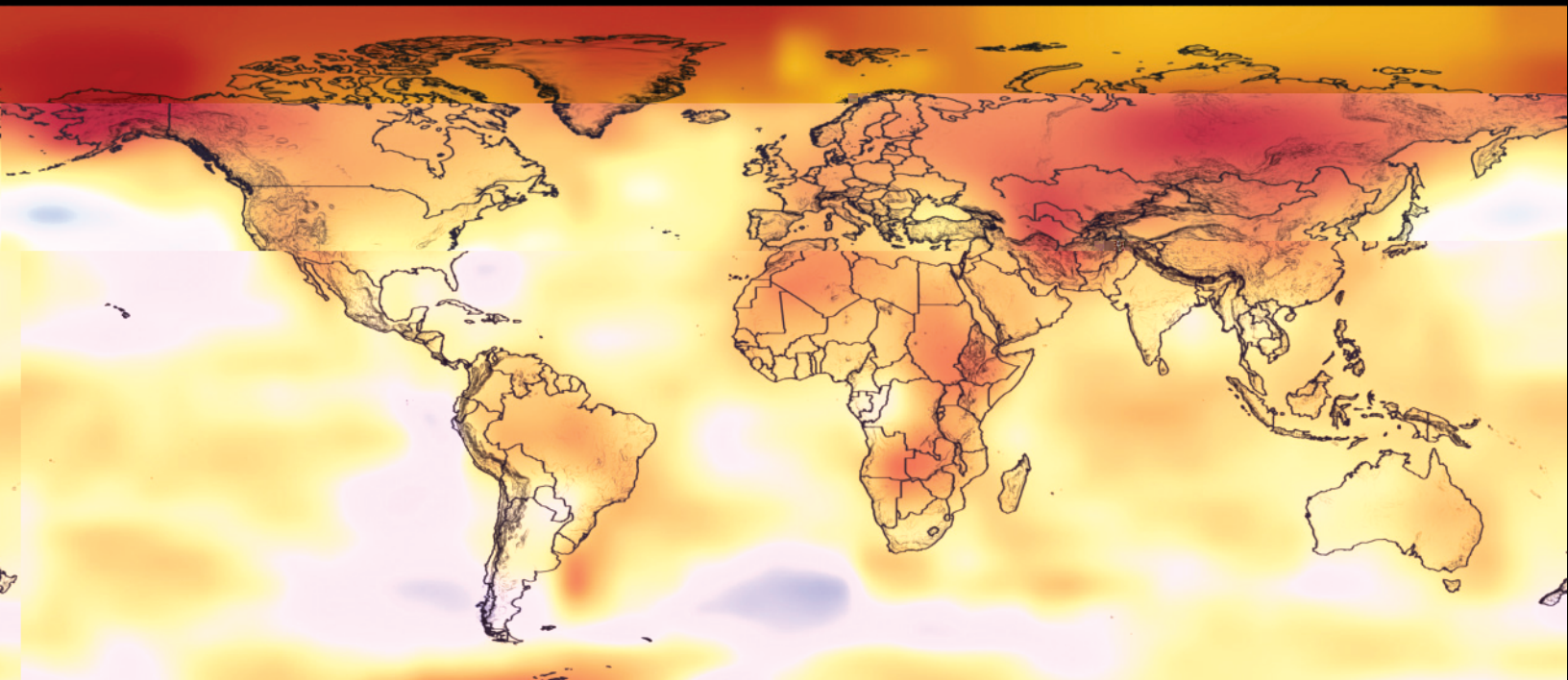


UPSTREAM TECHNOLOGY

A Focus on the Full Spectrum of IT Solutions for Oil & Gas



Enterprise Replaces Manual, Spreadsheet Processes

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Robert Maddox
Enterprise Products Partners

Houston-based Enterprise Products Partners is a North American provider of midstream energy services to producers of natural gas, Natural Gas Liquids (NGLs) and crude oil. It is among the largest publicly traded energy partnerships in the world, with an enterprise value of nearly \$18 billion. Enterprise is highly sophisticated, and their successes and challenges are magnified by the volume of business managed; 140 companies make up Enterprise Products, with three public companies being a part of the group: Enterprise Products Partners LP (EPP), Enterprise GP Holdings LP, and Duncan Energy Partners.

Challenges

Prior to implementing the account reconciliation solution they use today, EPP relied heavily on extensive spreadsheets, which had to be printed, circulated, evaluated and signed by hand. “We wasted a lot of paper and time. Our internal and external auditors hated it. They had to acquire physical copies of all the reconciliations, and make sure they were accurate and signed. It took so much time, not to mention the compliance issues it created,” said Robert Maddox, lead accountant, Enterprise Products Partners.

EPP required a solution that provided a high level of visibility in account reconciliation, the ability to share account reconciliation responsibly among more people, and a desirable ease-of-use for internal and external accountants. As the company continues to grow organically and through acquisitions, staying current with the constantly expanding requirements kept EPP constantly on the lookout for ways to increase efficiency.

Objectives

EPP had three key goals when they implemented AssureNET GL from Trintech. They wanted to make it easier for auditors to access account reconciliations (to be able to see what’s really going on, in less time) while trimming

billable hours in the process. And they wanted to be able to share account reconciliation responsibilities among more people. When looking at applications, EPP wanted to save money by replacing their manual processes with an electronic system that provided ease-of-use and visibility to 145 users who reconcile 5,000 accounts monthly.

The company ran a cost-benefit analysis and selected a solution that provided the visibility, features and tools needed at a reasonable cost. From a compliance perspective, they needed an application that would enable their accountants and internal audit group to log into the system remotely and pull out key risk accounts or those they flagged to monitor. This same solution enables external audit groups to electronically sort and review accounts to ensure Sarbanes-Oxley (SOX) requirements are met.

A truly self-documenting solution, AssureNET GL streamlines business workflow while enforcing an internal control structure. AssureNET GL offers complete segregation of duties and tracks all system activity as users perform daily responsibilities, and it facilitates the creation of documents and reports needed to comply with SOX auditing requirements.

Account Reconciliation Processes

AssureNET GL is a control automation software solution for general ledger account reconciliations. It covers four principal functions – tracking, preparation, review and assessment – for all types of account reconciliations, including balance sheet, P&L, system consolidation and operational reconciliations.

Tracking – As a result of SOX and similar international compliance legislation, companies are required to prove the effectiveness of their internal control structure. Specifically concerning account reconciliations, companies are required to track completion and review of reconciliations in order to ensure performance according to company policy. Many companies may have implemented some sort of tracking process for balance sheet account reconciliations in order to comply with SOX; however,

the process is generally manual and quite inefficient. AssureNET GL completely automates the tracking of account reconciliations, including the generation of reminder e-mails and late notices. Status reports clearly identify compliance breaches.

Preparation – Excel has been the tool of choice of accounting professionals for the preparation of account reconciliations. While Excel provides a great deal of flexibility, the tool does not provide a satisfactory level of standardization and control. AssureNET GL introduces a completely new methodology for preparing account reconciliations called “template-based reconciliation,” while supporting both importing from and exporting to Excel spreadsheets. With template-based reconciliations, you determine what constitutes an appropriate style of reconciliation for each class of accounts. By configuring templates to your requirements, you’ll be able to shift away from over-reliance on the review process, and instead utilize technological preventive controls over format and content of reconciliations. This ensures that reconciliations meet minimum standards for format and content before they are eligible to be released for review.

For multi-national companies, AssureNET GL is a true multi-currency reconciliation solution. Each account can be reconciled into multiple currency “buckets,” with unlimited currencies per bucket. This capability is one of the leading reasons why AssureNET GL is the tool of choice for large multinationals that require reconciliation of many non-USD accounts. And for high-volume, transaction-intensive accounts, AssureNET GL integrates with ReconNET to provide an end-to-end account reconciliation solution.

Review – AssureNET GL provides paperless review capabilities, enabling reviewers to access the complete reconciliation package from within the application for purposes of conducting the review. Review is evidenced with an electronic signature and provides sub-certification capabilities in support of SOX Section 302.

Assessment – Post-review quality assurance assessment is a hallmark of a highly effective account reconciliation program. AssureNET GL provides an entire module

Capabilities Provided

- High level of visibility in account reconciliation;
- Ease-of-use for internal accountants/auditors and external auditors;
- Accountants and internal auditors can log into the system remotely and pull out key risk accounts or those they flagged to monitor;
- External audit groups can electronically sort and review accounts to ensure SOX requirements are met;
- Staff can focus on projects requiring a higher level of skill and analysis.

dedicated to the provision of quality assurance reviews. Restricted access can also be granted to auditors to facilitate the performance of audit testing.

Additional Functionality

There is significant value in performing trending / variance / balance flux analysis in conjunction with your account reconciliation process, rather than waiting until the end of the year. AssureNET GL facilitates this process by providing features that help detect causal factors of period-to-period variances, as well as tools for capturing variance explanations. Variance/fluctuation analysis can be carried out at an individual account level, as well as at the summary balance sheet roll-up level. Variance explanations prepared for an individual account are visible to the person preparing summary level analysis and can be included in the analysis. Analysis can be prepared across several flux buckets. Reconciliation and variance analysis templates can be configured to include robust business rules that determine when the analysis is mandatory, based on the amount of the variance or by the percentage of fluctuation.

Beyond account reconciliations, there are a host of tasks and activities that must be performed to ensure a successful closing process. AssureNET GL tracks all of these activities, ensuring timely completion and review, as well as the capture of all key supporting documentation and evidence. Status reporting provides management with the visibility they need to ensure adherence to policy.

Change Management

The process of changing from a spreadsheet-driven manual process to a digitized, electronic method has required considerable education and motivation, as in all implementations of new technology.

“The biggest challenge has been training people to think in a new way, to avoid unnecessary printing or building hundreds of spreadsheet files. Change is always challenging in an organization this size, but we’ve had great tech support to get us through,” Maddox said.

Results

AssureNET GL has simplified the management of the account reconciliation process at EPP. It has reduced the amount of time necessary for the internal auditing staff’s testing of account reconciliations, and human resources are now more effectively allocated. Senior management now has further assurance that all accounts are reconciled and the financial statements are an accurate representation of the company’s financial position and results.

“With this solution, we easily save 20 to 30 reams of paper a month,” Maddox noted. But having a streamlined, online process that’s well documented – that’s priceless.

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