UN/CEFACT

Simple, Transparent and Effective Processes
For Global Commerce

BUSINESS REQUIREMENTS SPECIFICATION (BRS)

Business Domain: Accounting in Supply Chain

Business Processes: From Accounting Token in Order Process to Accounting Token in Payment Process

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Title: Accounting in Supply Chain Process

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Date of change	Version	Paragraph changed	Summary of changes
15.01.2006	0.1		Approved by GT4 EDIFICAS
02.2006	0.99	Editorial changes	Approved TBG1-TBG12
06.2006	1.0		EEG1/TBG1- Implementation in Invoice message
03.2007	1.1	ACC Accounting Token. Details	a) add account name (TBG6) b) split account identifier c) add chart of accounts references d) add report filing information

Business Requirements Specification
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1. Preamble

The purpose of this document is to define the Accounting Token usage to contribute to the reshuffle of non-stop changing business landscape with the aim to link the supply chain process with the globally bookkeeping processes.

The Accounting Token is part of the accounting entry model to be submitted by TBG12 to UN/CEFACT Forum process with the goal of developing a UN/CEFACT ebXML standard message using the UN/CEFACT Modelling Methodology (UMM) approach and Unified Modelling Language to describe and detail the accounting business processes.

The Accounting Token contains the minimum set of accounting elements optionally appended on each e-document during the course of a supply chain transaction. It is the cornerstone toward automated production of entry in the accounting books of the partners to the transaction.

So far only core business tasks, most often in large entities, benefit of productivity increase due to EDI. The e-Business practice provides new opportunities to improve the competitiveness of companies, in particular for Small and Medium Enterprises (SME).

The recognized role devoted to accounting is to provide “a true and fair view” of the activities of an entity. To achieve this goal accounting needs to record, the sooner the better, the financial value of any event affecting the assets of the entity.

From accounting perspective, the supply chain is a succession of events to be recorded into accounts to track financial flows corresponding to events influencing the economic value of the entity.

The commercial supply chain is a perfectly modelled choreography upon which accounting can build the bookkeeping mechanisms related to the succession of business e-documents.

Depending of business patterns the events described within this BRS must be adapted: e.g. order commitment in the business supply chain can be a commitment for reservation confirmation in the tourism supply chain or a contract proposal in another activity sector. All should be able to enclose the Accounting Token possibility into the business specific step.

2. References

- UN/CEFACT Modelling Methodology (CEFACT/TMG/N090R10, November 2001
- UN/CEFACT – ebXML Core Components Technical Specifications version 2.01 – ISO 1500-5
- UN/CEFACT Business Requirements Specification version 1.5 (CEFACT/ICG/005)
- Unified Modelling Language (UML version 1.4)
- TBG1 - BRS Cross Industry – Supply Chain Remittance Advice Process - CEFACT/Forum/2006/.. – Revision 1.1
- TBG1- BRS Cross Industry – Supply Chain - Invoice Process - CEFACT/Forum/2006/… – Revision 1.1
- TBG1 - BRS Steel industry - Invoice Process - CEFACT/Forum/2006/..
- TBG1 - BRS Cross industry - Ordering process - CEFACT/Forum?2006/..

3. Objective

The objective of this document is to standardize the Accounting Token as a container of the accounting elements as information entity to attach to the Business transactions that enable software agents to automate creation of accounting entry at each side of the business partnership.

The Accounting Token is a Business Information Entity (BIE) that is (re)-useable by each transaction of a business scenario on provision that opening toward accounts identification is requested on the one side, and restored on the other side.

4. Scope

Software integration is expensive; in the past, some evaluated the costs up to 40 percent of the IT budget of an enterprise. Accounting is a pivotal application for integration of in and out financial value of goods / services flows.

Accounting Token intends to reduce accounting integration costs in particular for small and medium businesses.

The processes in the supply chain provided by TBG1 describe the progress in a trade transaction for the supply of goods or services ordered, delivered, received, consumed, invoiced, paid etc. The encapsulation of the accounting token enables to directly liaise with accounting.

The succession of these controlled events combined with the availability of related account(s) identifier(s) makes possible accounts ubiquity and timely accounting. Ubiquity means that journals, ledgers, Accounts Payable, Accounts Receivable, etc. can be accessible from any interested party, and can rapidly and automatically reflect the flows. Customers and suppliers are both involved and the process could be expanded to other actors on provision accounts must be addressed.

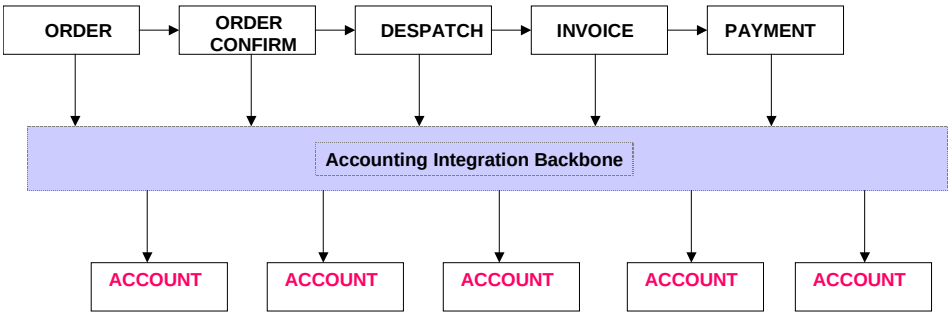
Each document of the supply chain describes the current step in the course of the trade transaction up to completion. The Accounting Token defines the successive accounting accounts to use at the same successive steps of the supply chain.
The document information combined with the Accounting Token elements are necessary and sufficient to derive:
- the related classical accounting double entry;
- the related cost accounting entry, job, work, site, department, etc.
- the related budget accounting entry.

It is important to understand that the Accounting Token is not implementable by itself.
It can be embedded into a business model where and when accounting is or may be concerned.

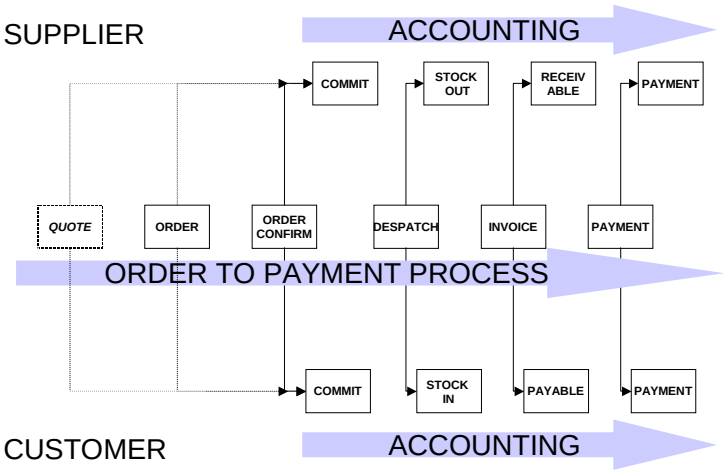
5. Business requirements

5.1 Business requirements views

5.1.1 Order to Payment Process relationship with Accounting



5.1.2 Partners Order to Payment Process relationship with Accounts



Accounting is concerned at several steps in the Order to Payment process of the supply chain.

The Accounting Token must be useable by the entity itself as well as by a third party which should be in charge to generate accounting entries (accounting firm, accounting services provider).

5.2 Business process elaboration – Order to payment

Scope

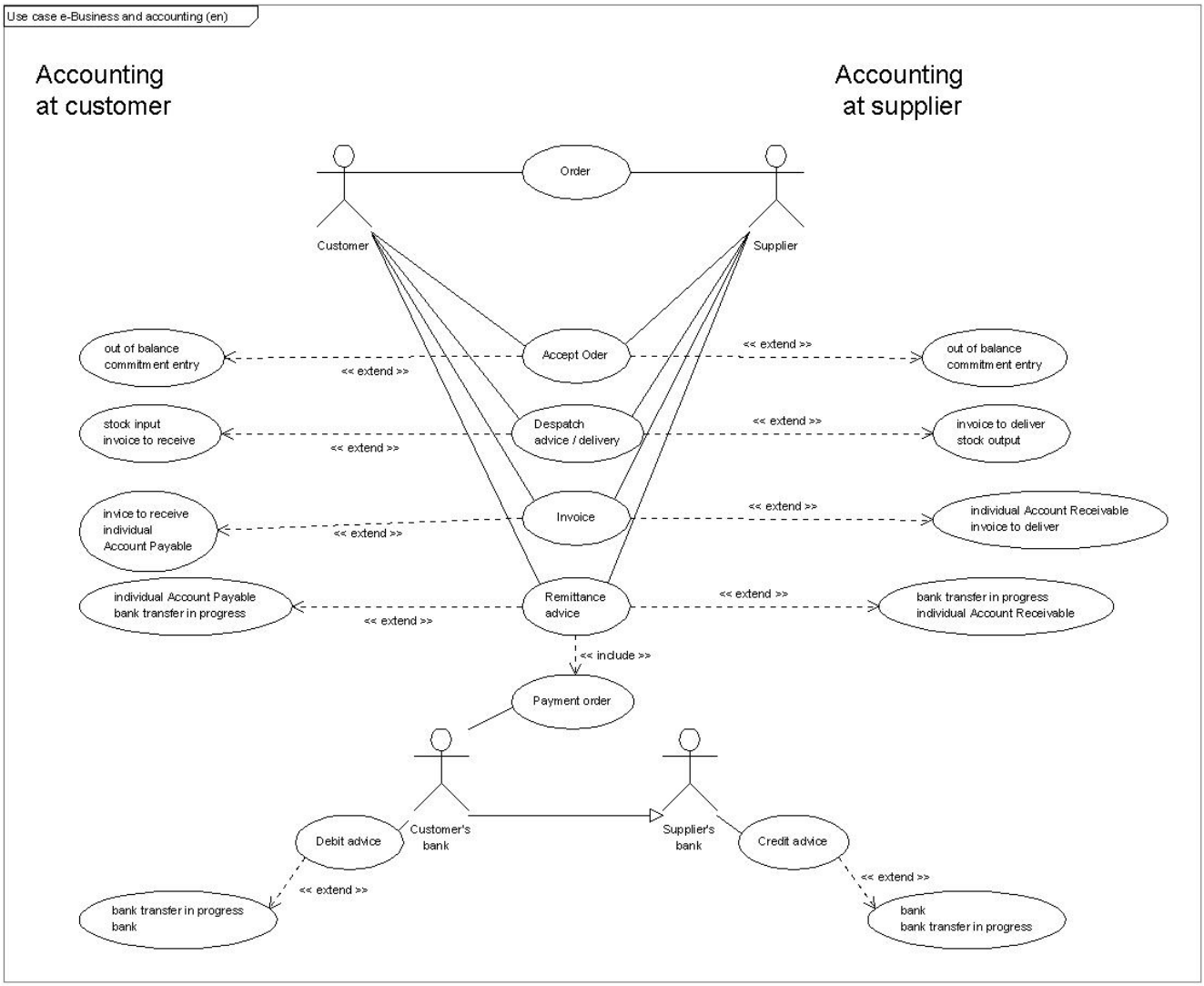
The process describes how customer and supplier can provide Accounting Token elements to enable automated generation of accounting entry from the e-document is used at each step in the supply chain.

Principles

From the earliest step, which is the Order from the customer, and the Order Confirmation of the supplier, the Accounting Token is encapsulated in each business documents.

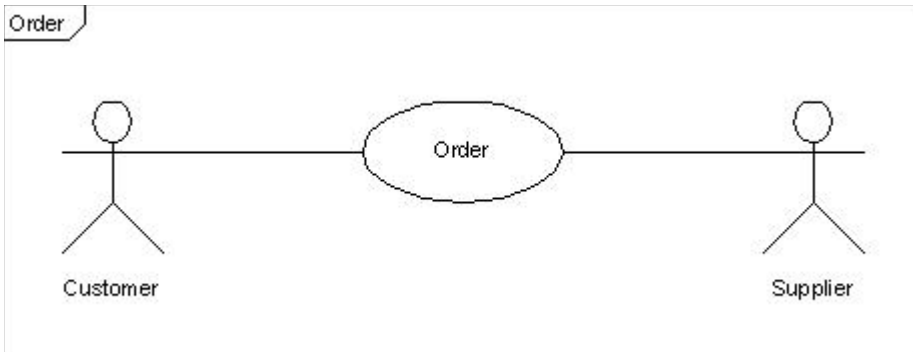
The Order Confirmation is the required starting point of the Order process for the generation of the accounting entry, coherent with generally admitted accounting principles (GAAP).
Thus, an Order Change must always be followed by an Order Confirmation to allow the correct generation of the accounting entry reflecting the confirmed Order Change.

5.2.1. Use case: From Accounting Token into Order to Accounting Token into Payment



The use case shows when accounting and which accounts may be concerned at both trading partners

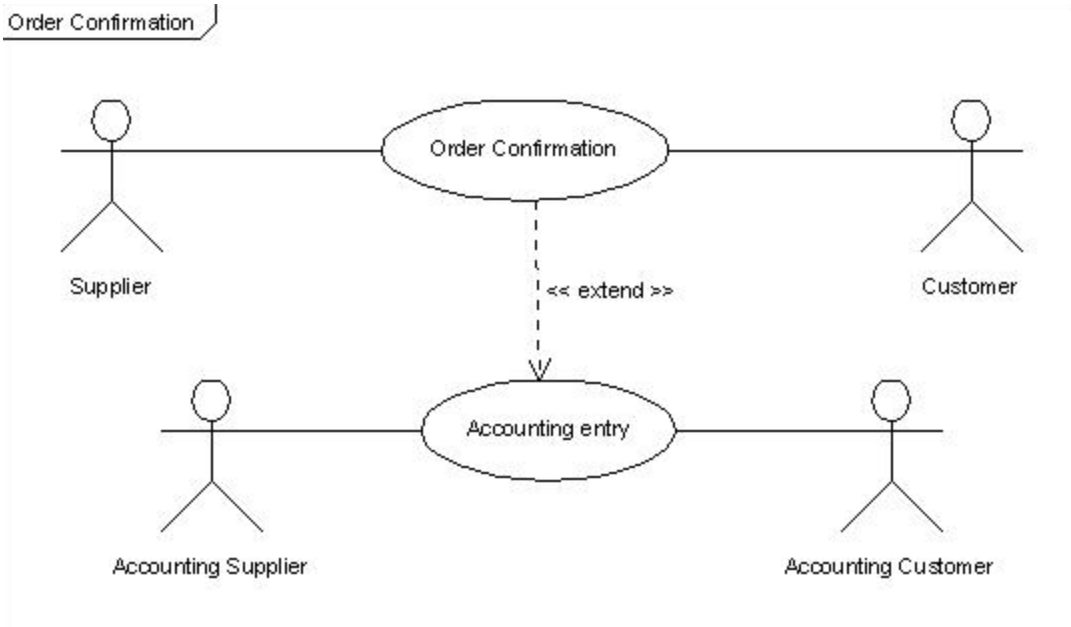
5.2.2 Use case description – Accounting Token into the Order



Business process name	Accounting Token into the Order
Identifier	From Order Process to Payment Process
Actors	Customer
Description	To provide at the ordering process the Accounting Token information of the customer needed to support accounting entries generation during the chosen steps of the supply chain process.
Pre-condition	Parties agreed to provide the Accounting Token information.
Post-conditions	The next step in the sequence to be considered for accounting entry generation must be a confirmation of the order.
Scenario	With respect to accounting principles applied accounting entry is created to record commitment into “out of balance accounts” and / or budgetary accounts.
Remarks	Considering the current general practice, SME’s do not record this kind of commitment. Implementing accounting entries from this step onward shall translate a better view of the reality in the accounts. Future web services will enable to stick business steps figures with account’s ones and consequently improve the fairness, accurateness and timeliness of accounting books.

Business process name	Accounting Token into the Order
Identifier	From Order Process to Payment Process
Actors	Supplier
Description	At the ordering process the supplier receives the Accounting Token information of the customer needed to support accounting entries generation. It is expected that the supplier sends it back during the chosen steps of the supply chain process.
Pre-condition	Parties agreed to provide the Accounting Token information.
Post-conditions	The Accounting Token received from the customer is stored to be (re-)sent to the customer when needed.
Scenario	
Remarks	No influence on supplier's accounting figures; From supplier's accounting view, the next step in the sequence to consider for accounting entry generation must be the Order Confirmation which means a firm commitment to provide the services or goods.

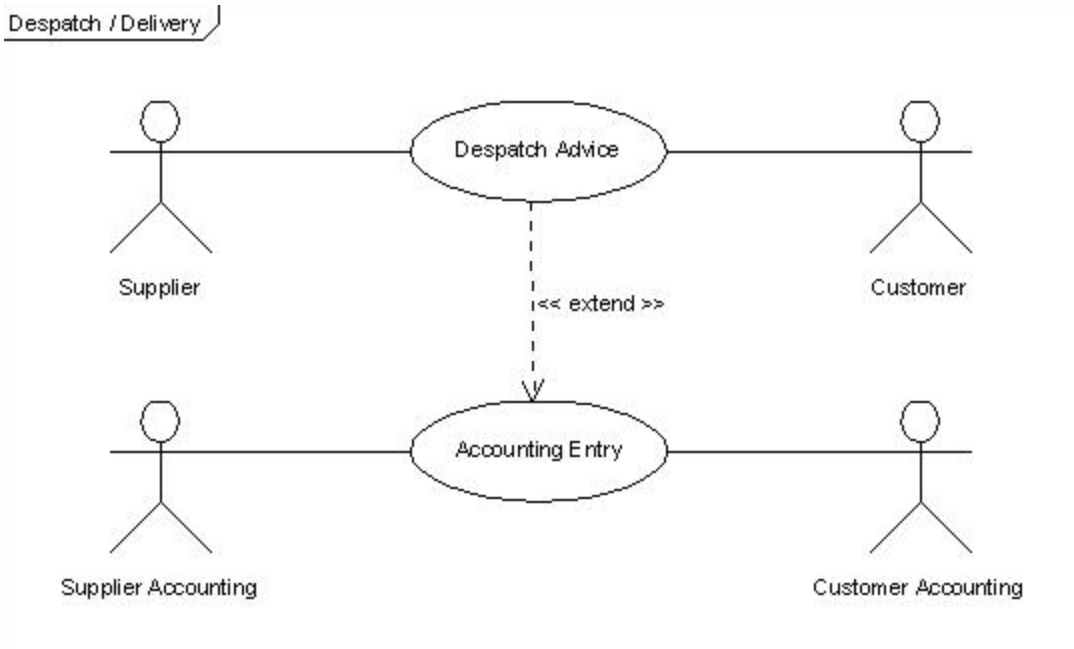
5.2.3 Use case description – Accounting Token into the Order confirmation



Business process name	Accounting Token into the Order confirmation.
Identifier	From Order Process to Payment Process.
Actors	Supplier
Description	The Order Confirmation contains the Accounting Token information of the customer. It possibly provides the Accounting Token information of the supplier needed to support accounting entries generation at this step supply chain process.
Pre-condition	Customer's Accounting Token has been included into the Order message and given back. Parties agreed to provide the Accounting Token information.
Post-conditions	The value of each line and the total value of the order confirmation must be provided on the order confirmation.
Scenario	The order confirmation acts the commitment of both parties. Accounting entry possibly occurs to record commitment into "out of balance accounts" and / or budgetary accounts into accounting accounts of the supplier and those of the customer. The Accounting Token of the supplier is needed when accounting books are kept outside of the entity, e.g. at an external accounting firm.
Remarks	Considering the current general practice, SME's do not often record commitment. Implementing accounting entries from this step onward shall translate a better view of the reality in the accounts. Future web services will enable to stick business steps figures with account's ones and consequently improve the fairness, accurateness and timeliness of accounting books.

Business process name	Accounting Token into the Order confirmation
Identifier	From Order Process to Payment Process
Actors	Customer
Description	The Order Confirmation gives back the Accounting Token of the customer.
Pre-condition	Customer's Accounting Token was included into the Order. Customer's Accounting Token is reproduced without change on the Order Confirmation. The value of each line and the total value of the order confirmation must be provided on the order confirmation.
Post-conditions	Accounting entry to be generated by an appropriate software tool.
Scenario	To book commitment into "out of balance accounts" and / or budgetary accounts.
Remarks	Considering the current general practice, SME's do not often record commitment. Implementing accounting entries from this step onward shall translate a better view of the reality in the accounts. Future web services will enable to stick business steps figures with account's ones and consequently improve the fairness, accurateness and timeliness of accounting books.

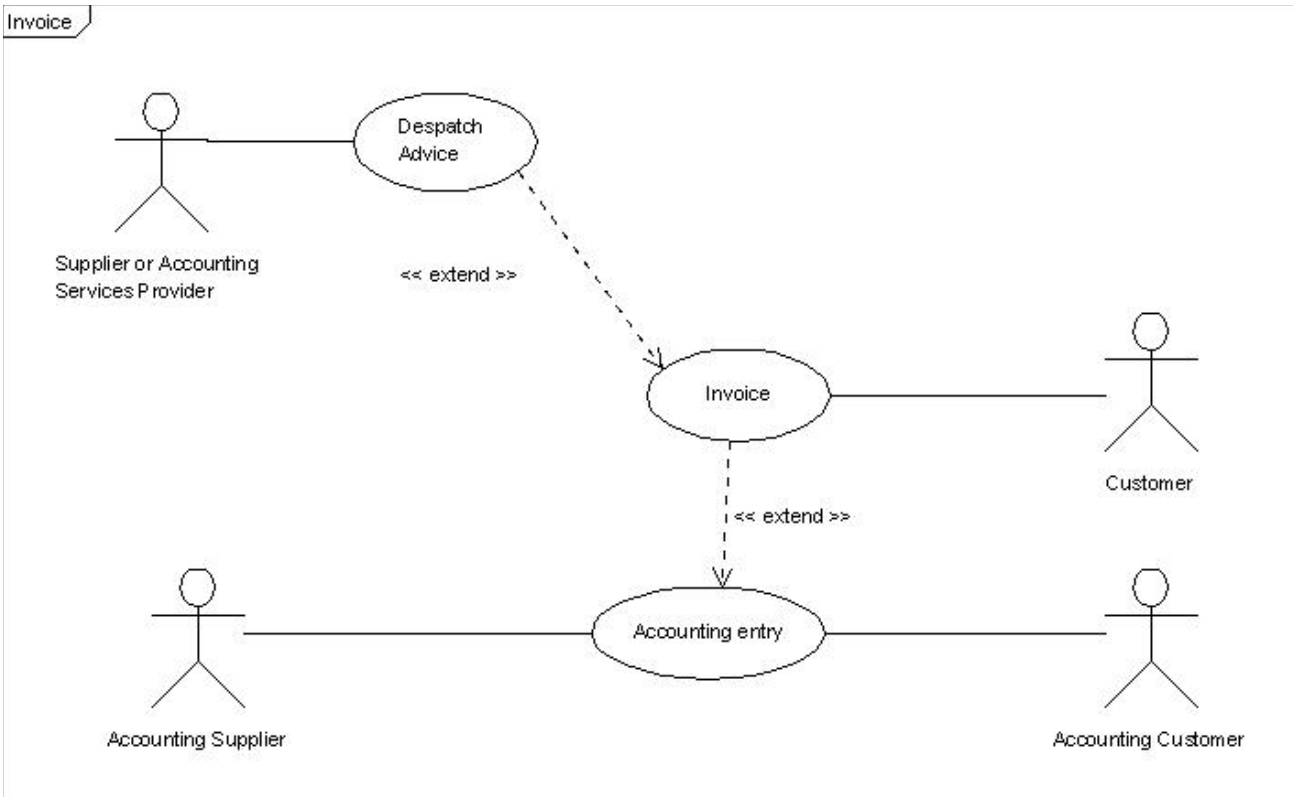
5.2.4 Use case description – Accounting Token into the Despatch Advice



Business process name	Accounting Token into the Despatch Advice
Identifier	From Order Process to Payment Process.
Actors	Supplier.
Description	The supplier confirms despatch quantities of ordered goods and possibly acts stock outflow. The Despatch Advice contains the Accounting Token information of the customer. It possibly provides the Accounting Token information of the supplier needed to support accounting entries generation at this step supply chain process.
Pre-condition	Customer's Accounting Token has been included into the Order message and given back. Parties agreed to provide the Accounting Token information. The value of each line and the total value of the order confirmation must be provided on the order confirmation.
Post-conditions	At supplier's accounting side, accounting entry to be possibly generated by an appropriate software tool.
Scenario	a) Stock outflow entry to be booked with a counterpart "invoice to prepare". b) In case commitment "out of balance accounts" and / or budgetary accounts was recorded, the [complete or partial] fulfilment of the commitment is acted by reversing [totally or partially] the original entry.
Remarks	

Business process name	Accounting Token into the Despatch Advice
Identifier	From Order Process to Payment Process
Actors	Customer
Description	The Despatch Advice of quantities acts the transfer of responsibility on the delivered goods. This must be translated into accounting entries. The Despatch Advice contains the Accounting Token information of the customer.
Pre-condition	Customer's Accounting Token was included into the Order. Customer's Accounting Token is reproduced without change on the Despatch Advice. The value of each line and the total value of the order confirmation must be provided on the Despatch Advice.
Post-conditions	Accounting entry to be generated by an appropriate software tool.
Scenario	a) Stock inflow entry to be booked with a counterpart "invoice to receive". b) In case commitment "out of balance accounts" and / or budgetary accounts was recorded, the [complete or partial] fulfilment of the commitment is acted by reversing [totally or partially] the original entry;
Remarks	

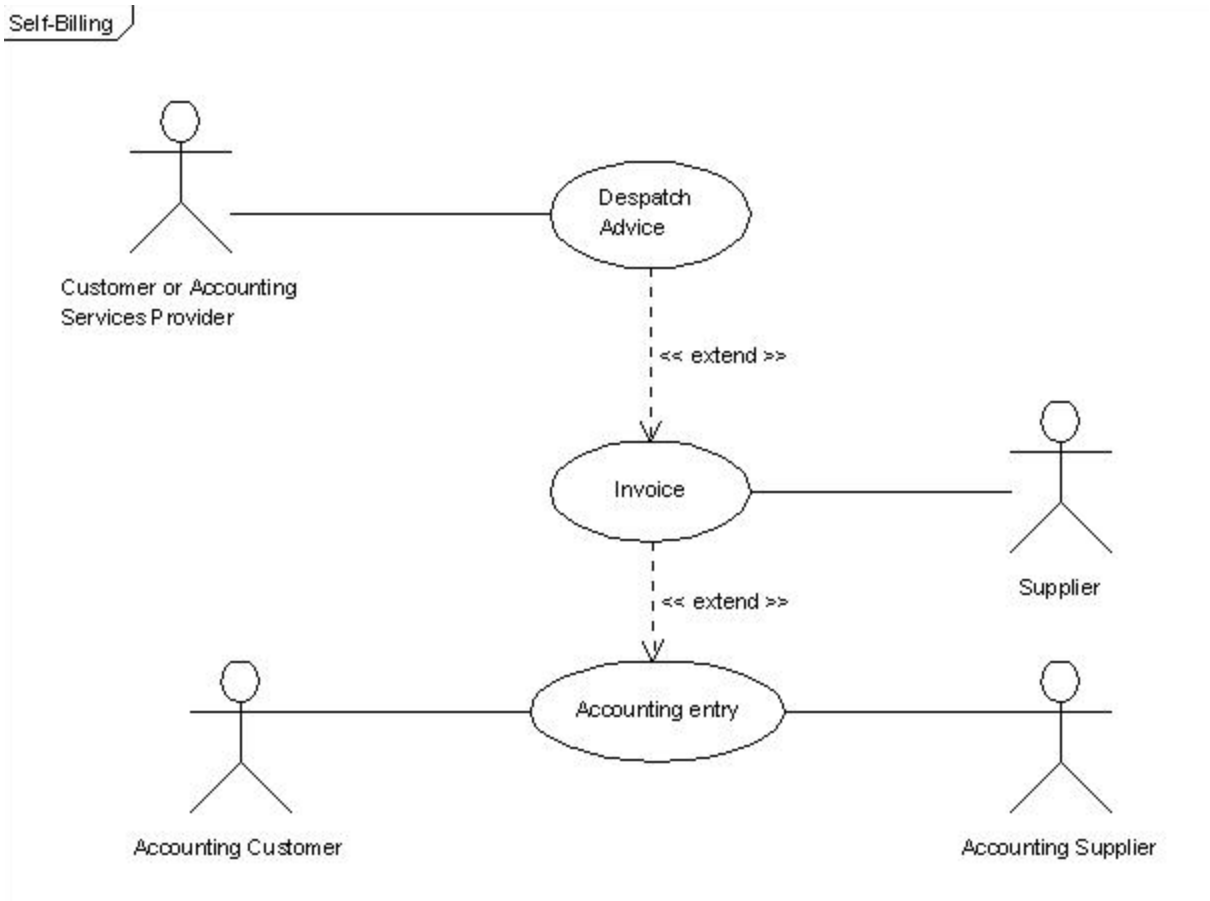
5.2.5 Use case description – Accounting Token into the Normal invoice



Business process name	Accounting Token into the Normal Invoice
Identifier	From Order Process to Payment Process
Actors	Supplier
Description	The supplier produces the invoice on basis of the despatch quantities of products or services. This invoice must be translated into accounting entries and conform to fiscal requirements. The Invoice contains the Accounting Token information of the customer. It possibly provides the Accounting Token information of the supplier needed to support accounting entries generation at this step supply chain process.
Pre-condition	Customer's Accounting Token has been included into the Order message and given back. Parties agreed to provide the Accounting Token information. The value of each line and the total value must be provided on the invoice.
Post-conditions	At supplier's accounting side, accounting entry to be possibly generated by an appropriate software tool.
Scenario	Invoice can be produced either by the supplier or by a service provider on basis of despatch advices where values have been calculated in advance. In supplier's accounting books, "Invoice to produce" to be balanced with individual account receivable.
Remarks	

Business process name	Accounting Token into the Normal Invoice
Identifier	From Order Process to Payment Process
Actors	Customer
Description	The customer receives the invoice on basis of the despatch quantities of products or services. This invoice must be translated into accounting entries and conform to fiscal requirements. The Invoice contains the Accounting Token information of the customer.
Pre-condition	Customer's Accounting Token is reproduced without change on Invoice
Post-conditions	Invoice is validated and approved by the right authority. Accounting entry to be generated by an appropriate software tool.
Scenario	Invoice can be produced either by the supplier or by a service provider on basis of despatch advices where values have been calculated in advance. In customer's accounting books, "Invoice to receive" to be balanced with individual account payable.
Remarks	

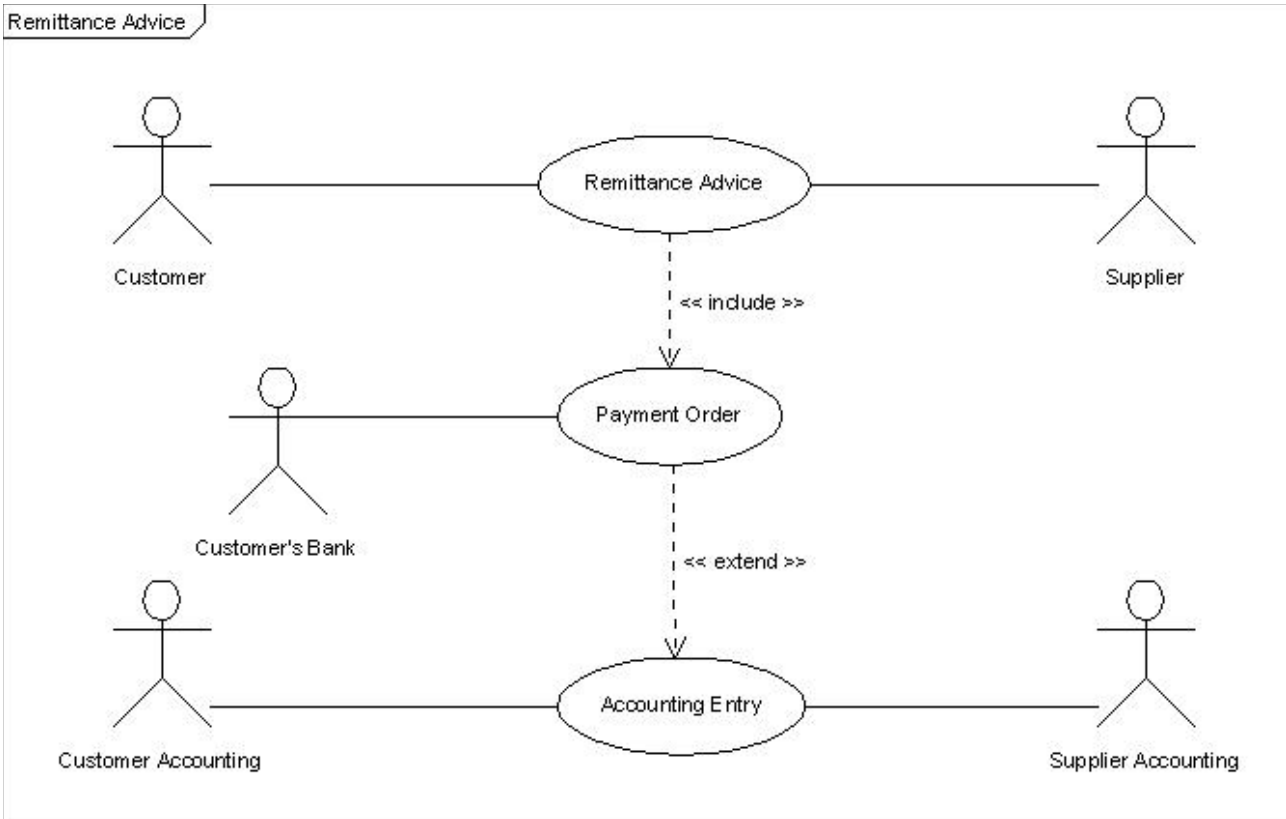
5.2.6 Use case description – Accounting Token into the Self Billing invoice



Business process name	Accounting Token into the Self billing Invoice
Identifier	From Order Process to Payment Process
Actors	Customer
Description	The customer produces the invoice on basis of quantities received of products or services. This invoice must be translated into accounting entries and conform to fiscal requirements. The Invoice contains the Accounting Token information of the customer. It possibly provides the Accounting Token information of the supplier needed to support accounting entries generation at this step supply chain process.
Pre-condition	Customer's Accounting Token is reproduced without change on Invoice Supplier's Accounting Token is possibly reproduced without change on the Invoice.
Post-conditions	Accounting entry to be generated by an appropriate software tool.
Scenario	Invoice can be produced either by the customer or by a service provider on basis of despatch advices where values have been calculated in advance. In customer's accounting books, "Invoice to receive" to be balanced with individual account payable.
Remarks	

Business process name	Accounting Token into the Self billing Invoice
Identifier	From Order Process to Payment Process
Actors	Supplier
Description	The supplier receives the invoice on basis of the despatch quantities of products or services. This invoice must be translated into accounting entries and conform to fiscal requirements. The Invoice possibly contains the Accounting Token information of the supplier.
Pre-condition	Supplier's Accounting Token is possibly reproduced without change on the Invoice.
Post-conditions	Accounting entry to be generated by an appropriate software tool.
Scenario	Invoice can be produced either by the customer or by a service provider on basis of despatch advices where values have been calculated in advance. In supplier's accounting books, "Invoice to produce" to be balanced with individual account receivable.
Remarks	

5.2.7 Use case description – Accounting Token into the Remittance Advice



Business process name	Accounting Token into the Remittance Advice
Identifier	From Order Process to Payment Process
Actors	Customer
Description	The customer provides to the supplier the invoice(s) identifier(s) for which a global payment order is simultaneously transmitted to the customer's bank. The Remittance Advice contains the Accounting Token information of the customer. The Remittance Advice possibly contains the Accounting Token information of the supplier.
Pre-condition	Customer's Accounting Token is reproduced without change on Remittance Advice. Supplier's Accounting Token is possibly reproduced without change on Remittance Advice.
Post-conditions	Accounting entry to be generated by an appropriate software tool.
Scenario	Amount recorded in individual Account Payable matching the detailed amounts of invoices paid. The counterpart is "Payment in Progress" (which will be balanced at receipt of the bank statement of account acting the actual payment).
Remarks	.

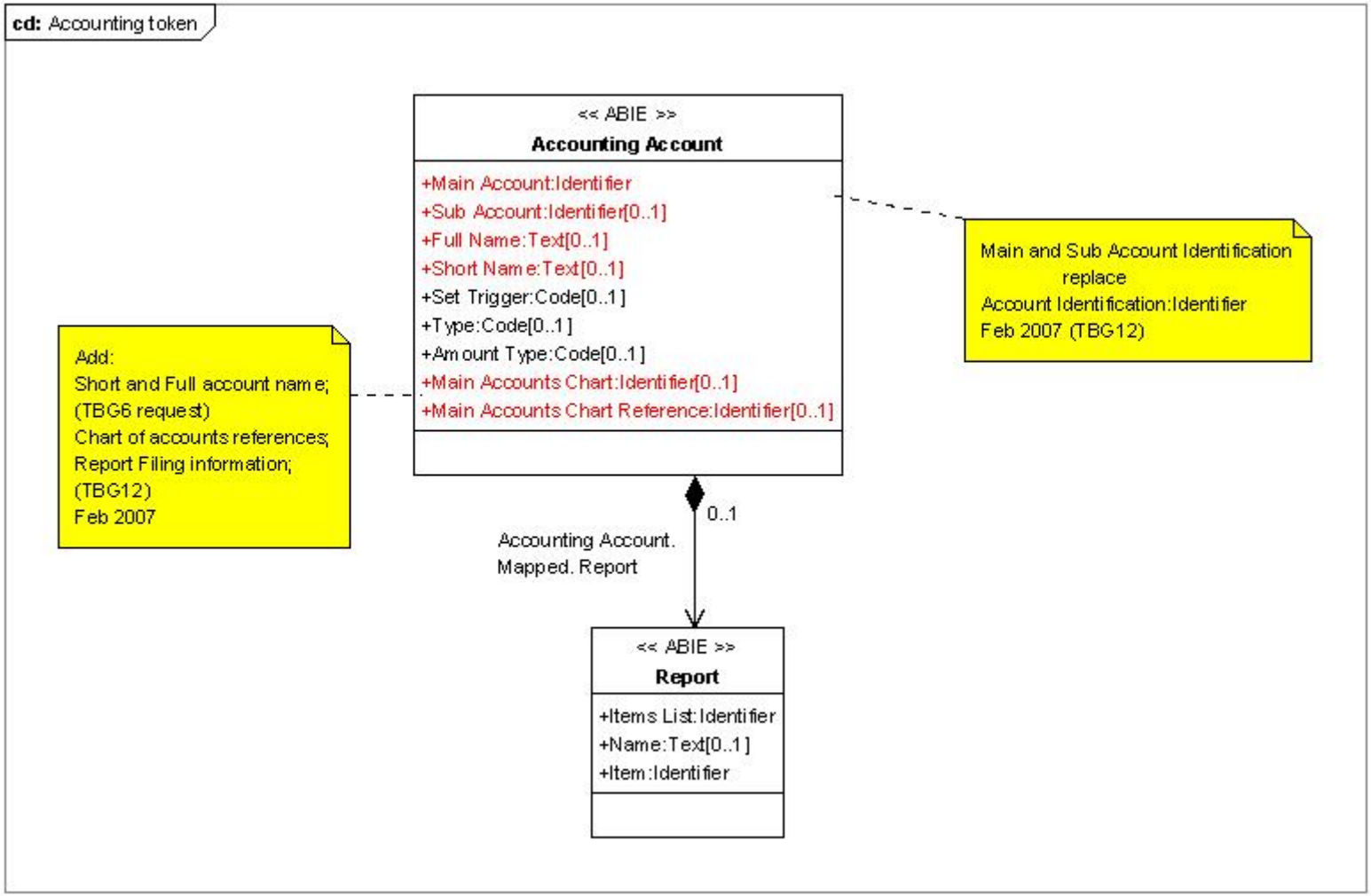
Business process name	Accounting Token into the Remittance Advice
Identifier	From Order Process to Payment Process
Actors	Supplier
Description	The supplier receives notice of the invoice(s) identifier(s) for which the customer transmits simultaneously a global payment order to his bank.
Pre-condition	Supplier's Accounting Token is reproduced without change on the Remittance Advice.
Post-conditions	Accounting entry to be generated by an appropriate software tool.
Scenario	Entry recorded in individual Receivable Account Payable preferably matching the detailed amounts of the invoices paid. The counterpart must be Payment in Progress (which will be balanced at receipt of the bank statement of account acting the actual payment).
Remarks	.

Element Identification
The elements below make up the Business Information Entity representing the Accounting Token based upon the existing ACC "Accounting Account. Details" as logged into Core Components Library 06B.

The BIE is repeated as many times as requested by the accounting procedure applied in the entity e.g. general account, sub account, cost accounting account, budget account, or account directly related to a specific amount on a document (e.g. insurance cost amount, additional invoice amount, transport amount, etc.)

5.3 Information model definition – Accounting Token (Class diagram)

TBG17 Change requested – March 2007



Accounting Token

Is represented by the ACC Accounting Account. Details

5.4 Business Information Entity

5.4.1 Accounting Account Details - ACC UN00001267 in CCL06B

Description: A specific account for recording debits and credits to general accounting, cost accounting or budget accounting

Cardinal.	ACC UN00001267	Business Name	Definition	Supporting CC	Type
1..*	**Accounting Account. Details**	**Accounting Account**	A specific account for recording debits and credits to general accounting, cost accounting or budget accounting.	**CHANGE UN00001267**	**ABIE**
	Accounting Account. Account Identification. Identifier	**Account**		**DELETE UN00001268** Replaced by the following next two elements	BBIE
1	*Accounting Account. Main Account. Identifier*	**Main Account Identifier**	The unique identifier for this accounting main account.	ADD	BBIE
0..1	*Accounting Account. Sub Account. Identifier*	**Sub Account Identifier**	The unique identifier for this accounting sub account.	ADD	BBIE
0..1	*Accounting Account. Full Name. Text*	**Account Full Name Text**	The name of this sub account, complete.	ADD	BBIE
0..1	*Accounting Account. Short Name. Text*	**Account Short Name Text**	The name of this sub account, shortened.	ADD	BBIE
0..1	**Accounting Account. Set Trigger. Code**	**Account Set Trigger Code**	The code specifying the set trigger for the accounting account to be used in response to a specific event or set of events.	**UNCHANGED UN00001269**	BBIE
0..1	**Accounting Account. Type. Code**	**Account Type Code**	A code specifying the type of account e.g. general account, payable, receivable, budget account, cost accounting account, job, building site, etc.	**UNCHANGED UN00001270**	BBIE
0..1	**Accounting Account. Amount Type. Code**	**Account Amount Type Code**	The code specifying the amount type for a specific accounting account.	**UNCHANGED UN00001271**	BBIE
0..1	*Accounting Account. Main Accounts Chart. Identifier*	**Main Accounts Chart Identifier**	The unique identifier for this chart of main accounting accounts.	ADD	BBIE
0..1	*Accounting Account. Main Accounts Chart Reference. Identifier*	**Main Accounts Chart Reference Identifier**	The reference of this chart of main accounting accounts.	ADD	BBIE

5.4.2 Report. Details

Description: This optional entity is associated with “Accounting Account. Details”. It contains the information needed to liaise the value of an accounting entry line from an accounting account with an item in a report that must be completed for internal or external usage.
The ASBIE is named “**Report. Details**”

Cardinal.	Business Term	ABIE / BBIE Name	Definition	Supporting CC	Type
0..1	**Report**	**Report. Details**	A specific report to complete with values calculated from accounting entry lines such as revenue, tax return, financial statements, etc.		ASBIE
0..1	**Report Name**	**Report. Name. Text**	The unique name of a report		BBIE
1	**List of items to File**	**Items List. Identifier**	The unique identifier of the list of items to complete in a report		BBIE
*****	**Item to file Identification**	**Report. Filing Item. Identifier**	The unique identifier for this item to fill in this report.		BBIE