

# RPA Bank Reconciliation: Modernizing a Core Business Process

## Client Profile

### RPA Bank Reconciliation Solution for a Major Property Management Company

Our client, which has been in business for over 50 years, is one of the leading property management companies in North America, operating manufactured home communities, RV resorts, and campgrounds. Structured as a real estate investment trust (REIT), the listed company operates 450 communities and resorts containing more than 170,000 units across 35 U.S. states and British Columbia. It is headquartered in Chicago.

When Auxis initiated a collaborative partnership with this client, they embarked on a journey to discover strategic intelligent automation opportunities within the organization. This case study explores how we transformed the client's manual, time-intensive bank reconciliation process by leveraging robotic process automation (RPA) for seamless reconciliation of bank transactions.

## Business Challenge

### The Need for Building Bank Reconciliation Automation

Bank reconciliation is an essential process followed by all businesses to compare their internal financial records and the external records of the core banking system statements and ensure that they match. As is common in accounting, the cash balance on a company's books almost never matches their bank statements at the end of the month. Bank reconciliation is the process used to identify, justify, and align these mismatches and provide the most accurate possible picture of cash flow.

This is essential to identify any inconsistencies or errors within the company's financial records, including unauthorized payments or fraudulent activity, as well as to bring the internal and external records into alignment by adjusting for as-yet unrecorded transactions, including deposits that have not yet cleared the banking system. Bank reconciliations are an important tool in cash-flow management and to ensure the accuracy and integrity of the company's financial statements.

Customers at our client's 450 properties made payments using credit cards and a variety of other payment methods. With an average of about 940 transactions a day, the client had to handle complex bank reconciliations involving multiple bank accounts, properties, and transactions. This process was demanding, prone to errors and delays, and consumed a lot of resources. To handle this, our client had a dedicated team of 25 accountants, who spent 80% of their time manually reconciling payment transactions.



This resulted in the client facing numerous challenges, including:

- > Labor-intensive and time-consuming process for reconciling large number of transactions involved multiple bank accounts and properties. This made it difficult to close financial periods without delays as well as produce accurate financial reports.
- > The client accepted credit cards at over 250 properties. The small dollar value and high volume of credit card transactions meant the accounting team spent the most time reconciling low value transactions, which were the biggest drain on the team's time and resources.
- > The high volume of credit card transactions also made it challenging to identify and resolve discrepancies promptly.
- > There were higher incidents of human errors in data entry, such as mis-keying amounts or accidentally omitting transactions.
- > The manual reconciliation processes relied heavily on the availability and expertise of site personnel, and staff turnover risked disrupting the workflow. This meant the existing team had to retrain new staff often, losing valuable time and incurring higher operational costs. High turnover of property staff and manager level personnel meant that the accounting team also had to take charge of training new accounting personnel as well as property managers on handling transactions to avoid reconciliation issues, creating more workload and pressures for them.

As our client's business grew and transaction volumes increased, the client realized that the manual reconciliation process may not scale efficiently. The need for additional staff and resources to handle the growing workload became a significant challenge, which led them to approach Auxis for a solution.



## Solution & Approach

### Auxis Creates an RPA Bot for Bank Reconciliation Automation

The advancements in RPA have led to the applications of this technology growing multi-fold in recent years. Ranging across data entry and extraction, invoice processing, employee onboarding, routine IT tasks, and more, RPA can have a transformative effect on a range of business operations. The technology's ability to handle routine tasks faster and more consistently helps streamline workflows, increase efficiency, and supercharge productivity.

Auxis leveraged UiPath's RPA platform to develop a bot to interface seamlessly with the existing software being used by the client, ReconNet, the financial close and account reconciliation software from Trintech. This approach significantly streamlined the reconciliation process, enabling automation of tasks such as auto reconciliation, identifying unreconciled items, manual reconciliation, and journal entry posting. Below is a breakdown of the approach Auxis adopted:

1. We programmed the bot to initiate auto- reconciliation within ReconNet, enabling automated matching of the transactions against bank statements.
2. The bot identified unreconciled items that required further attention. It analyzed discrepancies and flagged them to the accounting team for manual review.
3. The bot would conclude the reconciliation process by performing the necessary adjustments and post the adjustments as journal entries within ReconNet for specific banks, ensuring financial accuracy.
4. The bot extracted critical information, including backup details and resident information, from checks specific to each bank. This data was crucial as it served as proof of precise reconciliation, and the client's accounting team had previously needed to visit multiple websites, including bank websites, to get this information manually, making it a time-consuming and research-intensive task.
5. Post-reconciliation, the bot compiled reconciliation details and seamlessly uploaded them to a central SharePoint repository which stakeholders could view and access, ensuring a comprehensive audit trail.

## Results

### Making Bank Reconciliation Seamless with Automation

The Auxis solution has transformed the bank reconciliation process for the client. Replacing the manual, time-consuming process of reconciling each transaction, Auxis made the reconciliation process fully automated. It presented an effective and transparent solution to managing one of the most critical accounting tasks that needed to be done daily and accurately to ensure correct information for financial reports and timely closing of financial periods.

- > The bot initiated the automatic reconciliation process. For any unreconciled items that needed to be checked manually, the bot would perform research on those items and notify the client.
- > Our solution greatly freed up the client's accountants to focus on more strategic work.
- > With the Auxis bot extracting the critical information required to verify accurate reconciliation from specific bank checks and making it available within ReconNet, our solution to automate bank reconciliation significantly reduced the time and effort required to ensure accuracy of reconciliation of each transaction.



- > Before implementing this solution, the client had a backlog of over \$2 million in outstanding transactions to be reconciled, due to the inefficiency of the manual process they had been following. Within 6 months of our solution being implemented, the outstanding transaction volume had been trimmed to approximately \$750,000, and presently stands at under \$100,000.
- > This not only signifies the effectiveness of our solution, but also underscores the efficiency and transformative power of intelligent automation in streamlining complex financial processes.
- > Two years after implementing the original solution, Auxis is now leveraging cloud capabilities and a refined RPA workflow to create a more enhanced and powerful version of the original solution. This includes:



A stronger collaboration with Trintech to foster a partnership dedicated to financial excellence.



Receiving a detailed list of outstanding items from Trintech after the auto reconciliation runs.



Filtering the outstanding items list by property code, ensuring that each property's transactions are accounted for. The items are then added to a queue in Orchestrator, ready for further processing.



A robust SQL database where transaction information is uploaded, providing a centralized repository for data management and analysis.



Application of sophisticated bank and book code rules, allowing the bot to uncover intricate many-to-many matches, which has greatly elevated reconciliation accuracy, virtually eliminating discrepancies.



Enhancements to the bot to identify complex matches – reconciliations that have multiple items on the book and bank side – and address them promptly.



Cloud capabilities to accelerate the reconciliation process and support real-time financial decision making.



More efficient, transparent, and accessible communication of reconciliation results to the client via email, versus previously being uploaded to SharePoint.

Our ongoing journey with this client is a testament to the transformative power of intelligent automation and collaboration. Our newest iteration of the automatic bank reconciliation solution is setting a new standard of accuracy and efficiency. The ability to identify complex many-to-many matches, accelerate the reconciliation process, and facilitate transparent client reporting has not only streamlined the financial operations, but has also established a benchmark for automation-driven financial excellence. This journey showcases the potential that technology, cloud capabilities, and industry partnership hold in reshaping complex financial processes, ultimately driving efficiency and precision.

