

# Accounting Organization

September 2019

FOR CONSIDERATION BY:

**CONFIDENTIAL CLIENT**

PREPARED BY:

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VIP SOLUTIONS GROUP

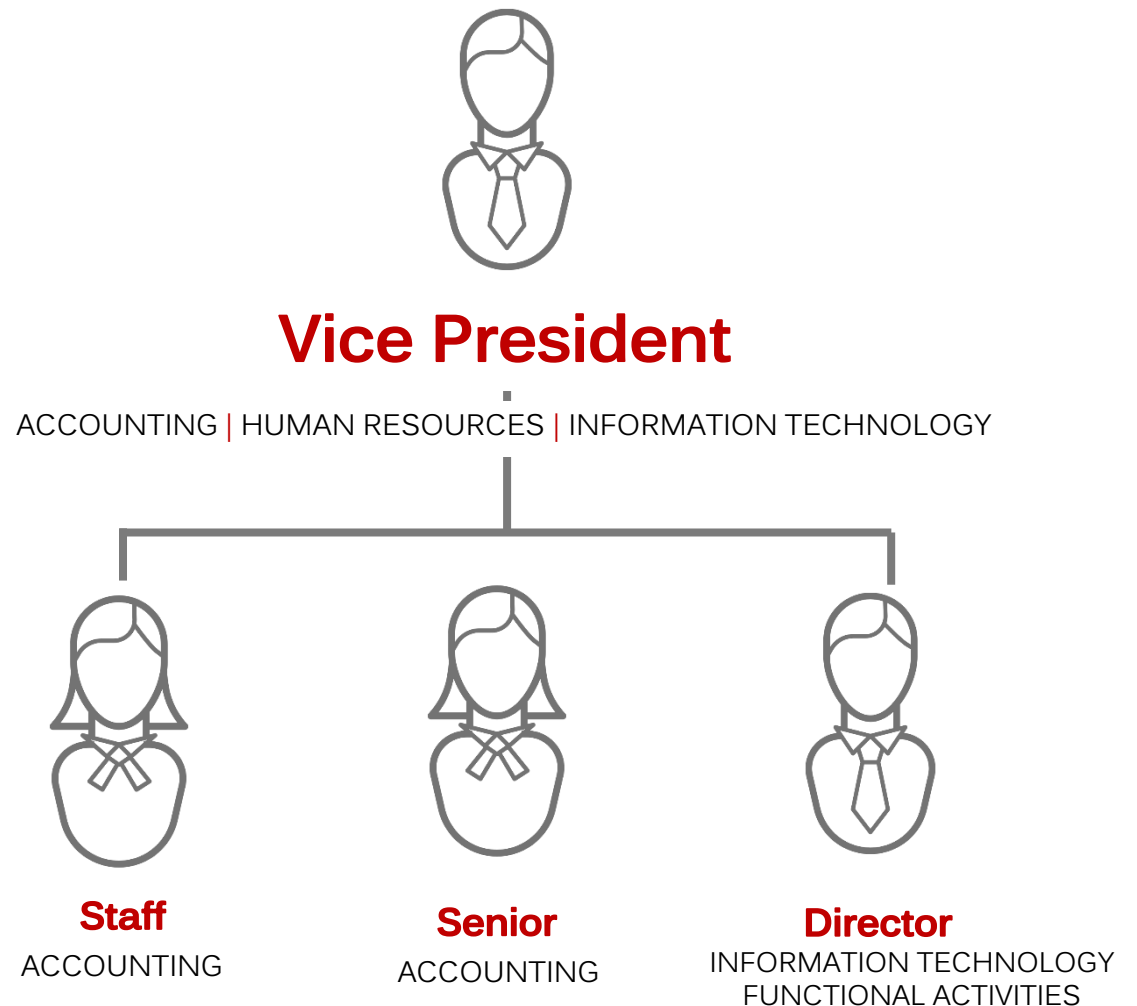
**VIP**



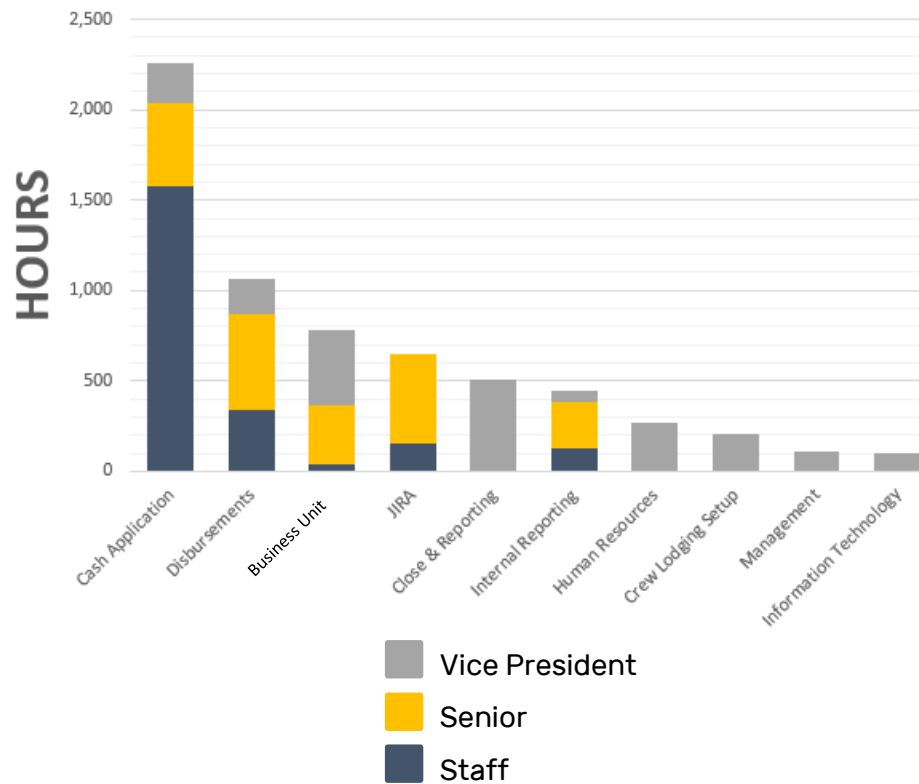
## KEY ACCOUNTING FUNCTIONS:

### Functional Objectives

- Control systems & processes of recording all the financial transactions and business records
- Control uses of cash align to approved activities
- Maintain a system of record to archive financial results
- Report financial results of the company in an accurate & timely manner
- Support other functions of the companies with deliverables and resolutions regarding financial inquiries



## CAPACITY CONCENTRATIONS:



## Findings

- Cash application of ACH, Check and Merchant commission receipts consumes 1 full time employee (FTE).
- Concentrations of this activity to 1 employee will yield efficiency
- Majority of capacity consumed is exception management.
- Internal reporting facilitates executive mgmt. and functional requests
- HR/IT responsibilities consume 15% FTE's capacity
- Business Unit Separation should provide 40% FTE's capacity
- Disbursements consume an in-ordinately low order of capacity due to limited procurement and labor costs.
- Reporting & analysis activities consumes an in-ordinately low order of capacity

## VICE PRESIDENT ROLE:

COMPANY BACKGROUND		
<b>Company Name:</b> Confidential	<b>Division:</b> Corporate	<b>Department:</b> Accounting / HR / IT
<b>Job Title:</b> Vice President of Support Services	<b>Reporting to:</b> President	<b>Subordinates:</b> 3
BACKGROUND REQUIREMENT		
<b>Years of Experience:</b> 27 years	<b>Education:</b> College degree	<b>Industry Experience:</b> Hospitality / Travel
<b>Software:</b> ARC, TRAMS, GRASP	<b>Minimum Skills / Mandatory Skills / Experience Needed for Hire:</b> <ul style="list-style-type: none"> <li>• Financial reporting experience</li> <li>• Close process management</li> <li>• Cash management</li> </ul>	

## VICE PRESIDENT ROADMAP:

### JOB DESCRIPTION

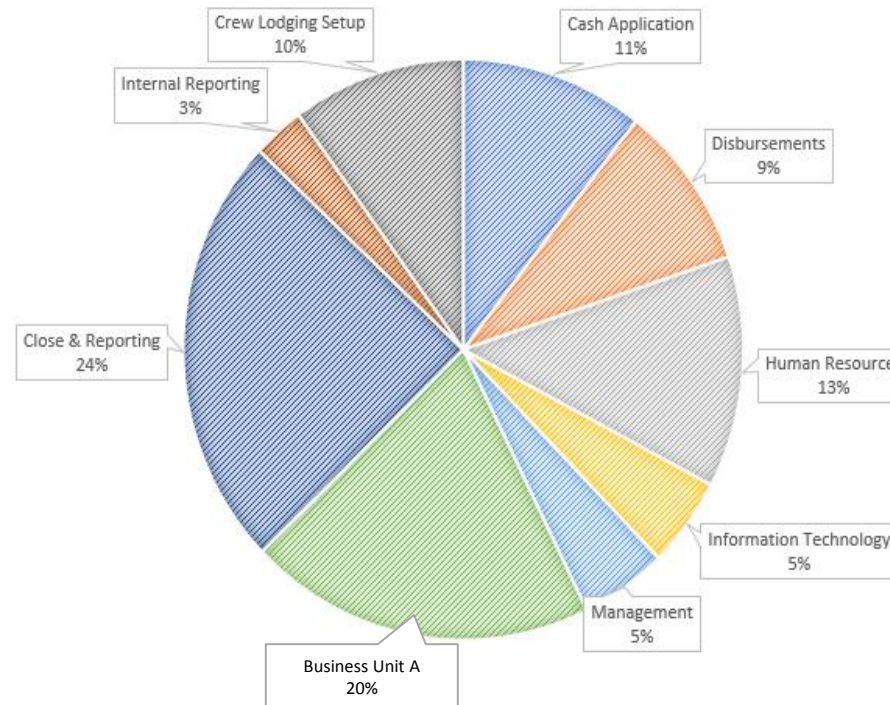
**Job Description:**

- Responsible for accounting records.
- Evaluate and manage risk.
- Ensure compliance with regulations.
- Publish financial statements.
- Oversee accounting operations.
- Analyze financial data.
- Monitor expenditure.
- Ensure accuracy of financial information.

**Brief Description of Role's Goals & Objectives:**

- Prepare financial reports.
- Maintain accounting records.
- Streamline accounting functions and operations.
- Develop plans to manage financial control.
- Evaluate and manage risk.

## VICE PRESIDENT CAPACITY ANALYSIS:



### Findings

- 20% capacity is consumed in low risk duties associated with cash application and disbursements
- 30% capacity is consumed in non-recurring projects
- 18% capacity is consumed in HR and IT duties

### Recommendation

- Optimize oversight of tactical duties (cash application and disbursements) to minimize capacity consumption
- Utilize capacities of business unit to enhance financial reporting and analysis objectives
- Utilize capacities to create contract compliance function

**TASKING:**

<b>TASK CATEGORY</b>	<b>TASK SUBCATEGORY</b>	<b>TASK DESCRIPTION</b>	<b>ANNUAL HOURS CONSUMED</b>	<b>RISK LEVEL</b>	<b>COMPLEXITY</b>	<b>FREQUENCY</b>	
Cash Application	Collections	Advising exceptions	220	Low	Low	Daily	
Close & Reporting	Cash Reconciliation	Reconcile all bank accounts, make appropriate entries for bank fees	192	Mid	Low	Monthly	
	External Communications	Tie out and validation	36	Mid	Mid	Ad Hoc	
	Close		Ensure all transactions from prior month in system according to transaction date	32	Mid	Mid	Monthly
			Ensure payables entered and expense items entered in TRAMS accordingly	32	Mid	Mid	Monthly
			Review expense posting to appropriate GL account and distributed to the appropriate branch/business unit	32	Mid	Mid	Monthly
			Ensure all receipts entered in TRAMS according to the date of the bank entry	32	Mid	Mid	Monthly
			Match receipt and deposit date and appropriate bank account	32	Mid	Mid	Monthly
			Run reports/GL/account history for the month in TRAMS. Review transactions posted to inactive branches only	32	Mid	Mid	Monthly
			Close exception review	12	Mid	Mid	Monthly
	Analysis & Presenting		Variance analysis	36	Mid	Mid	Monthly
			Reporting preparation	36	Mid	Mid	Monthly
Disbursements	Cash Management	Planning disbursements	52	Mid	Low	Weekly	
		Expense management to goals	104	Mid	Low	Weekly	
	Payroll	Mid-month independent contractor payroll	36	Mid	Mid	Monthly	

**TASKING:**

<b>TASK CATEGORY</b>	<b>TASK SUBCATEGORY</b>	<b>TASK DESCRIPTION</b>	<b>ANNUAL HOURS CONSUMED</b>	<b>RISK LEVEL</b>	<b>COMPLEXITY</b>	<b>FREQUENCY</b>
Human Resources	Administration	401k Administration	12	Low	Low	Monthly
		On-Boarding including insurance administration	108	Low	Mid	Monthly
		Turnover including insurance administration	36	Mid	Mid	Monthly
		Benefit Plan Rollover	112	Low	Low	Monthly
Information Technology	Administration	Information Technology coordination management	104	Low	Low	Weekly
Internal Reporting	TAMS Performance	Benchmark reporting	32	Mid	Mid	Quarterly
	GRASP Reporting	Client billing reporting	12	Mid	Mid	Monthly
	Reviews	Tie out of account balances	18	Mid	Mid	Monthly
Management	Staff Meetings	HR/IT/Accounting Staff Meetings	52	Low	Low	Weekly
	Executive Meetings	Executive staff meetings	52	Low	Low	Weekly
Crew Lodging Setup	Project Initiatives	Crew lodging and account/transaction roadmapping	208	Mid	Mid	Weekly
Business Unit	Strategy	Business Unit separation	416	Mid	Mid	Ad Hoc



## SENIOR ACCOUNTANT ROLE:

COMPANY BACKGROUND		
<b>Company Name:</b> Confidential	<b>Division:</b> Corporate	<b>Department:</b> Accounting
<b>Job Title:</b> Senior Accountant	<b>Reporting to:</b> Vice President	<b>Subordinates:</b> None
BACKGROUND REQUIREMENT		
<b>Years of Experience:</b> 5 years	<b>Education:</b> College degree	<b>Industry Experience:</b> Hospitality / Travel
<b>Software:</b> ARC, TRAMS, Sabre	<b>Minimum Skills / Mandatory Skills / Experience Needed for Hire:</b> <ul style="list-style-type: none"> <li>• Excellent written and verbal communication skills</li> <li>• High degree of accuracy and attention to detail</li> <li>• Strong organizational skills</li> <li>• Knowledge of accounting financial software (Trams BOS, Peak 15, Quicken, etc.)</li> <li>• Ability to multi-task and problem solve</li> </ul>	

## SENIOR ACCOUNTANT ROADMAP:

### JOB DESCRIPTION

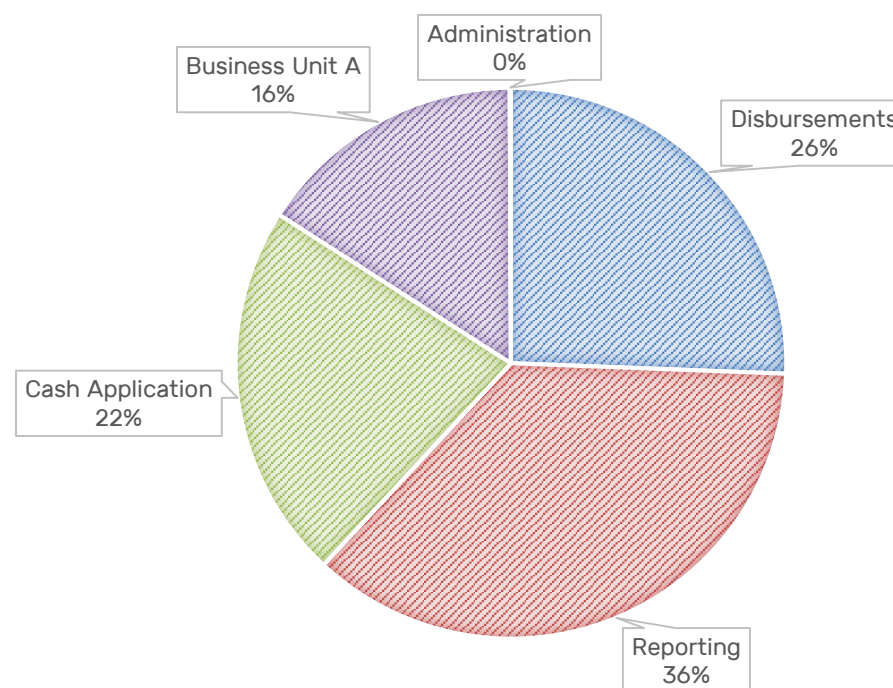
**Job Description:**

- Responsible for collaborating with internal team members, external vendors, suppliers and contractors.
- Secure revenue by verifying and posting receipts
- Process invoices and issue payments
- Process payroll
- Resolve discrepancies
- Support key business decisions with accurate and timely posting of financial transactions
- Timely posting of commission receipts and bookings activity
- Apply and report on cash disbursement activities and business requirements

**Brief Description of Role's Goals & Objectives:**

- Code invoices, vouchers, expense reports, check requests, direct deposits, etc. with correct codes conforming to standard procedures to ensure proper entry into SAP Concur.
- Prepare batch check runs, wire transfers, and ACH transactions
- Post vendor payments by recording cash, checks, and merchant charges into Trams BOS
- Post electronic funds transfers for commission payments
- Process bi-weekly and monthly payroll for independent contractors
- Administrator for SAP Concur
- Perform monthly status reports and closings for Campbell Travel and Travel Designs
- Reconcile American Express cards
- Correct Negotiated Fares Division adjustments for missed commissions
- Audit Branch & Commission Tracking /Supplier invoices into Trams BOS
- Audit client-side of locations to close invoices by reconciling payments with invoices
- Download invoices to post merchant charges for A/R invoices
- Perform other duties as required to support Accounting Department

## SENIOR ACCOUNTANT CAPACITY ANALYSIS:



### Findings

- 24% capacity is consumed in adhoc JIRA requests
- 16% capacity is consumed by non-recurring projects
- 22% capacity is consumed by cash application

### Recommendation

- Utilize capacities of business unit and cash application to rationalize JIRA requests and root cause those to address recurring issues

## SENIOR ACCOUNTANT TASKING:

TASK CATEGORY	TASK SUBCATEGORY	TASK DESCRIPTION	ANNUAL HOURS CONSUMED	RISK LEVEL	COMPLEXITY	FREQUENCY
Cash Application	Collections Posting	Manual Check posting for vendor commissions	117.0	Low	Low	Daily
		Electronic payment posting for vendor commissions	52.8	Low	Low	Daily
		Merchant payment account posting	105.6	Low	Low	Daily
		Match under described receipts	78.0	Low	Med	Daily
		Post invoices / Followup on unposted invoices	78.0	Low	Med	Daily
	Misc. Cash Posting	Review accounts and post any unposted items	11.7	Low	Low	Daily
	Collections Posting	Prepare merchant account transactions for posting	18.0	Low	Low	Daily
Disbursements	Recurring Payables	Pay recurring vendors (overhead, etc)	27.0	Low	Low	Monthly
	Credit Card (AMEX)	Reconcile activity	78.0	Low	Low	Weekly
		Followup on undeliverable	19.5	Low	Low	Weekly
	Expense Reporting	Expense report posting	39.0	Low	Low	Weekly
	Payroll	Independent Contractor Payroll (Monthly)	54.0	Med	Low	Monthly
		Independent Contractor Payroll (Bi-Weekly)	108.0	Med	Low	Bi-Weekly
		Independent Contractor Payroll (Monthly Hotels)	18.0	Med	Low	Monthly
	Vendor Mgmt.	Setup Vendor numbers	1.5	Med	Low	Ad hoc
	Commission Tracking	Commission adjustments	18.0	Med	Med	Weekly
		Monitor branch and contractor supplier invoices	9.0	Med	Med	Weekly
Oversee and Close business unit groups		18.0	Med	Med	Weekly	

## STAFF ACCOUNTANT ROLE:

COMPANY BACKGROUND		
<b>Company Name:</b> Confidential	<b>Division:</b> Corporate	<b>Department:</b> Accounting
<b>Job Title:</b> Staff Accountant	<b>Reporting to:</b> Vice President	<b>Subordinates:</b> None
BACKGROUND REQUIREMENT		
<b>Years of Experience:</b> 1 year	<b>Education:</b> College degree	<b>Industry Experience:</b> Hospitality / Travel
<b>Software:</b> ARC, TRAMS, Sabre	<b>Minimum Skills / Mandatory Skills / Experience Needed for Hire:</b> <ul style="list-style-type: none"> <li>Travel industry transaction processing experience</li> </ul>	

## STAFF ACCOUNTANT ROADMAP:

### JOB DESCRIPTION

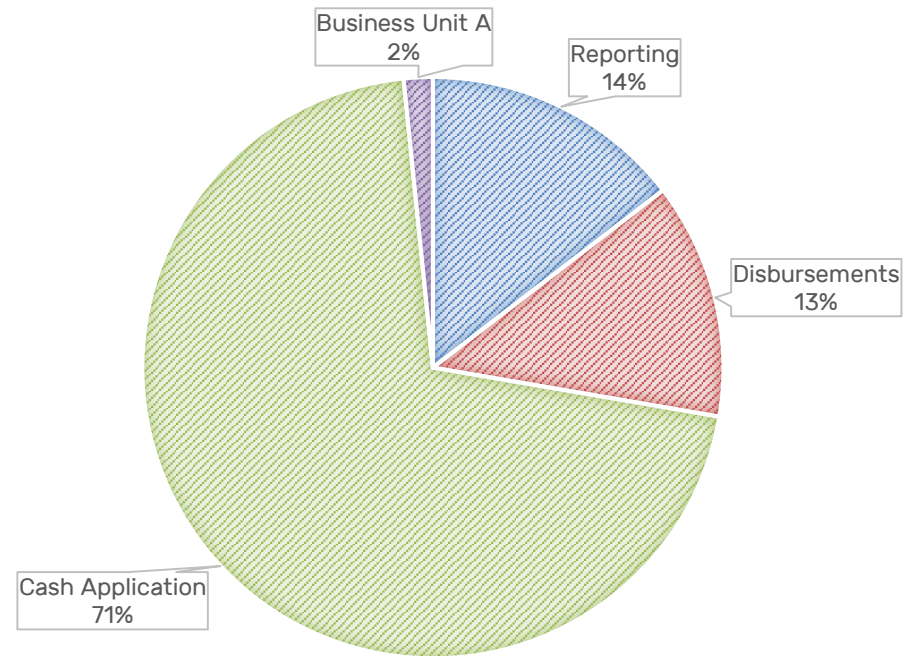
**Job Description:**

- Process revenue by posting receipts batches and resolving discrepancies
- Post purchases from external vendors/suppliers
- Collaboratively support internal team members
- Timely posting of commission receipts and bookings activity
- Resolution of commission posting exceptions in a timely and accurate manner

**Brief Description of Role's Goals & Objectives:**

- Download client and vendor data and transfer between Trams Back Office software and Sabre system
- Review data and correct errors and verify forms of payment
- Balance Interactive Agent Reporting (IAR) and Trams Back Office System (Trams) for air ticket refunds, sales, and exchanges
- Review history of airline tickets via Sabre system
- Invoice Passenger Name Record (PNR) in Sabre to reconcile IAR and Trams systems
- Perform weekly closing of ticket reports
- Correct errors with commissions, fares, taxes and Miscellaneous charge order (MCO)
- Run international report for Negotiated Fares Division to identify unclaimed commissions
- Reconcile vendor bills (Jacamar)
- Post and reconcile hotel commissions
- Run reports in Trams Back Office for travel consultants and others, as needed
- Perform weekly reconciliation of electronic booking transactions (ACH, EFT) to BOS
- Run monthly reports and credit card reconciliation for external clients
- Research and investigate receivable discrepancies
- Resolves collections by examining customer payment plans, payment history, credit line
- This role facilitates transaction processing of cash application. The TRAMS, ARC and Sabre systems support most transactions posted. When posting these transactions approximately 20% of transaction exceptions do not post and must be managed to posting. Of the 20% exceptions, the transaction type breakdowns are as follows:
  - 46% are duplicate invoices requires changing systematic invoice numbers to allow transactions to post via batch processing
  - 19% missing invoices
  - 18% credit, commission holdbacks, voids reservation changes
  - 17% vendors not setup in the system

## STAFF ACCOUNTANT CAPACITY ANALYSIS:



### Findings

- 71% capacity is consumed by cash application
- 15% capacity is consumed by disbursement recognition

### Recommendation

- Consolidate all cash application activities to this employee.
- Utilize exception reporting to root cause recurring exceptions & address the issues.

## STAFF ACCOUNTANT TASKING:

TASK CATEGORY	TASK SUBCATEGORY	TASK DESCRIPTION	ANNUAL HOURS CONSUMED	RISK LEVEL	COMPLEXITY	FREQUENCY
Cash Application	Collections Posting	Commission reconciliation (uninvoiced)	52.0	Low	Low	Weekly
		Reconcile checks	104.0	Low	Low	Weekly
		Merchant payment account posting	55.0	Low	Low	Daily
		Group Commission	26.0	Low	Low	Weekly
	Reconcile TRAMS & ARC	Run TRAMS and ARC Balancing report	7.3	Low	Low	Daily
		Research ticket voided in ARC	73.3	Low	Low	Daily
		Research refunds and post in TRAMS	55.0	Low	Low	Daily
		Send accounting exception lines for detailed reconciliation	110.0	Low	Low	Daily
		Cash activity review and adjustments	104.0	Low	Low	Daily
		Download BOS Reports	110.0	Low	Low	Daily
		Reconcile Missing IAR lines D18	110.0	Low	Low	Weekly
		Void test runs for Apollo bookings	18.3	Low	Low	Daily
		Reconcile "Do not Match" lines	110.0	Low	Low	Daily
		Reconcile uninvoiced tickets & fees	55.0	Low	Low	Daily
	Sabre Activity Posting	Interface in TRAMS (Sabre) (3x per day)	104.0	Low	Low	Daily
		Generate Sabre invoices	110.0	Low	Low	Daily
		Manually process Sabre interface exceptions for duplicate invoices (add year to the end of the invoice)	55.0	Low	Low	Daily
		Manually process Sabre interface exceptions for no vendor matches	110.0	Low	Low	Daily



## STAFF ACCOUNTANT TASKING:

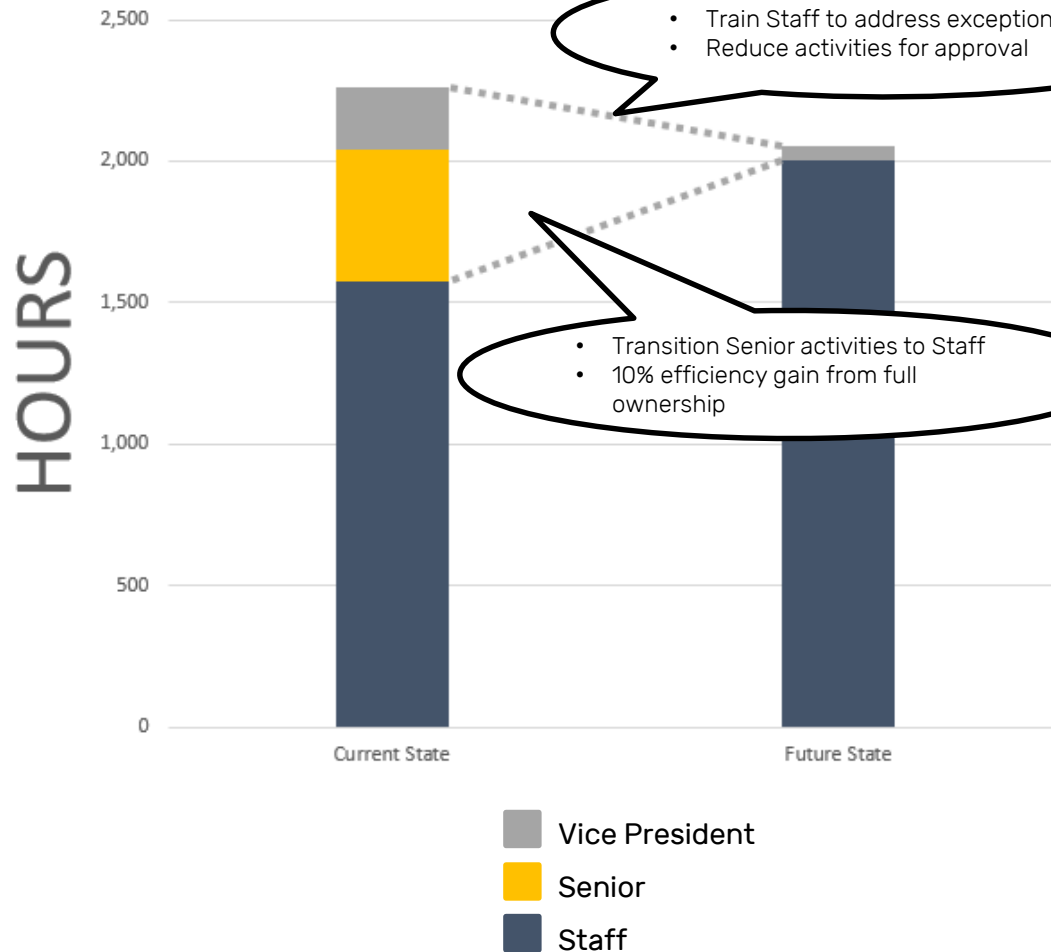
TASK CATEGORY	TASK SUBCATEGORY	TASK DESCRIPTION	ANNUAL HOURS CONSUMED	RISK LEVEL	COMPLEXITY	FREQUENCY
Disbursements	Vendor Management	Setup Vendor numbers for TRAMS activities	110.0	Low	Low	Ad hoc
	Commission Tracking	Reconcile international report in Trams	73.3	Low	Low	Daily
	Commission Tracking	Adjust commission for TRAMS to ARC reconciliation	110.0	Med	Med	Daily
	External Communications	UTAP Report Credit Card Reconciliation	12.0	Low	Low	Monthly
	External Communications	ASM Report Credit Card Reconciliation	30.0	Low	Low	Monthly
Internal Reporting	International Reports	Pull and send international report	18.3	Low	Low	Daily
	Activity Reporting	Run agent activity report	4.3	Low	Low	Weekly
	Internal Communication	Email Follow-up	104.0	Low	Low	Ad hoc
Business Unit Commission Tracking	Commission Tracking	Travel agent commissions	24.0	Low	Low	Monthly
	Commission Tracking	Transportation commissions	12.0	Low	Low	Monthly
JIRA	External Communications	JIRA based responses	156.0	Low	Low	Daily

## FINDINGS:

Findings	Recommendation
<p><b>Cash Application</b> process creates a significant amount of exceptions which need to be researched and resolved.</p>	<ul style="list-style-type: none"> <li>• Create exception log to identify recurring issues</li> <li>• Consolidate cash application to Staff Accountant.</li> <li>• Train Staff Accountant to address the exceptions which require Vice President's inputs.</li> <li>• Transition cash application activities conducted by Senior Accountant to Staff Accountant.</li> </ul>
<p>Implement <b>Analysis &amp; Reporting</b> to support the strategic objectives of management team. Current team does not have the capability for robust and nimble analytics</p>	<ul style="list-style-type: none"> <li>• Open FTE requisition for accounting manager can be changed to support financial reporting and analysis objectives.</li> <li>• Demands of growth strategy (\$6M billings per month) will require active reporting to support.</li> </ul>
<p><b>Balance sheet reconciliations</b> need to be updated to maintain financial statement oversight &amp; minimize exposure to risk.</p>	<ul style="list-style-type: none"> <li>• Net P&amp;L impact of unreconciled accounts is expected to be minimal, accounts noted below.</li> <li>• Catch up reconciliations to current period.</li> </ul>
<p>Uncollected <b>Hotel Commissions</b> are not recorded or pursued outside of third-party collections process.</p>	<ul style="list-style-type: none"> <li>• If no accrual basis of accounting is to be maintained, then a KPI metric must be maintained to ensure timely collection of balances due to the company.</li> </ul>
<p><b>Contractual Compliance</b> of commissionable income and agent commissioning is reactive and, in some cases, inaccurate.</p>	<ul style="list-style-type: none"> <li>• Utilize capacities of business unit oversight to implement contractual compliance function within the VP of Support Services.</li> </ul>

## RECOMMENDATIONS: CASH APP

CASH APPLICATION



**Recommendation**

- Create exception log to address recurring cash application exceptions
- Consolidate cash application to Staff Accountant.
- Train Staff Accountant to address the exceptions which require Robbie's inputs.
- Transition cash application activities conducted by Senior Accountant to Staff Accountant.