

## Introduction

This paper provides an overview of the accounting PivotEQ creates and how it integrates this accounting with ERP applications.

It uses the **PivotEQ Card Program Dashboard** shown in the illustration below to demonstrate the accounting.

## Accounting

PivotEQ creates accounting for the lifecycle of transactions that appear on monthly statements that were not submitted on an expense report before the accounting deadline. The accounting it makes depends on whether transactions are on the **Current Statement** or a **Past Statement**.

### Current Statement

PivotEQ

Card Administration

Programs

Cardholders

Settings

Get Help

Programs

American Express

Import

Current Statement

Jul 1 – Jul 31, 2024

Statement Balance

\$34,757.39

110 Transactions

Matched

\$29,004.82

98 Transactions

Unmatched

\$5,752.57

12 Transactions

Past Statements

Jun 1 – Jun 30, 2024

Statement Balance

\$9,760.05

172 Transactions

Reconciled

\$9,111.31

161 Transactions

Accrued

\$644.42

10 Transactions

Matched

\$4.32

1 Transactions

May 1 – May 31, 2024

Statement Balance

\$24,134.37

126 Transactions

Reconciled

\$24,067.50

125 Transactions

Accrued

\$66.87

1 Transactions

Matched

\$0.00

0 Transactions

The Current Statement is the “Control Statement” issued by the card issuer. Organizations must pay the Statement Balance at the Statement Due Date. Typically, organizations wire the card issuer the Statement Balance on the Statement Due Date.

## Accounting Deadline

This creates an accounting deadline for cardholders to submit their card transactions on expense reports and Concur Expense to extract these expense reports so that their accounting flows into their ERP application. The reason for this deadline is there needs to be accounting entries that offset the wire payment. Transactions not extracted will not be included in the accounting that flows into the ERP application.

## Discovering Missing Transactions

PivotEQ checks in real-time for newly extracted expense reports and matches expense entries with their associated transactions on a monthly statement. It keeps track of transactions in the monthly statement that are not matched to extracted expense entries.

At the accounting deadline, administrators initiate the accounting for the unmatched transactions using the Card Administration function in PivotEQ. (*NOTE: there is an option to automatically initiate the accounting*). In the Dashboard, the amount of **Unmatched Transactions is \$5,752.57**.

## Accrual Entry

When administrators initiate accounting, PivotEQ creates an accrual entry, which is an accounting placeholder. In this case the accrual allows accountants to reconcile the payment their organization paid to the card issuer. The accrual is a journal entry that accounts for unmatched transactions. When combined with the accounting found in the Concur Expense extract with this accrual, organizations will have the complete accounting for the payment.

## T Accounts

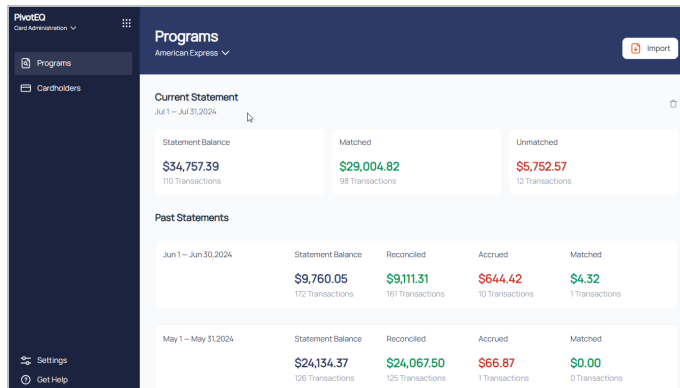
Here are the T Accounts for the accrual for the **Unmatched Transactions in the Current Statement**. From the Dashboard we can see there are twelve (12) transactions for a total of \$5,752.57.

Unreconciled Card Transactions		Expense Account	
	5,752.57	20.18	
		25.73	
		20.23	
		827.21	
		30.00	
		1,991.42	
		265.00	
		31.86	
		86.00	
		2,077.97	
		368.47	
		8.50	
		5,752.57	

1. **Unreconciled Card Transaction** is the T Account that includes a credit for the total amount of unmatched transactions. It is the natural account the customer specifies for the clearing account used for holding unreconciled card transactions.
2. **Expense Account** is the T Account that includes a debit for each of the six unmatched transactions. The “Expense Account” is the natural account that PivotEQ **Smart Accounting™** calculates (see Smart Accounting below).

## Past Statement

A past Statement is a statement that PivotEQ created an accrual entry when it was the Current Statement and has transactions that have not been reconciled.



Programs				
American Express				
<b>Current Statement</b> Jul 1 - Jul 31, 2024				
Statement Balance	Matched	Unmatched		
\$34,757.39 110 Transactions	\$29,004.82 98 Transactions	\$5,752.57 12 Transactions		
<b>Past Statements</b>				
Jun 1 - Jun 30, 2024				
Statement Balance	Reconciled	Accrued	Matched	
\$9,760.05 172 Transactions	\$9,111.31 161 Transactions	\$644.42 10 Transactions	\$4.32 1 Transactions	
May 1 - May 31, 2024				
Statement Balance	Reconciled	Accrued	Matched	
\$24,134.37 126 Transactions	\$24,067.50 125 Transactions	\$66.87 1 Transactions	\$0.00 0 Transactions	

Looking at the Card Program Dashboard for a Past Statement, there are these statuses.

- **Reconciled** transactions are those that have their final accounting from a Concur Expense extract. This is the terminal state for these transactions and PivotEQ considers these as closed.
- **Accrued** transactions are those that PivotEQ created an accrual entry and have yet to be in a Concur Expense extract. A statement will remain open until this balance is \$0.00.
- **Matched** transactions are previously accrued transactions that PivotEQ matched to a newly extracted expense report. After PivotEQ creates the accounting, matched transactions become Reconciled.

## Accounting Timing

The instant PivotEQ discovers a matched, accrued transaction, is the instant there is a duplicate accounting for this transaction in the ERP.

- One for the accrual PivotEQ created for the Current Statement.
- One for the accounting from the Concur Expense extract flow.

This means PivotEQ needs to create an accounting transaction to remove the duplicate.

## Correcting Entry

When administrators initiate accounting, PivotEQ creates a correcting entry. The correcting entry is a journal entry that offsets the accrual PivotEQ created.

## T Accounts

Here are the T Accounts for the correcting for the **Matched Transactions** in the Past Statement illustrated above. From the Dashboard we can see there is one (1) transaction for \$4.32.

Expense Account		Unreconciled Card Transactions	
	4.32	4.32	

1. **Expense Account** is the T Account that includes a credit for each matched transaction. This uses the same natural account in the accrual entry so that this correcting entry offsets the accrual thus removing the duplicate accounting for this transaction.
2. **Unreconciled Card Transaction** is the T Account that includes a debit for the total amount of matched transactions. This debit reduces the clearing account balance.

## PivotEQ Smart Accounting™ vs Manual Bookkeeping

Ensuring that financial reports reflect accurate and detailed company purchases is essential. However, credit card purchases may not be fully processed until weeks after payment. This delay poses challenges for traditional accounting methods.

### Manual Bookkeeping Approaches

1. Default Accounts (Lump Sum)

Some organizations assign unmatched transactions to general accounts like “Uncategorized Expense” and “Undetermined Department.” These entries are later manually reversed once proper expense reports are received.

2. Estimated Accounting (By Transaction)

Accountants may estimate account codes for each transaction. These entries are also manually reversed when final data is available.

Both methods offer limited insight, do not include the desired amount of detail, and ultimately need to be corrected manually when the transactions arrive on an expense report.

### PivotEQ Smart Accounting: Superior Accuracy, Zero Manual Effort

PivotEQ’s proprietary Smart Accounting technology accurately predicts appropriate account codes for unmatched transactions. This system continuously improves accuracy over time.

Smart Accounting uses a proprietary algorithm to automatically arrive at the proper accounting. Over time, this algorithm improves accuracy so that it will predict the correct accounting for most unmatched transactions. Using Smart Accounting, PivotEQ produces a Journal Entry file that is imported into the ERP. Once the purchase arrives on an expense report, PivotEQ creates a correcting entry to reserve out the original accrual.

There is no doubt Smart Accounting delivers superior accounting accuracy when compared with simple accounting entries and manually assigning account codes. Smart Accounting occurs automatically and eliminates this accounting work.

## Integration

PivotEQ integrates the accounting entries it generates into customers’ ERP applications. There are two approaches for how this integration is performed:

## Direct Connects

With this method, PivotEQ establishes a direct connection to the ERP application's data, enabling it to automatically create journal entries. The ERP system provides feedback to PivotEQ indicating whether the journal entry was successfully created. If an error occurs, the ERP returns details about what prevented the creation, allowing PivotEQ to take remedial action automatically.

Here are the available Direct Connects.

- QuickBooks® Online
- QuickBooks® Desktop
- Microsoft Dynamics 365 Business Central®

## File Based

Using this approach, PivotEQ generates files containing journal entries that ERP applications can import. PivotEQ is compatible with more than 200 ERP systems that support journal entry file imports.

## Conclusion

PivotEQ delivers unmatched visibility and control over credit card expenditures—even before all transactions are fully reconciled. Its' automated, intelligent accounting solutions provide accuracy, reduce manual workload, and empower organizations to confidently use financial data for planning and reporting.