactions. The “Expense Account” is the natural account that PivotEQ **Intelligent Accounting** calculates (see Intelligent Accounting below).

Past Statement

A Past Statement is a statement that PivotEQ created an accrual entry when it was the Current Statement and has transactions that have not been reconciled.

Looking at the Card Program Dashboard for a Past Statement, there are these statuses.

- **Reconciled** transactions are those that have their final accounting from a Concur Expense extract. This is the terminal state for these transactions and PivotEQ considers these as closed.
- **Accrued** transactions are those that PivotEQ created an accrual entry and have yet to be in a Concur Expense extract. A statement will remain open until this balance is \$0.00.
- **Matched** transactions are previously accrued transactions that PivotEQ matched to a newly extracted expense report. After PivotEQ creates the accounting, matched transactions become Reconciled.

Accounting Timing

The instant PivotEQ discovers a matched, accrued transaction is the instant there is a duplicate accounting for this transaction in the ERP.

- One for the accrual PivotEQ created for the Current Statement.
- One for the accounting from the Concur Expense extract flow.

This means PivotEQ needs to create an accounting transaction to remove the duplicate.

Correcting Entry

When administrators initiate accounting, PivotEQ creates a correcting entry. The correcting entry is a journal entry that offsets the accrual PivotEQ created.

T Accounts

Here are the T Accounts for the correcting for the **Matched Transactions** in the Past Statement illustrated above. From the Dashboard we can see there is one (1) transaction for \$50.

Expense Account	Unreconciled Card Transactions
50	50

1. **Expense Account** is the T Account that includes a credit for each matched transaction. This uses the same natural account in the accrual entry so that this correcting entry offsets the accrual thus removing the duplicate accounting for this transaction.
2. **Unreconciled Card Transaction** is the T Account that includes a debit for the total amount of matched transactions. This debit reduces the clearing account balance.

Intelligent Accounting

PivotEQ uses its Intelligent Accounting functionality to predict extremely accurate accounting for unmatched transactions.

Typically, for unmatched transaction accountants make a simple accounting entry where they use,

- a default natural account such as “Uncategorized Expense”, and
- a default cost accounting account such as “Undetermined Department”.

While better than no accounting, such entries do not provide stakeholders much insight into how money was spent. This is why accountants loathe this type of accounting.

Intelligent Accounting uses machine learning and other technology to arrive at very precise accounting. Over time as the machine learning gathers more data its accuracy improves. For most customers it will predict the correct accounting for over 90% of unmatched transactions.

When you juxtapose Intelligent Accounting with simple accounting entries there is no doubt Intelligent Accounting delivers vastly superior accounting.

Integration

PivotEQ integrates the accounting entries it makes into customers’ ERP applications.

There are two ways it does this.

Direct Connects

With this way PivotEQ has a direct connection to the ERP application's data so that it can automatically create journal entries. The ERP provides feedback to PivotEQ whether PivotEQ successfully created a journal entry, and if not, what about the journal entry prevented the ERP from creating it. Armed with this PivotEQ can take remedial action.

Here are the available Direct Connects.

- QuickBooks Online
- QuickBooks Desktop
- Microsoft Dynamics 365 Business Central
- Microsoft Dynamics 365 Finance & Operations

File Based

With this way PivotEQ uses file-based integration, where it creates files with journal entries records and the customers' ERP applications import these files and create journal entries. These files use a record layout customers specify based on the requirements their ERP import function requires for importing journal entries.

Virtually all ERP applications have a transaction import function that can import journal entries. Most applications have a job scheduling function that allows the import process to be fully automatic. The result is functionality like Direct Connects.

Pivot Payables has integrated with nearly one-hundred ERP applications. PivotEQ customers with one of these applications will leverage these integrations making the integration process quick and easy to get live.

Pivot Payables is aware of over two-hundred ERP applications that can import accounting transactions. PivotEQ customers with one of these applications will be able to use file-based integration.

For applications Pivot Payables has yet to encounter the process is the same. Customers confirm their ERP application can import journal entries and, if so, provide the Pivot Payables Service Delivery Team the record layout for the Journal Entry Import.

The result is PivotEQ can integrate with hundreds, if not thousands, of ERP applications.