Record to report (R2R)

Process Definition Document (PDD): template and worked example

Example company (fictional): Costa Verde Logística S.A., a freight and warehousing group with four legal entities in Valencia, Spain (about 900 employees).

Document control

Field	Value
Process name	Record to report (R2R)
Process owner	[Name, role]
Prepared by	[Name]
Reviewed by	[Names of the people who do the work]
Approved by	[Name, date]
Version	1.0 (as-is)
Status	Draft

How to use this template

This is a complete process definition document (PDD) for the record to report process, also called R2R, the financial close and reporting process or the accounting cycle from transaction to financial statements. It covers the full cycle, from recording transactions in the ledger to publishing the monthly management reports, and describes how it runs today at a fictional logistics group. Narrower templates such as month-end close cover the closing steps only. This one runs from the first journal to the final report.

Use it as a starting point. Replace the company details, keep the sections, and walk through each step with the accountants who do the work. Most companies change the close calendar, the materiality thresholds and the reconciliation list. The structure stays the same.

- Replace the company, entities and systems with yours. If you use a dedicated close management or consolidation tool, name it in the steps it replaces.
- Set your own close calendar, materiality thresholds and journal approval limit. These differ more than anything else between companies.
- Decide which accounts are reconciled monthly and which quarterly, based on risk and volume.
- Check the percentages with real data. A single close usually shows how many journals are manual and how many corrections are made after review.
- If you have more entities or currencies, add a step for translation and for the local statutory ledgers.
- Keep the as-is version even after you redesign the process. It is your baseline for measuring the change.

1. Purpose and scope

This procedure describes how Costa Verde Logística records financial transactions and turns them into reliable monthly financial statements and management reports. It gives the accounting team, the entity controllers and the finance leadership one shared description of who does what and when, so that books close on time, balances are supported and numbers can be trusted.

In scope

- General ledger journals, accruals, prepayments and depreciation
- Intercompany reconciliation and eliminations

- Balance sheet reconciliations and the month-end close
- Consolidation, management reporting and statutory reporting inputs

Out of scope

- Sub-processes that feed the ledger, such as order to cash, procure to pay and payroll
- Annual statutory audit and tax filing
- Budgeting and forecasting
- Treasury and cash forecasting

2. Process at a glance

Item	Description
Trigger	The month ends and the close calendar starts on the last working day.
Starts when	The General Accountant sends the close checklist and closes the sub-ledgers.
Ends when	The CFO approves the management report pack on working day 7.
Inputs	Sub-ledger balances, Bank statements, Fixed asset register, Payroll journal, Intercompany confirmations, Contracts for accruals
Outputs	Closed accounting period, Reconciled balance sheet accounts, Consolidated financial statements, Management report pack, Close checklist and audit trail
Volume	Four entities, about 1,100 manual journals and 160 reconciliations per month
Working hours	Close runs from working day 1 to working day 7 of the following month.

3. Roles and responsibilities

Role	Responsibilities
General Accountant	Posts journals, runs depreciation and accruals, prepares reconciliations and keeps the close checklist.
Entity Controller	Owns the books of one entity, reviews its reconciliations and journals and explains its variances.
Fixed Asset Accountant	Maintains the asset register, posts additions and disposals and runs depreciation.
Intercompany Accountant	Collects intercompany balances, agrees them with counterparties and posts eliminations.
Group Reporting Analyst	Consolidates the entities, prepares the management reports and writes the variance commentary.
Financial Controller	Reviews journals above the threshold, approves the close and signs off reconciliations at balance sheet level.
CFO	Reviews and approves the management report pack and the key judgements.
Department Heads	Provide cost information, accrual estimates and explanations for variances from their area.

4. Systems

- Oracle NetSuite: general ledger, sub-ledgers, journals, period close
- Excel: reconciliation workbooks, accrual schedules and the close checklist
- Consolidation workbook in Excel: group consolidation and eliminations
- Power BI: management report pack
- Microsoft Teams: close calendar and queries
- Bank portals: statements for the cash reconciliation

5. Process map

Process diagram goes here

Draw one lane per role from section 3, the steps from section 6 in order, and a diamond for each decision in section 7.

6. Procedure, step by step

#	Step	Who	What happens	System	Output
1	Start the close calendar	General Accountant	On the last working day, sends the close checklist with owners and deadlines for each entity and reminds the sub-ledger teams of the cut-off.	Excel, Teams	Close checklist issued
2	Record daily transactions	General Accountant	During the month, bank, sales, purchase and payroll transactions reach the ledger through the sub-ledgers and bank import. About 85% of lines post automatically.	NetSuite	Ledger up to date
3	Close the sub-ledgers	General Accountant	Confirms that receivables, payables, inventory and payroll are posted, then locks those periods on working day 1.	NetSuite	Sub-ledger periods closed
4	Post accruals	General Accountant	Books accruals for goods and services received but not invoiced, based on open purchase orders and information from Department Heads. About 60 accrual lines a month.	NetSuite, Excel	Accrual journals
5	Post prepayments and recurring journals	General Accountant	Releases prepaid costs, rent, insurance and licences from schedules and posts recurring allocations.	NetSuite	Recurring journals
6	Run depreciation	Fixed Asset Accountant	Posts additions and disposals from the month, checks the capitalisation threshold of 2,500 EUR, and runs depreciation.	NetSuite	Depreciation journal, updated register
7	Post payroll and other manual journals	General Accountant	Posts the payroll journal, provisions and one-off adjustments. Each manual journal needs a description and a supporting document.	NetSuite	Manual journals posted
8	Review and approve journals	Financial Controller	Reviews manual journals above 10,000 EUR and anything posted to the closed periods. Posters cannot approve their own journals.	NetSuite workflow	Approved journals
9	Reconcile intercompany balances	Intercompany Accountant	Compares intercompany receivables, payables and sales between the four entities on working day 2 and chases differences. About 12% of pairs have a difference at first.	Excel, NetSuite	Agreed intercompany balances
10	Reconcile bank accounts	General Accountant	Reconciles each bank account to the statement for the last day of the month and clears or explains open items older than 30 days.	Bank portals, NetSuite	Signed bank reconciliations
11	Reconcile balance sheet accounts	General Accountant	Prepares reconciliations for receivables, payables, inventory, prepayments, accruals and payroll liabilities, with supporting detail.	Excel, NetSuite	Prepared reconciliations

#	Step	Who	What happens	System	Output
			High-risk accounts are done monthly, others quarterly.		
12	Review reconciliations	Entity Controller	Reviews the reconciliations for the entity and signs off. Unexplained differences above 1,000 EUR must be cleared or booked before close.	Excel	Reviewed reconciliations
13	Explain cost variances	Department Heads	Answer questions on costs that differ from budget by more than 10% and at least 5,000 EUR and confirm that accrual estimates are complete.	Email, Teams	Variance explanations
14	Post eliminations	Intercompany Accountant	Eliminates intercompany sales, costs and balances once they agree and posts the foreign exchange differences.	Consolidation workbook	Elimination entries
15	Run the pre-close review	Financial Controller	Reviews the trial balance for unusual movements and missing postings. About 25 corrections are made at this point each close.	NetSuite, Excel	Reviewed trial balance
16	Close the period	Financial Controller	On working day 5, confirms the checklist is complete, locks the period and sends a note to the team. Late items go to the next period unless above 25,000 EUR.	NetSuite	Closed accounting period
17	Consolidate the entities	Group Reporting Analyst	Imports the trial balances, translates them into euro where needed, applies eliminations and produces group results by month and year to date.	Consolidation workbook	Consolidated trial balance
18	Prepare financial statements and reports	Group Reporting Analyst	Produces the income statement, balance sheet, cash flow, KPI report and variance analysis against budget and prior year.	Excel, Power BI	Draft report pack
19	Review the report pack	Financial Controller	Checks that the report agrees to the ledger, that variance commentary is meaningful and that one-off items are labelled.	Power BI, Excel	Reviewed report pack
20	Approve and publish	CFO	Approves the pack on working day 7 and shares it with the management team and the owners. Changes after approval need the CFO.	Power BI, Teams	Published management report
21	Archive and update the checklist	General Accountant	Saves reconciliations, journals and reports in the close folder and notes lessons and delays for the next close.	SharePoint, Excel	Close file archived

7. Decision points and business rules

- Are all sub-ledgers posted and closed? No: chase the owner and hold the close for that entity (step 3).
- Does the journal exceed 10,000 EUR or touch a closed period? Yes: the Financial Controller approves first (step 8).
- Do intercompany balances agree? No: agree the correct amount with both entities before eliminating (step 9).
- Is a reconciling difference above 1,000 EUR? Yes: clear or book it before close (step 12).
- Is the variance above 10% and 5,000 EUR? Yes: the Department Head explains it (step 13).
- Is a late item above 25,000 EUR? Yes: book it in this period. Otherwise carry it to the next (step 16).
- Does the report agree to the ledger and carry commentary? No: return it to the analyst (step 19).

8. Exceptions

- Late invoice for the closed period (about 8% of closes): booked as an accrual in the next period unless above 25,000 EUR.
- Foreign currency entity (one of four): the rate is taken from the central bank on the last day and approved by the Financial Controller.
- Intercompany difference not resolved by working day 4 (about 1 in 10): booked to a suspense account and reported in the pack.

- Reopening a closed period: only the Financial Controller can reopen it and the reason is logged.
- Key accountant absent during close: the Entity Controller names a deputy and the checklist is updated.

9. Controls

- Segregation of duties: whoever posts a manual journal cannot approve it or sign off the related reconciliation.
- Approval of manual journals above 10,000 EUR.
- Reconciliations for all balance sheet accounts with review and sign-off by a second person.
- Periods locked after close, reopened only by the Financial Controller with a logged reason.
- Documented close checklist with owners and deadlines.
- Intercompany balances agreed before elimination.
- Report pack reconciled to the ledger before publication.
- Accounting records kept for 6 years under Spanish commercial law.

10. Known issues today

- Reconciliations live in Excel workbooks with different layouts per entity.
- Accrual estimates arrive late and by email from Department Heads.
- Intercompany differences are found on working day 2 and sometimes take until day 4 to resolve.
- Consolidation is a manual workbook, so one formula error can change the group result.
- Variance commentary is written at the last minute, which pushes the report to day 7.

11. RACI matrix

R = responsible (does the work), A = accountable (owns the outcome), C = consulted, I = informed.

Activity	General Acc.	Entity Ctrl	Interco	Group Rep.	Fin. Controller	CFO
Post accruals and recurring journals	R	C			A	
Approve manual journals	R	C			A	
Reconcile intercompany balances	C	C	A/R	I		
Prepare balance sheet reconciliations	R	A			I	
Close the period	R	C	C	I	A	I
Consolidate the group		C	C	R	A	I
Prepare the report pack	C	C		R	A	I
Approve and publish reports				R	C	A

12. KPIs

KPI	Definition	Target
Days to close	Working days from month end to the period being locked. Today 5 days.	[set]
Days to report	Working days from month end to the CFO approving the report pack. Today 7 days.	[set]
Manual journals per close	Number of manually posted journals in the period. Today about 1,100.	[set]
Late reconciliations	Number of balance sheet reconciliations not signed off by working day 5.	[set]
Post-close adjustments	Number and value of corrections booked after the period was closed.	[set]
Unexplained differences	Value of reconciling items older than 30 days without an explanation.	[set]

13. Revision history

Version	Date	Author	Change
1.0	[date]	[name]	First as-is version

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